

## Assembly Bill No. 3232

### CHAPTER 373

An act to add Section 25403 to the Public Resources Code, relating to energy.

[Approved by Governor September 13, 2018. Filed with Secretary of State September 13, 2018.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 3232, Friedman. Zero-emissions buildings and sources of heat energy. The Warren-Alquist State Energy Resources Conservation and Development Act requires the State Energy Resources Conservation and Development Commission to adopt building design and construction standards and energy and water conservation standards for new residential and nonresidential buildings to reduce the wasteful, uneconomic, inefficient, or unnecessary consumption of energy, including energy associated with the use of water. The act requires those standards to be cost effective when taken in their entirety and when amortized over the economic life of the structure compared with historic practice. The act requires the commission to adopt standards for a program of electrical load management for each utility service area.

This bill would require the commission, by January 1, 2021, to assess the potential for the state to reduce the emissions of greenhouse gases from the state's residential and commercial building stock by at least 40% below 1990 levels by January 1, 2030. The bill would require the commission to include in the 2021 edition of the integrated energy policy report and all subsequent integrated energy policy reports a report on the emissions of greenhouse gases associated with the supply of energy to residential and commercial buildings.

*The people of the State of California do enact as follows:*

SECTION 1. (a) The Legislature finds and declares all of the following:

- (1) Chapter 249 of the Statutes of 2016 directs the state to achieve a reduction in the emissions of greenhouse gases of 40 percent below 1990 levels by 2030.
- (2) Buildings are responsible for 25 percent of all emissions of greenhouse gases.
- (3) Direct emissions from the combustion of fossil fuels in buildings, primarily for space and water heating, accounts for 10 percent of all emissions of greenhouse gases in California.

(4) Approximately half of all energy used in buildings in California is in the form of on-site combustion of fossil fuels.

(5) The state has many ambitious energy efficiency building goals. Chapter 470 of the Statutes of 2009 requires the State Energy Resources Conservation and Development Commission to establish a comprehensive program to achieve greater energy savings in the state's existing residential and nonresidential building stock. The Clean Energy and Pollution Reduction Act of 2015 (Chapter 547 of the Statutes of 2015) establishes a goal of achieving a cumulative doubling of statewide energy efficiency savings in electricity and natural gas final end uses of retail customers by January 1, 2030. However, the state has not assessed the potential for cost-effectively reducing total greenhouse gas emissions from buildings by an amount that is consistent with the state's greenhouse gas reduction target of 40 percent below 1990 levels by 2030.

(6) Decarbonizing California's buildings is essential to achieve the state's greenhouse gas emission reduction goals at the lowest possible cost.

(b) It is the intent of the Legislature to achieve significant reductions in the emissions of greenhouse gases by the state's residential and commercial building stock by January 1, 2030.

SEC. 2. Section 25403 is added to the Public Resources Code, to read:

25403. (a) By January 1, 2021, the commission, in consultation with the Public Utilities Commission, the State Air Resources Board, and the Independent System Operator, shall assess the potential for the state to reduce the emissions of greenhouse gases in the state's residential and commercial building stock by at least 40 percent below 1990 levels by January 1, 2030. The assessment shall include consideration of all of the following:

(1) An evaluation, based on the best available data and existing analyses, of the cost per metric ton of carbon dioxide equivalent of the potential reduction from residential and commercial building stock relative to other statewide greenhouse gas emissions reduction strategies.

(2) The cost-effectiveness of strategies to reduce emissions of greenhouse gases from space heating and water heating in both new and existing residential and commercial buildings.

(3) The challenges associated with reducing emissions of greenhouse gases from low-income housing, multifamily housing, and high-rise buildings.

(4) Load management strategies to optimize building energy use in a manner that reduces the emissions of greenhouse gases.

(5) The potential impacts of emission reduction strategies on ratepayers, construction costs, and grid reliability. In assessing the impact on grid reliability, the commission shall account for both of the following:

(A) The commission's 2019 Building Energy Efficiency Standards, effective January 1, 2020, that propose to require solar energy systems on all new single-family and low-rise residential dwellings.

(B) The increased load and impact on electrical infrastructure due to transportation electrification.

(b) (1) By June 1, 2021, the commission, pursuant to Section 9795 of the Government Code, shall report to the Legislature the findings from the assessment.

(2) Pursuant to Section 10231.5 of the Government Code, this subdivision is inoperative on June 1, 2026.

(c) Beginning with the integrated energy policy report due on November 1, 2021, and in all subsequent integrated energy policy reports, the commission shall include a report on the emissions of greenhouse gases, based on existing data, associated with the supply of energy to residential and commercial buildings, by fuel type. The commission shall make this information publicly available on its Internet Web site.