



The Honorable Bobby Rush
Chairman
Energy and Commerce Committee
Subcommittee on Energy
U.S. House of Representatives
Washington, DC 20515

The Honorable Fred Upton
Ranking Member
Energy and Commerce Committee
Subcommittee on Energy
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Dear Chairman Rush and Ranking Member Upton:

As leaders in the residential energy efficiency industry, E4TheFuture and the Building Performance Association appreciate the opportunity to provide the following comments for the record regarding the September 20th hearing on "Building a 100 Percent Clean Economy: Solutions for the U.S. Building Sector." The Building Performance Association (BPA) is a national non-profit 501c3 organization that works with industry leaders in the home performance and weatherization industries to advance energy-efficient, healthy and safe homes retrofit policies, programs and standards through research, education, training and outreach. E4TheFuture is non-profit 501c3 organization which collaborates with industry stakeholders to provide expert policy solutions, education, and advocacy to advance residential clean energy and energy efficiency solutions on the federal, state and local level.

The residential sector remains a largely untapped resource for carbon reduction goals. Residential buildings consume more electricity than any other sector¹ and are the largest contributor to peak demand,² which makes this sector particularly important from a carbon emissions reduction standpoint. Legislation aimed at reducing carbon emissions must include residential considerations and should be developed in a way that helps the U.S. economy grow by: (1) creating jobs, (2) promoting innovation, and (3) providing a return on investment to the American public in a fair and equitable manner. Policies and legislation aimed at advancing energy efficiency, particularly residential energy efficiency, achieve all three of those goals.

Jobs: While renewable energy resources will be needed, we cannot overlook the largest employer in the energy sector: energy efficiency. Put simply, energy efficiency equals jobs. The 2019 "Energy Efficiency Jobs in America"³ report from E4TheFuture found that the energy efficiency industry employs approximately 2.32 million Americans and is adding more jobs than any other energy sector.⁴ A significant portion of the energy efficiency jobs in the U.S. are in the residential sector, and approximately 56% of energy efficiency jobs involve construction and repairs. These are the contractors – the "boots on the ground" – installing energy efficiency products and technologies and working to reduce energy waste in homes and buildings across the country. These jobs are, by their very nature, inherently local and cannot be exported. In fact, the E4TheFuture report found that

¹ https://www.eia.gov/electricity/annual/html/epa_01_02.html

² https://www.energy.gov/sites/prod/files/2019/04/f61/bto-geb_overview-4.15.19.pdf

³ <https://e4thefuture.org/new-report-energy-efficiency-workforce-grows-to-over-2-3-million/>

⁴ An updated version of the Energy Efficiency Jobs Report will be published in September 2019, and we anticipate growth in energy efficiency jobs across the country.

99.7% of U.S. counties have energy efficiency jobs and that energy efficiency now employs workers in more than 3,000 of America's 3,007 counties.

Innovation: Within the energy efficiency industry, the building efficiency sector is undergoing rapid change and is increasingly a source of innovation and new technology. Thanks to advances in technology, our nation's buildings—and the residential sector in particular—can be enabled to play an important role in managing energy demand to support efficiency and resiliency for the grid and achieve significant carbon reductions. The U.S. Department of Energy (DOE) Building Technologies Office (BTO) has been doing a lot of work in this area of “Grid-interactive Efficient Buildings” (GEBs).⁵ GEB technologies (e.g. smart thermostats, efficient connected appliances, and home energy management systems) make homes smart, connected, efficient and flexible, allowing them to reduce or shift energy use to take advantage of variable renewable energy and support a cleaner grid, while helping American families lower their utility bills and increase comfort and convenience. Importantly, GEBs can provide energy efficiency and demand flexibility as a cost-effective clean energy solution that reduces carbon emissions. A recent study by Rocky Mountain Institute⁶ found that Clean Energy Portfolios of wind, solar, storage, energy efficiency, and demand flexibility are now cost-competitive with new natural gas plants, while providing the same reliability services currently serviced by natural gas.⁷

In order to take advantage of these cost-effective clean energy resources, policy approaches must be welcoming to innovation and provide a level playing field for all combinations of technologies and distributed energy resources, like residential GEBs, to compete.⁸ Policy and regulatory measures that advance grid-interactive efficient homes can support grid modernization and resiliency, while working hand in hand with carbon reduction and energy policy goals, such as Energy Efficiency Resource Standards, Renewable Portfolio Standards, Clean Peak Standards, and strategic electrification that aim to reduce emissions and create a new need for demand-side load management. The policy and regulatory environment can encourage or dissuade investment in residential grid-interactive efficiency. In some cases, the technology is already there to be utilized, but policies are not in place to capture its value and incentivize its use. For market solutions to provide the most powerful impact, participation should be based on outcomes rather than specific technology configurations. New policy frameworks should welcome and enable innovative solutions that will lead to the energy economy transformation that we are all striving for. See #3 for specific policy suggestions.

⁵ A series of NASEO-NARUC GEB briefing papers is currently being published. Publication of a draft briefing paper on residential GEBs, entitled “Residential Grid-Interactive Efficient Building Technology and Policy: Harnessing the Power of Homes for a Clean, Affordable, Resilient Grid of the Future” is expected by October 2019 and a copy of the report will be provided to the Committee.

⁶ <https://rmi.org/insight/clean-energy-portfolios-pipelines-and-plants>

⁷ The study also found that energy efficiency and demand flexibility—resources that GEBs can provide—are the least-cost route to meeting energy, capacity, and flexibility needs.

⁸ ISO New England has allowed energy efficiency to compete with traditional and renewable generation in its Forward Capacity Market for over a decade. Recent findings show the dramatic impact of energy efficiency investments on reducing the energy intensity of the regional economy. https://iso-ne.com/static-assets/documents/2019/09/a2_supplemental_information_on_changes_in_the_celt_2019_summer_demand_forecast_presentation.pptx

Fair and equitable benefits: policies aimed at retrofitting the over 115 million homes across the country will not only help reduce carbon emissions from the nation’s residential building stock, but will also help homeowners save money on their monthly utility bills and improve the comfort, health, safety, and resiliency of their homes. Reducing monthly energy costs of homes is something that will benefit every American, as energy costs represent the second or third largest cost of homeownership, depending on location (behind mortgage and in some markets property tax). The Committee should advance policies aimed at helping middle income Americans make efficiency upgrades to their own homes (e.g. HOMES Act) as well as programs designed to make efficiency upgrades to low income homes (e.g. Weatherization Assistance Program). See list of recommended legislation in #3.

In addition to the cost-savings benefits to homeowners, efficiency upgrades also have health and safety benefits. A U.S. Department of Energy report on the Weatherization Assistance Program⁹ found that home improvements focused on energy efficiency can improve indoor air quality, which reduces respiratory illness and sick days, and boosts mental alertness and productivity for both children and adults. A report from E4TheFuture, entitled “Occupant Health Benefits of Residential Energy Efficiency,”¹⁰ which reviews existing research on the link between resident health benefits and energy efficiency upgrades, also found that residential energy efficiency upgrades can produce significant improvements in asthma symptoms and help improve overall physical and mental health.

The residential building sector is particularly difficult to decarbonize, as many homes are decades old and incredibly inefficient. Retrofitting these homes could achieve significant energy and carbon savings, however each house is unique and the barriers that exist in terms of financing, homeowner education and engagement, and proper valuation of efficiency characteristics of residential buildings all make it a difficult sector to tackle from a policy perspective. The Committee should support policies and legislation that help advance a pay-for-performance model¹¹ for residential energy efficiency, like the pilot program included in the 116th version of the HOMES Act and the REEVA discussion draft (described in more detail below).

The following pieces of legislation and policy proposals represent a multi-pronged policy approach to reducing carbon emissions in the residential building stock:

Home Owner Managing Energy Savings (HOMES) Act of 2019 (116th – HR 2043, Rep. Welch). Would establish a grant program for rebates to make residential energy efficiency upgrades with a network of rebate aggregators, quality assurance, and pilot on pay for performance. Earlier iterations of the

⁹ <https://energy.gov/eere/wipo/downloads/weatherization-assistance-program-national-evaluation>

¹⁰ <https://e4thefuture.org/occupant-health-benefits-of-residential-energy-efficiency/>

¹¹ Pay for performance (P4P) is a measured savings model through which incentives are given based on realized energy savings, rather than upfront payments for deemed savings attributed to a particular technology or measure. This model offers important flexibility to target different homes with unique approaches while ensuring accountability. The model offers an opportunity for incentivizing solutions delivered where and when they are needed most to support the grid of the future. Because P4P is technology-agnostic and based on outcomes rather than prescriptive measures, the paradigm could encourage the use of multi-measure approaches (different technologies and solutions) that work together to make homes more energy efficient and achieve carbon reductions.

HOMES Act from previous Congresses have been bipartisan with Rep. McKinley (R-WV). The 116th version is with legislative counsel for updates.

Access to Consumer Energy Information Act or the E-Access Act (116th – discussion draft, Rep. Welch) (114th – HR 1980/S 1044, Rep. Welch (D-VT), Rep. Cartwright (D-PA) / Sen. Markey): Would allow DOE to facilitate customers' access to their own electricity data, adds consumer access to energy use and price data to State energy conservation plans, and provides for establishment of voluntary guidelines with access to third parties according to a protocol established by the Secretary.

Residential Energy Efficiency Valuation Act of 2015 "REEVA" (114th draft language): A short term grant program to states to provide incentives based on measured energy savings from energy efficiency upgrades of residential buildings. Payments are to contractors/aggregators based on performance. The contractor/aggregator is to utilize financing to provide market-based incentives for their customers. *Language available from the Building Performance Association.*

Sensible Accounting to Value Energy (SAVE) Act (114th – HR 614/ 113th – S 1106, Rep. Murphy, Rep. Jolly / Sen. Bennet, Sen. Isakson): HUD to develop and issue guidelines to all federal mortgage agencies to implement enhanced loan eligibility based on energy cost savings due to efficiency upgrades. Supported by the NAHB and many others. Included in the Energy Savings and Industrial Competitiveness Act (HR 3962, S2137).

Blue Collar to Green Collar Jobs Development Act of 2019 (116th – HR 1315, Rep. Rush): Would establish an energy workforce grant program, which would provide assistance to businesses in the energy efficiency and renewable energy industries that are seeking to educate and train new hires and existing employees. Similar to S 2393, Clean Energy Jobs Act (Sen. Heinrich).

Weatherization Enhancement and Local Energy Efficiency Investment and Accountability Act (HR 2041, Rep. Tonko, Rep. Rush, Rep. Kaptur): Would reauthorize and make updates to the Weatherization Assistance Program. Passed out of Committee during 116th Congress, awaits a floor vote.

Additional Policy Proposals

Energy Efficiency Resource Standard (EERS). Direct electric and natural gas utilities to achieve increasing levels of energy savings through cost-effective customer energy efficiency programs. States could administer the program, and limited credit trading would be allowed.

Smart Homes Act - This proposed language could be added to the "Smart Building Acceleration Act," H.R. 5069 introduced by Rep. Welch or introduced separately. It would add residential buildings and facilitate the transition to smart buildings, supporting research, and documenting the costs and benefits of emerging technologies in the residential market. *Language available from the Building Performance Association.*

Efficiency Requirements for New Homes with Assisted Loans - Update HUD/USDA/VA efficiency requirements for new homes with assisted loans and public housing. Federal agencies have efficiency requirements for new homes with federal loan guarantees and federal loans, as well as

public housing with federal assistance. However, FHA loans are still using the 2009 IECC, and some others the 1992 MEC. Should update EAct 1992/EISA legislative authorities to refer to most recent code and clarify administrative update requirements.

We appreciate the Subcommittee's continued work to explore legislative proposals to reduce carbon emissions from the various sectors of the U.S. economy. We believe residential buildings are key to achieving the full Committee's stated goal of net-zero by 2050. Again, thank you for providing this opportunity to submit comments for the record. We look forward to working with you.

Contact Information

Kara Saul Rinaldi
President and CEO, AnnDyl Policy Group
On behalf of E4TheFuture, Building Performance Association
717 Kennebec Ave, Takoma Park MD 20912
Phone: (202) 276.1773, Fax: (202) 747-7725
kara@anndyl.com