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6 GREEN BUILDING POLICIES:

7 JEOPARDIZING THE AMERICAN DREAM OF HOMEOWNERSHIP

8 WEDNESDAY, MAY 22, 2024

9 House of Representatives,

10 Subcommittee on Energy, Climate, and Grid Security,

11 Committee on Energy and Commerce,

12 Washington, D.C.

13

14 The subcommittee met, pursuant to call, at 2:00 p.m. in
15 Room 2123, Rayburn House Office Building, Hon. Jeff Duncan
16 [chairman of the subcommittee], presiding.

17

18 Present: Representatives Duncan, Latta, Guthrie,
19 Griffith, Bucshon, Walberg, Palmer, Lesko, Pence, Weber,
20 Allen, Balderson, Pfluger, Rodgers (ex officio); DeGette,
21 Peters, Fletcher, Matsui, Tonko, Veasey, Schrier, Castor,

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22 Cardenas, and Pallone (ex officio).

23

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24 Staff Present: Sarah Burke, Deputy Staff Director;
25 Sydney Greene, Director of Operations; Nate Hodson, Staff
26 Director; Tara Hupman, Chief Counsel; Sean Kelly, Press
27 Secretary; Alex Khlopin, Staff Assistant; Emily King, Member
28 Services Director; Elise Krekorian, Counsel; Mary Martin,
29 Chief Counsel; Brandon Mooney, Deputy Chief Counsel; Kaitlyn
30 Peterson, Clerk; Karli Plucker, Director of Operations
31 (shared staff); Peter Spencer, Senior Professional Staff
32 Member, Energy; Dray Thorne, Director of Information
33 Technology; Timia Crisp, Minority Professional Staff Member;
34 Caitlin Haberman, Minority Staff Director; Mackenzie Kuhl,
35 Minority Digital Manager; Kristopher Pittard, Minority Staff
36 Member; Emma Roehrig, Minority Staff Assistant; Kylea Rogers,
37 Minority Policy Analyst; and Medha Surampudy, Minority
38 Professional Staff Member.

39

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40 *Mr. Duncan. We are going to go ahead and get started,
41 so I will call the Subcommittee of Energy, Climate, and Grid
42 Security to order.

43 And we do have votes that have just been called, so we
44 are going to get through some opening statements and then we
45 will recess and come back. I want to thank everyone for
46 being here.

47 Good afternoon, and welcome to today's Subcommittee on
48 Energy, Climate, and Grid Security hearing entitled, "Green
49 Building Policies: Jeopardizing the American Dream of Home
50 Ownership.'" Today we are here to discuss a radical energy
51 and building policy of the Biden Administration. These
52 policies are jeopardizing Americans' ability to own homes,
53 increasing energy costs, and straining our electric grid, and
54 putting our national security at risk.

55 For millions of Americans across the country, owning a
56 home as part of the American dream. It is a means to
57 financial security. Unfortunately, the Biden
58 Administration's radical agenda is putting this further and
59 further out of reach for many Americans. Building codes are
60 adopted by state and local jurisdictions based on a variety

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61 of factors, such as climate and economic conditions. The
62 Biden Administration has encouraged the adoption of these
63 model codes that seek to restrict the use of gas and promote
64 electrification, even if it is not cost effective or
65 affordable.

66 The Inflation Reduction Act provided for \$930 million in
67 grants and funding for states that adopt the 2021 Model
68 Energy Code. Many states have chosen not to adopt the most
69 up-to-date codes due to the increase in housing costs. For
70 example, in my home state of South Carolina, if they were to
71 adopt the 2021 Model Code, the average cost of the new home
72 would increase by up to \$31,000, with an energy payback time
73 of 44 to 50 years. This could price many Americans out.
74 Almost 60,000 households that would have previously been able
75 to afford an average home in my state would no longer be able
76 to afford it.

77 This is not exclusive to South Carolina. Families
78 across the country are being priced out of new homes.
79 Advocates of these codes argue home buyers will save money
80 over time, but that really does not matter if people cannot
81 even afford the home in the first place.

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82 The Biden Administration is also encouraging Americans
83 to pay more for less through the Department of Energy's Zero
84 Energy Ready Home Program. The DoE's own website
85 acknowledges that people can't afford these zero-energy
86 homes, and recommends that, as a way to offset the cost of
87 the expensive zero-energy features, Americans should buy
88 smaller homes with less expensive finishings and furnishings
89 to accommodate the cost of the Biden Administration policies.
90 That is just asinine.

91 Even worse, the Administration is trying to incentivize
92 these rush-to-green building policies by using our taxpayer
93 dollars to sweeten the deal through a near-billion-dollar IRA
94 grant slush fund. The Biden Administration is telling hard-
95 working Americans to pay more for less, to sacrifice quality
96 and build a smaller home, and using taxpayers to foot the
97 bill to enforce climate radicalism. They are saying the
98 quiet part out loud. They want to use other people's money
99 to pay for the policies associated with their radical climate
100 agenda.

101 The Biden Administration's obsession with banning fossil
102 fuels in buildings and houses is also contributing to this

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103 housing affordability crisis. Energy is the foundation of
104 everything in American life. And when the cost of energy
105 goes up, so does everything else. The Biden Administration's
106 anti-American energy policies are increasing the
107 manufacturing and construction cost of residential homes and
108 commercial properties. These costs are directly passed along
109 to the consumer. Natural gas allows us to heat our homes,
110 keep the lights on, and to get to our jobs. Despite the
111 DoE's policies to force electrification, their own numbers
112 show that homes with natural gas hookups are 3.4 times more
113 affordable than electric.

114 The fossil fuel phaseout goes further than residential
115 homes. DoE recently issued a rule to eliminate the use of
116 natural gas in all new and modified Federal buildings,
117 starting in 2030. This includes military installations and
118 housing, multi-family high-rise residential buildings, and
119 low-rise residential buildings. In addition to compromising
120 our military and national security, DoE's own data shows this
121 rule actually will increase energy usage.

122 At a time where home prices are at an all-time high and
123 Americans are struggling to make ends meet, the Biden

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124 Administration is making everyday life more expensive with
125 its rush-to-green building policies.

126 I look forward to exploring this topic more today,
127 hearing from our members and their questions. I want to
128 thank you for being here.

129 [The prepared statement of Mr. Duncan follows:]

130

131 *****COMMITTEE INSERT*****

132

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133 *Mr. Duncan. I will now recognize Ranking Member
134 DeGette for five minutes.

135 *Ms. DeGette. I will defer to the ranking member of the
136 full committee.

137 *Mr. Duncan. The chair will now recognize Chair Rodgers
138 for five minutes.

139 *Mr. Pallone. You know what I --

140 *Ms. DeGette. No, the ranking member.

141 *Mr. Duncan. Oh, you are going to full committee.
142 Okay, I did not see Mr. Pallone there.

143 Mr. Pallone, you are recognized for five minutes.

144 *Mr. Pallone. Thank you, Mr. Chairman.

145 Today we are once again seeing how extreme House
146 Republicans have become when it comes to our nation's energy
147 policy. At every turn they put polluters over people,
148 including relentlessly attacking popular energy efficiency
149 programs that save American families money on their energy
150 bills and help us confront the worsening climate crisis.

151 Energy efficiency used to be a bipartisan issue. It
152 wasn't controversial because both Democrats and Republicans
153 recognized that it was common sense, and an all-around win

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154 for American families. Unfortunately, that is no longer the
155 case. All Congress long, House Republicans have been looking
156 to roll back energy efficiency standards, and the
157 Republicans' extreme attack on energy efficiency programs
158 continues today with a look at building codes.

159 Building codes are saving American households thousands
160 of dollars on their energy bills. The Department of Housing
161 and Urban Development found that a typical household would
162 save \$15,000 from a house built to the current model code
163 compared to one built to the 2009 code. For low-income
164 families using a Federal Housing Administration loan, savings
165 payback the upfront expense in one-and-a-half years. And
166 these codes ensure some basic standards for energy
167 conservation for renters who cannot choose how their homes --
168 how their houses or apartments are built.

169 Now, these standards are critical because buildings
170 account for 40 percent of our total energy consumption.
171 Building codes are a critical tool to not only save Americans
172 money, but also dramatically reduce energy consumption and
173 decrease dangerous climate pollution. Energy conservation
174 codes are projected to save Americans \$182 billion and avoid

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175 840 million metric tons of carbon pollution by 2040. And
176 these are real savings that we should all be proud of.

177 But instead, we are going to hear nothing but
178 fearmongering and misinformation from committee Republicans.
179 They are throwing around exaggerated numbers of upfront costs
180 and payback periods that are simply not true. These codes
181 help households save money; it is that simple.

182 And Republicans also choose to ignore the fact that
183 building codes are voluntary. There is no Federal mandate
184 for states to adopt a certain code for households. The codes
185 are set by third-party organizations, and then states and
186 local entities choose whether or not to adopt the codes.

187 If Republicans were serious about energy costs and
188 trying to help Americans save money, they would be
189 investigating real scandals like Big Oil colluding with OPEC
190 to increase prices at the pump. And committee Democrats
191 opened an investigation to this collusion today. They would
192 also express concern that the International Code Council
193 bowed to the gas industry and violated its own policies in
194 the recent code development process. But instead,
195 Republicans are going after things like dishwashers,

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196 refrigerators, and now building codes, all to drive up energy
197 bills on American families and protect their friends in the
198 oil and gas industry.

199 And fortunately, despite the majority's best efforts,
200 the Biden Administration is making real progress to reduce
201 energy costs for middle-class Americans. The Bipartisan
202 Infrastructure Law and the Inflation Reduction Act both
203 provided funding to states and local entities to help adopt
204 these voluntary codes, and the Administration recently
205 finalized a Bush-era provision to phase out fossil fuel-
206 generated energy consumption in new and remodeled Federal
207 buildings.

208 So I am eager to hear how building and energy
209 conservation codes save money for Americans, as well as the
210 other benefits they can provide such as improving indoor air
211 quality and reducing emissions. We should be figuring out
212 how to further assist states and local entities that want to
213 adopt these codes, instead of attacking the codes and falsely
214 claiming that they are somehow mandatory when they are not.

215 [The prepared statement of Mr. Pallone follows:]

216

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217 *****COMMITTEE INSERT*****

218

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219 *Mr. Pallone. And with that, Mr. Chairman, I yield
220 back.

221 *Mr. Duncan. The gentleman yields back. I now go to
222 the chair of the full committee, Mrs. Rodgers, for five
223 minutes.

224 *The Chair. Thank you, Mr. Chairman. Good afternoon,
225 everyone. Welcome to our witnesses. I appreciate you being
226 here to testify. We look forward to hearing from you.

227 This committee plays a critical role in ensuring America
228 continues to lead the world in innovation, entrepreneurship,
229 reducing emissions, and improving people's lives. President
230 Biden's rush, a radical, rush-to-green building policy, is
231 destroying -- will destroy this legacy and make it more
232 difficult for people to realize the American dream.

233 Under the Republican majority this Congress, the Energy
234 and Commerce Committee has led the way to shine the light on
235 how the Biden Administration's agenda is wreaking havoc on
236 our economy, our energy security, and our national security.
237 And what we see is this war on American energy is pervading
238 every aspect of our lives. Inflation, energy prices, grocery
239 bills have all reached a historic level. People are

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240 struggling to afford basic necessities like gas, groceries,
241 and prescription medications. And in spite of this, the
242 Administration and some Democrat-led states are making life
243 even more unaffordable by doubling down on expensive mandates
244 for solar panels, electric cars, electric appliances. It
245 really appears they want to control every aspect of our lives
246 and force us to do more with less.

247 It doesn't have to be this way. The cost of buying a
248 home, in particular, has reached an all-time high, with a
249 record average price of over \$380,000. And aggressive, green
250 building regulations have been a major contributing factor in
251 these price increases.

252 Today we are going to explore how the Democrats' rush-
253 to-green agenda is increasing the cost of home ownership. We
254 are going to hear from people with firsthand experience
255 making construction materials, building homes, and delivering
256 utility services in order to better understand how green
257 building policies are impacting home ownership. We are going
258 to uncover how the process to establish state and local
259 regulations for building energy codes has been hijacked by
260 radical environmental activists at the expense of the

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261 American people.

262 This is an opportunity for members to judge for
263 themselves whether the Administration's bans on fossil fuels
264 and natural gas are good for the economy and energy security,
265 or whether Americans should be required to have things like
266 rooftop solar panels, electric vehicle charging stations, and
267 all-electric appliances if they make sense, and whether
268 forcing people to pay more for less is a practical solution
269 to deal with high energy bills and an unstable electric grid.

270 Policies like natural gas bans and electrification
271 mandates are becoming increasingly widespread, especially in
272 the more coastal blue states. At least 70 local governments
273 in California, as well as dozens more in 7 states and
274 Washington, D.C. have enacted some type of gas ban. New York
275 has a statewide gas ban. Just recently the Biden
276 Administration finalized new regulations to enforce a fossil
277 fuel ban on all Federal buildings, including military
278 installations and residential housing.

279 The Biden Administration also finalized new green
280 building regulations for federally-backed mortgages, which
281 will substantially limit the availability of affordable

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282 housing. It is a government-wide effort to go after homes
283 and buildings. Dozens of agencies are drafting rules and
284 regulations on buildings and homes to force this so-called
285 green transition. These policies are impacting everyday
286 Americans the hardest.

287 For decades America has been able to strike a healthy
288 balance between affordable energy, a strong economy, while
289 also continuing to be the leader in emissions reduction. And
290 it is vital for Americans and their quality of life that we
291 continue building on this legacy and striking that balance.
292 So I look forward to working with Chairman Duncan and the
293 members of this subcommittee to keep the Biden Administration
294 and states and local government accountable to the American
295 people.

296 [The prepared statement of The Chair follows:]

297

298 *****COMMITTEE INSERT*****

299

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300 *The Chair. And with that I look forward to the
301 hearing, and I yield back.

302 *Mr. Duncan. The gentlelady yields back. I now
303 recognize the Ranking Member DeGette for five minutes.

304 *Ms. DeGette. I thank the gentleman, and I will submit
305 my full opening statement for the record. I know we have
306 votes on the floor that we need to get to.

307 I just want to point out that much of what we are
308 talking about today does not even involve Federal issues
309 because building codes, for the most part, are local
310 governments. There is no national or Federal building code
311 because, under the U.S. Constitution, the regulation of
312 construction is a state right, with some localities going
313 even further.

314 But however, DoE and other agencies, they don't mandate
315 building codes but they have developed voluntary building
316 codes which can address many of our important concerns
317 including public health, safety, and environmental
318 protection. They are developed by a democratic and
319 deliberative process, and so they also address cost
320 efficiency and investment value. But again, the people who

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321 are developing and promulgating these codes are state and
322 local governments, not the Federal Government.

323 Why have building codes? Well, because they affect us
324 every day. Some building codes, like fire safety codes and
325 structural and seismic standards, affect us in obvious ways.
326 Others, like lighting quality, acoustics, and the air we
327 breathe are less noticeable, but they still have major
328 impacts on our health and productivity. We spend about 90
329 percent of our lives in buildings, including [sic] to the
330 EPA, which is why we are concerned about the impact of
331 building codes on public health.

332 And so these model codes can really help us build it
333 right at the beginning. But frankly, they only work if they
334 are used and enforced by state and local governments. So
335 that is what is happening here.

336 Now, many buildings that have been built previously,
337 they waste a lot of energy because one of the concerns in
338 building buildings was not energy efficiency as a priority.
339 We don't have to have that as a case now, as we are
340 understanding how important energy efficiency is. Buildings
341 in the United States account for about 70 percent of

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342 electricity use, about 40 percent of the total U.S. primary
343 energy consumption, and about 30 percent of operational GHG
344 emissions. All of that consumption and waste, they --
345 unnecessarily costs homeowners and building owners billions
346 of dollars a year, which is kind of ironic and inexcusable in
347 times of budgetary and economic stress.

348 Buildings that are constructed to the new codes will
349 close a significant portion of the gap between how energy
350 efficient the average building is. So it is sort of a win-
351 win because you get more efficiency that causes lower energy
352 costs. It means fewer emissions, better to help us get to
353 our climate goals, and it is cheaper for the building owners
354 and the homeowners. What is not to like about that?

355 But apparently, my friends on the other side of the
356 aisle don't like it because they don't want to have to have
357 any regulations. My consumers, my -- the people who live in
358 the 1st congressional district of Colorado, they would like
359 to pay as little money as they can for energy every month.
360 And that is why having good and equitable building codes will
361 really help.

362 [The prepared statement of Ms. DeGette follows.]

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363

364 *****COMMITTEE INSERT*****

365

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366 *Ms. DeGette. With that, as I said, I will put my full
367 statement in the record, and I yield back.

368 *Mr. Duncan. The gentlelady yields back. We are -- had
369 hoped to get to all the witness statements before, but
370 looking at the vote tally, we are going to recess now for
371 floor votes and return. Ten minutes, I will gavel in ten
372 minutes after the last vote is called -- not the last vote is
373 closed, the last vote is called.

374 The subcommittee is -- now stands in recess.

375 [Recess.]

376 *Mr. Duncan. All right, we are going to go ahead and
377 call the subcommittee back to order.

378 Thanks to the witnesses for bearing with us with the
379 vote. We don't have control over that, but we do have
380 control over this subcommittee. So thank you all for being
381 here and taking time to testify.

382 Each witness will have the opportunity to give an
383 opening statement, followed by a round of questions from the
384 members.

385 And today our witnesses are Mr. Philip Bonnell -- is
386 that Bonnell or Bonnell?

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387 *Mr. Bonnell. Bonnell.

388 *Mr. Duncan. Bonnell, okay. President of PABCO
389 Building Products.

390 Mr. Shawn Woods, President of Ashlar Homes.

391 Mr. Rob Howard, President of Howard Building Science.

392 And Mike Casper, President and CEO of Jo-Carroll Energy
393 Co-op.

394 You are going to be given five minutes. There is a
395 series of lights in front of you. They go from green to
396 yellow to red. When it gets to yellow it is about time to
397 start wrapping up. When it gets to red, try to find a way to
398 end it.

399 And so Mr. Bonnell, you are recognized for five minutes.

400

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401 STATEMENT OF PHIL BONNELL, PRESIDENT, PABCO BUILDING
402 PRODUCTS; SHAWN WOODS, PRESIDENT, ASHLAR HOMES, LLC, ON
403 BEHALF OF NATIONAL ASSOCIATION OF HOME BUILDERS; ROB HOWARD,
404 PRESIDENT OF HOWARD BUILDING SCIENCE; AND MIKE CASPER,
405 PRESIDENT AND CEO, JO-CARROLL ENERGY, INC., ON BEHALF OF
406 AMERICAN PUBLIC GAS ASSOCIATION

407

408 STATEMENT OF PHIL BONNELL

409

410 *Mr. Bonnell. Congressman, members of the committee,
411 thank you for allowing me to speak here today. By
412 introduction, my name is Phil Bonnell, and I am president of
413 PABCO Building Products. We are a family-owned business
414 headquartered in Sacramento, California.

415 PABCO manufactures and sells building products for the
416 residential marketplaces. We sell in 11 western states and
417 in western Canada. Our core products are gypsum drywall and
418 asphalt roof shingles. In addition to that, we also make
419 paper -- 100 percent recycle, I might add -- paper for our
420 gypsum wallboard surfacing. We make that in Vernon,
421 California. Our plant locations are Las Vegas, Nevada; I

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422 just mentioned Vernon; Newark, California; and Tacoma,
423 Washington.

424 Collectively, PABCO employs about 550 people, and we
425 have net sales of about 400 million on an annualized basis.
426 While that may sound large, we are the smallest producers in
427 the United States of these products. Again, as a family-
428 owned business, we are very regional, and we service mostly
429 the northwest and southwest coastal markets in the U.S.

430 I am here today to offer some points of interest and
431 discussion for our experience in what has happened with
432 energy availability over the last five years. We have had
433 some very unique occurrences in our marketplaces and things
434 that still persist today that have caused energy prices to
435 elevate dramatically.

436 We will also be talking a little bit about proposals on
437 banning natural gas in residential applications and, in my
438 opinion, banning natural gas in any environment is yet
439 another move to limit diversity of energy sources. And as
440 you will see from my testimony going forward, that is very
441 important.

442 Over the last five years we have seen energy cost inputs

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443 increase dramatically in our businesses. We are constantly
444 looking for ways to reduce our energy consumption. It is in
445 our best interest to do so. Energy input represents a very
446 significant cost factor of the product offering that we have.
447 Over the last 10 years-plus in the western United States,
448 green energy policy has seen the closure of, I believe, more
449 than five coal-powered fire [sic] plants. So over 5,000
450 megawatts has been retired. The net impact of that is that
451 we are now relying on natural gas to generate electricity.
452 And for us, we have seen the use of natural gas in our
453 marketplaces go from about a 19 percent usage for electrical
454 generation up to 46 percent for electrical generation.

455 One of the other big entries into this marketplace has
456 been renewables, but they have a problematic flaw, and that
457 flaw is when the sun doesn't shine and the wind doesn't blow
458 they don't generate electricity currently.

459 Putting this in perspective, over the last five years,
460 with the fluctuation in energy prices, we have seen energy
461 pricing from as low as \$1.3 an MMBtu up to \$54 an MMBtu. The
462 net differential on this reflects, if we look at our 2020
463 energy costs for one specific plant, I was paying about \$11.5

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464 million on an annualized basis. In 2023 that number was
465 almost \$30 million for energy inputs. So costs are
466 increasing dramatically.

467 We look to reduce those energy costs wherever possible
468 through our products and materials. We also hedge our energy
469 costs by buying future energy strips, and we also curtail
470 production operations when energy costs are too high. This
471 situation has occurred three times in the last four years for
472 us, where we have had to either curtail energy or rely on our
473 future strip purchases. Buying futures helps us hedge it,
474 but ultimately it raises the cost because you buy at a higher
475 rate than you would, say, on a daily spot if the market is
476 low.

477 So bottom line, energy costs have grown significantly, a
478 huge, huge impact for us on our building materials. It has
479 caused cost increases approaching 30 percent in the last 4
480 years.

481 In terms of residential markets and talks about banning
482 natural gas, it is my belief that reducing the diversity of
483 energy sources is only going to create more issues going
484 forward. It puts more strain on an electrical grid that is

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485 already taxed, and it will cause, ultimately, more problems
486 and more costs for those people trying to own homes. Thank
487 you.

488 [The prepared statement of Mr. Bonnell follows:]

489

490 *****COMMITTEE INSERT*****

491

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492 *Mr. Duncan. Thank you, sir. We will now go to Mr.

493 Woods for five minutes.

494

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495 STATEMENT OF SHAWN WOODS

496

497 *Mr. Woods. Chairman Duncan, Ranking Member DeGette,
498 and members of the subcommittee, thank you for the
499 opportunity to testify today on behalf of the National
500 Association of Home Builders. My name is Shawn Woods, and I
501 am a home builder from Blue Springs, Missouri. I strive to
502 build homes that families in my community can afford, serving
503 households in the entry level housing market. NAHB
504 represents over 140,000 members involved in residential and
505 light construction, building about 80 percent of all new
506 housing in the United States annually.

507 The primary and persistent challenge of the housing
508 market is a lack of attainable, affordable housing.
509 Currently, 77 percent of households are unable to afford the
510 median price of a new home, and half of all renters are cost-
511 burdened, spending over 30 percent of their income on
512 housing. We must do better to ensure that all Americans,
513 including workforce families like members of the armed
514 forces, teachers, and first responders have access to
515 affordable housing where they serve and live.

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516 Recent Federal pushes for stringent energy codes like
517 the 2021 International Energy Conservation Code are raising
518 construction costs significantly. Compliance with these
519 codes can add as much as \$31,000 to the cost of a single
520 family home.

521 Furthermore, adhering to the zero energy provisions can
522 add an additional \$82,000 per home. These increased costs
523 make homes less attainable, forcing many potential buyers to
524 stay in older, less efficient homes, which undermines the
525 goals of these energy policies.

526 The Inflation Reduction Act allocated \$1 billion for
527 state and local governments to adopt strict energy codes, but
528 these mandates worsen the housing affordability crisis.
529 Unfortunately, this energy code program has had damaging
530 effects on the housing market in my own community. Shortly
531 after the passage of the IRA, Kansas City, Missouri adopted
532 the 2021 IECC without amendments in hope of receiving these
533 grant funds. This move has, regrettably, paralyzed the
534 housing market in Kansas City at a time when area housing
535 markets are booming.

536 The Kansas City metro area, excluding Kansas City, has

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537 seen a 117 percent rise in single family construction permits
538 in January and February of 2024, compared to last year.
539 Conversely, Kansas City has seen a 22 percent decrease in
540 permits from the same timeframe. The decline in home
541 building has had a domino effect on the rest of the economy,
542 with fewer jobs, fewer housing options, higher housing costs,
543 and a lower tax base.

544 Unfortunately, the Federal push to use costly energy
545 codes doesn't stop there. HUD and USDA will soon start
546 requiring 2021 IECC for all HUD and USDA-financed new
547 construction. This mandate raises housing costs,
548 particularly in the entry level, limiting access to mortgage
549 financing and hurting vulnerable buyers and renters. HUD and
550 USDA should assist vulnerable home buyers and renters, not
551 price them out of the market. This policy will deter new
552 construction at a time when increasing the housing supply is
553 crucial to lowering shelter inflation costs.

554 Most concerningly, the Federal Housing Finance Agency is
555 considering applying similar standards to those adopted by
556 HUD and USDA for homes financed by Fannie Mae and Freddie
557 Mac, which provides 72 percent of financing for new home

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558 purchases. This would set a de facto national energy code,
559 severely disrupting new home construction, compounding the
560 housing supply shortage, and negatively impacting housing
561 affordability.

562 Beyond energy codes, efforts to reduce greenhouse gas
563 emissions by banning natural gas and propane in new
564 constructions are concerning. New homes are already more
565 energy efficient than older ones, and these mandates are
566 costly and impractical. Electrification increases upfront
567 costs, potentially, by 3,000 to 15,000 per home, pricing
568 thousands of families out of the market. The performance
569 limitations of electric heat pumps in colder climates make
570 fossil fuels a necessary option.

571 Additionally, costs for upgrading electrical service and
572 community infrastructure are substantial, and often not
573 included in initial estimates.

574 Furthermore, restrictions on gas appliances will provide
575 negligible health and energy benefits, and ignore consumer
576 preferences and financial realities. Over 187 million
577 Americans use natural gas appliances, saving an average of
578 \$1,068 annually. Gas stoves are used in nearly 40 million

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579 homes nationwide, and have proven to be a safe, efficient,
580 affordable appliance choice for families for well over a
581 century.

582 I think we all agree that the key housing issue facing
583 the nation is the affordability crisis. The only way to
584 improve housing affordability is to increase the housing
585 supply. When the government seeks to mandate ill-conceived
586 and costly green building mandates, this has the opposite
587 effect.

588 Thank you again for this opportunity. We look forward
589 to working with you.

590 [The prepared statement of Mr. Woods follows:]

591

592 *****COMMITTEE INSERT*****

593

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594 *Mr. Duncan. I thank the gentleman, and I will go to
595 Mr. Howard for five minutes.
596

This is an unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker.

597 STATEMENT OF ROB HOWARD

598

599 *Mr. Howard. Chairman Duncan, Ranking Member DeGette,
600 thank you for allowing me to testify this afternoon. My name
601 is Rob Howard. I am the president of Howard Building
602 Science, a home building company in Granite Falls, North
603 Carolina, and a building science lecturer at Appalachian
604 State University. I earned my general contractor's license
605 in 2004, so I have been building sustainable, affordable
606 housing for 20 years. I serve on the board of directors for
607 the Watauga Community Housing Trust, and I was recently
608 appointed to the residential builders seat on the North
609 Carolina Building Code Council.

610 My construction career started at Habitat for Humanity
611 of Catawba Valley in 2001. That same year, Advanced Energy
612 started their System Vision program to help affordable
613 housing providers build energy efficient homes that include a
614 two-year comfort and energy use guarantee. I like to say
615 that I have never built a home to code. That might sound
616 strange, coming from a general contractor. But I have always
617 looked at the building code as the baseline and not the

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618 finish line.

619 One of my mentors, Arnie Katz, used to say that a home
620 built to code is the worst home you can build by law. I
621 believe that we can do better than that. We should build
622 homes that are not just affordable to buy, but also
623 affordable to own and operate.

624 I have heard some complain that building to code makes
625 houses less affordable. My experience has been just the
626 opposite. Yes, there is an upfront cost, and I have found
627 that it is generally in the range of what the Department of
628 Energy, HUD, and the National Labs have estimated, somewhere
629 around 6,000 to \$7,000 per home. But when you amortize that
630 over a 30-year mortgage, as anyone concerned about
631 affordability would be doing, you are talking about maybe \$50
632 a month in additional monthly payment. And I have found,
633 again, just as the Department of Energy and HUD have
634 estimated, that the monthly energy bill savings are larger
635 than that.

636 So the homeowner is spending less on net each month and
637 gets a better, more efficient, more comfortable house that is
638 also more durable. And over time, they are saving thousands

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639 of thousands of dollars. You could compare it to buying a
640 cell phone plan. You may find some carriers have very low
641 upfront costs for the phone, but if the monthly payments are
642 two to three times the size of other plans, then that catches
643 up to you quickly, and you are ultimately spending much more.

644 Unfortunately, in the housing market, it is just not as
645 easy to know what your energy bills will be up front as it is
646 to know a fixed cell phone payment, particularly with new
647 houses, where you can't look at what the energy bills have
648 been historically. I think if it were, buyers would demand
649 homes be built at least to code.

650 And I agree with my colleague here that the appraisal
651 process should do a better job of taking into account and
652 valuing the energy efficiency of a home. That would be a
653 critical market signal.

654 I am currently building a pocket neighborhood of 11
655 small homes on 1.25 acres in downtown Granite Falls, North
656 Carolina. Sometimes referred to as a cottage court, Duke
657 Street Cottages is an example of Missing Middle Housing that
658 provides a greater diversity of housing choice in a community
659 where most new construction are large custom homes on large

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660 lots that are out of reach for most people. These are
661 starter homes that are ideal for first-time home buyers, but
662 they are also perfect for retirees who want to downsize into
663 single-level living. My most recent customers are both
664 first-time home buyers. One of them is a nurse at the local
665 hospital in her twenties, and the other is a retired school
666 teacher in her seventies.

667 These are above-code, all-electric homes, with high
668 efficiency inverter heat pumps for space conditioning, heat
669 pump water heaters, ventless heat pump dryers, and induction
670 ranges. They also have mechanical ventilation systems to
671 ensure healthy indoor air quality with no wood or burning gas
672 appliances. We have no concerns about carbon monoxide or
673 other byproducts of combustion. These are DoE zero-energy-
674 ready homes that are roughed in for future solar panels and
675 EV charging. The 45L tax credit for builders of energy
676 efficient homes offers a \$5,000 incentive for building to the
677 DoE's Zero Energy Ready Home Standards, which are based on
678 the 2021 IECC.

679 In my experience, the \$5,000 tax credit comes very close
680 to offsetting the additional cost of insulation, air sealing,

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681 high efficiency HVAC, and water heating equipment, and
682 mechanical ventilation systems. Of course, these upgrades
683 will eventually pay for themselves with energy savings.

684 My wife and I kept one of the homes at Duke Street
685 Cottages for ourselves. Our daughter just finished her
686 sophomore year of college, and our son is graduating from
687 high school tomorrow. We downsized from almost 4,000 square
688 feet to 1,400 square feet, and our utility bills went from
689 almost \$400 a month to under \$100 a month. Our new home is,
690 obviously smaller, but it is also more comfortable, quiet,
691 low maintenance, and extremely efficient.

692 In summary, I believe that a new home should not only be
693 affordable to buy, but also affordable to own and operate.
694 While certification programs help chart a path to move our
695 industry forward, building and energy codes can have a much
696 broader impact on all new home construction, including
697 health, safety, durability, comfort, and energy savings.

698 Thank you again for the opportunity to testify today.

699 [The prepared statement of Mr. Howard follows:]

700

701 *****COMMITTEE INSERT*****

702

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703 *Mr. Duncan. I thank the gentleman, and I will now go
704 to Mr. Casper for five minutes.
705

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706 STATEMENT OF MIKE CASPER

707

708 *Mr. Casper. Thank you, Chairman Duncan, Ranking Member
709 DeGette, and members of the subcommittee. I am president and
710 CEO of JC Co-op. We are headquartered in Elizabeth,
711 Illinois, about two-and-a-half hours west of Chicago. I am
712 also the proud member of the American Public Gas
713 Association's board of directors.

714 JC Co-op is a not-for-profit, member-owned and
715 controlled distribution cooperative. We serve about 26,500
716 electric, natural gas accounts in four counties of rural
717 northwest Illinois. Our focus is providing members with safe
718 and reliable electric, natural gas, as well as high-
719 performance Internet service at the lowest practical price.
720 JC Co-op is also a member of the American Public Gas
721 Association, which represents roughly 1,000 communities
722 across the U.S. that own and operate the retail gas
723 distribution entities.

724 I would like to thank the subcommittee for holding this
725 hearing today on policies that, if implemented, will
726 negatively impact our members. While we serve residents of

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727 northwest Illinois, these policies have the potential to
728 negatively impact all community-owned gas utility customers,
729 including those who might live in your districts.

730 It is no secret that there are concerted efforts at all
731 levels of the government to use energy policy to pick winners
732 and losers. States and localities are adopting misguided
733 building code and standard provisions that effectively limit
734 a consumer's ability to choose a gas appliance. At the
735 Federal level, the Department of Energy is proposing
736 appliance of efficiency standards that take away consumer
737 choice, forcing them to choose electric appliances. More
738 recently, the current Administration finalized a rule
739 utilizing section 433 of the Energy Security and Independence
740 Act, which would significantly restrict the future on-site
741 use of natural gas in Federal buildings.

742 In addition to Americans losing the ability to choose
743 the energy source that best fits their needs, not allowing
744 the direct use of natural gas to be part of America's energy
745 mix will force consumers to pay more for their energy. The
746 path to our country's affordable, reliable, and sustainable
747 energy future requires continued utilization of community-

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748 owned gas infrastructure and its workforce.

749 DoE's final rule significantly restricts many Federal
750 buildings' future use of on-site energy from affordable and
751 resilient natural gas. According to the DoE's own data,
752 natural gas is three times more affordable than electricity.
753 I think of the natural gas used in the Federal prison that we
754 serve in Thompson, Illinois. As with all government
755 facilities, its appliances will require retrofits at some
756 point. I am concerned about the hefty price tag of the
757 requirements to retrofit the entire campus to accommodate
758 electric appliances. And since JC Co-op provides both gas
759 and electric, I am equally concerned about how an already-
760 strapped electric grid will reliably adapt -- if these
761 policies are enacted, that is.

762 Allowing the continued direct use of natural gas will
763 not add further strain on the electric grid. Instead, the
764 direct use of natural gas in buildings efficiently and
765 affordably meets energy demand and provides fuel diversity --
766 and I want to emphasize diversity and reliability -- to these
767 important Federal facilities.

768 I also think of Robins Air Force Base in Houston County,

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769 Georgia, and military installations in San Antonio, Texas,
770 all of which receive natural gas from community-owned
771 utilities. How many military -- how will military readiness
772 and even national security be impacted if these bases are now
773 required to just use electricity?

774 Another concerning policy that I want to highlight is
775 DoE's final rule on consumer furnaces. Many Americans rely
776 on natural gas furnaces to heat their homes and businesses in
777 the winter, especially in northwest Illinois. The final rule
778 establishes 95 percent efficiency standards for furnaces,
779 which can only be met by condensing furnaces, effectively
780 banning non-condensing furnaces that have been in millions of
781 Americans' homes for generations or more. If a homeowner
782 wants to install a condensing furnace, they may find that,
783 due to structural issues or code restrictions, they are
784 unable to accommodate a condensing furnace's additional
785 venting and drainage requirements. Others may simply be
786 unable to afford the additional costs, and I can talk about
787 that later. Americans deserve the right to choose the
788 appliances they want, especially when the Energy Information
789 Administration forecasts natural gas prices to remain low.

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790 I do want to express gratitude from all APGA members. I
791 do want to express gratitude from all APGA members for the
792 numerous bills that this subcommittee has progressed that
793 would walk back these harmful appliance efficiency standards.

794 Thank you for the opportunity to testify and for
795 supporting policies that allow continued access to the
796 affordable energy consumers want.

797 [The prepared statement of Mr. Casper follows:]

798

799 *****COMMITTEE INSERT*****

800

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801 *Mr. Duncan. I want to thank all the witnesses for your
802 testimony. We will now move into the question-and-answer
803 portion of the hearing. I will begin with answering --
804 asking questions for five minutes.

805 You know, I disagree with the whole-of-government
806 approach of the Biden Administration in this mandate, green
807 building policies over objections of some states and local
808 governments. After President Biden signed an executive order
809 directing all Federal agencies to develop climate-building
810 [sic] policies, we have seen an avalanche of new rules
811 mandating expensive building codes and eliminating energy
812 choices for Americans.

813 Here are a few examples. DoE announced a \$1 billion
814 grant program to coerce states to adopt unproven, net-zero
815 building energy codes, even if it raises home prices. HUD
816 announced new Federal home efficiency mandates for FHA and
817 USDA-backed mortgages, even when they are not required by
818 state building codes. DoE banned the use of fossil fuels in
819 Federal buildings starting in 2030, even for military
820 installations and family housing. EPA is planning to
821 eliminate natural gas appliances from the Energy Star

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822 program, and begin certifying homes and apartments to measure
823 greenhouse gas emissions. And the Biden Administration is
824 actively encouraging states and local governments to adopt
825 stretch codes to ban natural gas and mandate the use of solar
826 panels, EV charging, and electric appliances.

827 President Biden's green building policies are driving up
828 home prices and pushing home ownership further and further
829 out of the reach for millions of Americans. So Mr. Casper,
830 the whole-of-government, rush-to-green agenda includes rules
831 and regulations that restrict the use of natural gas. Will
832 policies that force Americans to switch from gas to electric
833 increase the cost of living?

834 *Mr. Casper. From my experience, yes, for our member
835 consumers. And the -- so I will just give an example of a
836 home, a lower-income home complex in our service territory
837 that we provide natural gas as well as electric to. The
838 particular landlord decided -- we worked with him, and they
839 decided, based on our evaluation analysis, that natural gas
840 was the cheapest form not only from upfront costs, but also
841 for utility costs for the future of those particular
842 residents that would be living in that complex.

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843 *Mr. Duncan. Thank you for that. As I mentioned, the
844 DoE recently issued a final rule to eliminate the use of
845 fossil fuels in all new and modified Federal buildings
846 starting in 2030. Your testimony mentions this rule can
847 impact everything from Federal prisons to military bases.
848 From your perspective, does this Federal rule undermine our
849 national security?

850 *Mr. Casper. That is a good question. I am not an
851 expert in our security, military security, but I believe it
852 could, especially speaking from our other members who serve
853 these bases, you know, whether that is in Georgia or in north
854 Texas and across America.

855 The concern that I have more than anything is that you
856 cannot rely on one fuel source alone. It is important to be
857 able to have a diverse fuel, not only from an electric
858 generation standpoint, but think about it from a perspective
859 of utilizing natural gas for power generation. As we begin
860 providing -- or more and more electricity is being utilized
861 by beneficial electrification, let's call it, for facilities,
862 you are going to be utilizing more natural gas for power
863 generation to fill those gaps that renewables can't.

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864 *Mr. Duncan. Thank you for that. We visited Misawa Air
865 Base up in northern Japan in June of last year, and they do
866 have some solar panels up there. They have also got natural
867 gas. And I can't imagine, as cold as it gets -- we saw the
868 snowplows they use to clear the runways in the military base
869 there. I can't imagine how cold it gets, the ski area -- of
870 just trying to heat your home with electricity in that kind
871 of environment, and the costs that may be associated with it.

872 Mr. Woods, although states and local governments have
873 the authority to adopt and amend national model building
874 codes, do you agree that there is an effort by this
875 Administration to push the adoption of these aggressive
876 codes?

877 *Mr. Woods. Yes, I do. I mean, like I spoke about in
878 my municipality, Kansas City, Missouri, they had turned down
879 the 21 energy code. They weren't going to adopt it until the
880 IRA came out and gave them grant money. They came back, and
881 the whole discussion was a financial discussion amongst the
882 city council members to adopt the code in hopes of gaining
883 grant money from the IRA.

884 *Mr. Duncan. Thank you for that. My last question is

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885 for Mr. Howard.

886 [Slide]

887 *Mr. Duncan. These are the houses that you are
888 building, correct?

889 *Mr. Howard. Yes.

890 *Mr. Duncan. One is an 800-square-foot, 1,400-square-
891 foot. What is the price per square foot for those?

892 *Mr. Howard. The sales price? Is that what you are
893 asking?

894 *Mr. Duncan. Sale price, yes, price per square foot.

895 *Mr. Howard. They are in the 200 to \$250-a-square-foot
896 range.

897 *Mr. Duncan. Okay, thank you for that. We see a lot of
898 these in South Carolina, mainly on and around college
899 campuses as rentals for the college kids, not for single
900 family residences.

901 So it is intriguing, but I am out of time, so I am going
902 to yield to the Ranking Member DeGette for five minutes.

903 *Ms. DeGette. Okay. Well, following up on what the
904 chairman said, the houses that you build, Mr. Howard, you
905 said that you are building those houses for a variety of

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906 people because they are affordable. Is that right?

907 *Mr. Howard. That is correct.

908 *Ms. DeGette. You are not just building them for
909 college students. You are building them for retired people
910 and for young professionals and others.

911 *Mr. Howard. Certainly, yes. Our target market is
912 really both ends of the spectrum, first-time home buyers that
913 are typically in their twenties and thirties, as well as
914 retirees who want to downsize into single-level living.

915 *Ms. DeGette. And are those the -- and also you?

916 *Mr. Howard. That is right. I am not quite ready to
917 retire yet, but --

918 *Ms. DeGette. Okay. No, but I mean the -- now, were
919 the homes that the chairman was showing you, were those your
920 homes?

921 *Mr. Howard. Actually, the two-story is mine, yes.

922 *Ms. DeGette. Okay. So we had heard claims that the
923 codes that the Administration is pursuing would add 22,000 to
924 \$31,000 to the price of a new house. That is several times
925 more than HUD found, or the Energy Department, or the most
926 recent study conducted by Pacific Northwest National

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927 Laboratory. Is that true, from your experience?

928 *Mr. Howard. Not in my experience, no. As I mentioned
929 in my testimony, I am seeing cost increases somewhere in the
930 neighborhood of 6,000 to \$7000, which aligns with the numbers
931 that we are seeing from the National Labs.

932 *Ms. DeGette. And that is a cost for the home that is
933 built. Is it to these new codes, or is it higher than these
934 new codes, as you testified?

935 *Mr. Howard. So again, I am building to the DoE's Zero
936 Energy Ready Home Standard --

937 *Ms. DeGette. Okay.

938 *Mr. Howard. -- which is based on the 2021
939 International Energy Conservation Code.

940 *Ms. DeGette. Okay. And so what -- and then you were
941 saying, though, that those -- that that cost can be offset.
942 Is that right?

943 *Mr. Howard. Certainly. So the 45L tax credit can
944 directly offset some of that cost. But, you know, you are
945 also seeing significant cost savings over the lifetime that
946 you live in that home.

947 *Ms. DeGette. Well that is correct. Like, let's say

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948 you have a 30-year mortgage. Let's say it is 6,000 to \$7000
949 over 30 years. But then are you accounting for the reduced
950 energy bills?

951 *Mr. Howard. Yes, certainly. I think, just based on a
952 simple payback calculation, you are probably talking about a
953 six to seven-year payback that we are seeing. And, you know,
954 again, this is just my experience in a small town in western
955 North Carolina.

956 *Ms. DeGette. Well, your experience is what counts.
957 Now, are your homes popular?

958 *Mr. Howard. I like to think so.

959 *Ms. DeGette. I mean, do you have trouble selling your
960 homes?

961 *Mr. Howard. No, we have not -- so we typically have
962 these homes sold before they are complete.

963 *Ms. DeGette. And what do the people tell you about why
964 they want to purchase the homes?

965 *Mr. Howard. I think most of my buyers are interested
966 because of the price point and, of course, location is always
967 a factor in a real estate transaction. But yes, ultimately,
968 I think they probably don't -- aren't able to appreciate the

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969 other benefits until they have actually lived in the home for
970 some time.

971 So we have a property owners association and we have
972 monthly meetings, so I certainly have plenty of opportunity
973 to hear direct feedback from my buyers, and I think the
974 things that surprised them the most -- or, you know, they are
975 pleasantly surprised by how easy it is to heat and cool these
976 homes, how comfortable they are. They have also commented on
977 how quiet the homes are. So a home that is better insulated
978 and better air sealed also ends up being just a quieter place
979 to live.

980 *Ms. DeGette. Okay. Thank you. Now I just want to set
981 the record straight with something.

982 Some of my colleagues have been talking about Federal
983 buildings and their -- and the "green projects.'" I just
984 want to point out that, under the 2007 Energy Independence
985 and Security Act, which was signed into law by President
986 George W. Bush, that requires the DoE to develop and finalize
987 a regulation that phases out fossil fuel consumption in
988 Federal buildings.

989 The most -- the recently finalized Clean Energy for New

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990 Federal Buildings and Major Renovations of Federal Buildings
991 Rule completes the statutory requirement that was placed on
992 the DoE under the George W. Bush Administration. The total
993 net benefit to the public, according to DoE's estimates, will
994 reach up to \$134 million, and it is expected to reduce carbon
995 emissions by 2 million metric tons and methane emissions by
996 16,000 tons, which is equivalent to cutting pollution from
997 310,000 homes in one year.

998 So I guess my point of saying this is I really feel like
999 Congress and local and state governments and home builders
1000 and others could work together to try to find affordable,
1001 energy-efficient buildings that could actually be
1002 economically viable and positive. And that is what I think
1003 we should be talking about.

1004 I yield back.

1005 *Mr. Duncan. The gentlelady yields back.

1006 Thank God for the fracking revolution that found and
1007 harvested more natural gas after 2007.

1008 I will now recognize the committee chair of the full
1009 committee, Mrs. Rodgers, for five minutes.

1010 *The Chair. Thank you, Mr. Chairman.

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1011 Mr. Bonnell, thank you for your testimony. And as a
1012 family-owned manufacturing business placed -- based in
1013 California and operating in several Western states, you are
1014 certainly on the front lines of this war on American energy.
1015 The governors of California and my home state, Washington,
1016 want to close your manufacturing facilities and put you out
1017 of business by banning natural gas. Can you make -- so my
1018 questions -- can you make Sheetrock, asphalt shingles, or
1019 paper products without natural gas?

1020 *Mr. Bonnell. Congresswoman, I would ask you
1021 respectfully not to use Sheetrock; that is a brand name for
1022 my competitor.

1023 [Laughter.]

1024 *Mr. Bonnell. But in direct --

1025 *The Chair. What do you sell?

1026 *Mr. Bonnell. The direct answer to your question, it is
1027 possible to make drywall with electrical dryers. It is not
1028 commercially feasible at this point. We would look at
1029 options for that. If they were -- we would constantly look
1030 at new equipment, and are always looking for capital
1031 investments to lower our energy costs. But the simple fact

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1032 of the matter is it is a higher cost equation.

1033 *The Chair. What about asphalt shingles?

1034 *Mr. Bonnell. Same story.

1035 *The Chair. Paper products?

1036 *Mr. Bonnell. Even more so with paper products.

1037 *The Chair. So --

1038 *Mr. Bonnell. Paper products would be very difficult.

1039 They are highly energy-intensive, both gas and electric.

1040 *The Chair. So would you speak to -- where do you see
1041 these products coming from in the future?

1042 Is it going to be possible to manufacture these kind of
1043 products in America, or are they going to be coming from
1044 other countries, like China?

1045 *Mr. Bonnell. Well, we have seen these products
1046 manufactured in other countries before. And quite frankly,
1047 it was a horrible experience here in the United States. Most
1048 notably, I think Chinese drywall in Florida caused very
1049 significant problems and issues resulting in millions and
1050 millions of dollars of rebuild work that had to be done.

1051 I think the American consumer is not necessarily
1052 interested in buying a Chinese product to put in their home

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1053 right now. But foreseeably, without the ability to use
1054 natural gas, we will lead to more offshore production.

1055 *The Chair. Yes, Chinese building materials, Chinese
1056 electric vehicles.

1057 Another question: What happens to the price of
1058 construction materials if you have a statewide natural gas
1059 ban?

1060 *Mr. Bonnell. I can't even speculate. Right now I am
1061 looking at -- I guess the best way to respond to that is to
1062 look to what happened to us in January of 2023, when we saw
1063 \$54 per MMBtu gas prices. We would literally see probably a
1064 doubling to quadrupling of pricing on drywall products.

1065 *The Chair. Okay, thank you.

1066 Mr. Woods, as you know, climate activists and
1067 environmental groups have a lot of influence with the
1068 International Code Council and other standards-setting groups
1069 that develop the model energy codes. These codes increase
1070 construction costs with the promise of long-term energy
1071 savings. Would you speak to how they are working in
1072 practice?

1073 *Mr. Woods. You are asking me to speak to how the

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1074 energy savings are working in practice?

1075 *The Chair. Yes.

1076 *Mr. Woods. So, I mean, we just adopted the 2021 energy
1077 code in Kansas City, Missouri, so I haven't seen it yet in
1078 practice in our area. But I do know the estimates that are
1079 coming out for what they are saying, the costs are grossly
1080 underestimated because they are not taking into account how
1081 we have to build the house differently to account for the
1082 codes themselves.

1083 Like, one of those things would be R60 insulation. In
1084 Kansas City we stick frame our roofs. We don't use trusses.
1085 You can't fit R60 insulation on a stick frame roof the way we
1086 do it in Kansas City. So we have to go back, re-engineer our
1087 roofing, redo how we frame the roof. Some people have to go
1088 to energy trusses. It is just a total change in the
1089 production style of the house. So in practice right now we
1090 are seeing drastic cost increases for not only the change in
1091 the insulation, but also how we have to build that home.

1092 From what I have seen, we have modeled our own houses
1093 from what we were building from the 2009 energy code to the
1094 2021 energy code, and we are seeing savings of energy of only

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1095 \$125 or less a year, and experiencing cost increases that are
1096 making customers have mortgage payments and PMI in upwards of
1097 \$800 a year. So in my opinion it never pays back.

1098 *The Chair. So when the Federal policies conflict with
1099 the state or local energy codes, what impact does that have
1100 on the supply of new homes?

1101 *Mr. Woods. Well, I think I spoke to it in my first
1102 testimony. In Kansas City, Missouri you can see a drastic
1103 reduction in production, and that is some of people stalling
1104 to get things out that --

1105 *The Chair. Thank you. I have one more question I
1106 wanted to get to. What do you -- in my area we had wildfires
1107 come through and burn hundreds of homes last year. And now
1108 they -- and they want to rebuild, but now they are being told
1109 they can't hook up to natural gas. What would you tell
1110 homeowners like that when they have to rebuild?

1111 *Mr. Woods. But they can't -- when they can't hook up
1112 to natural gas?

1113 *The Chair. Yes, yes.

1114 *Mr. Woods. I would say it is unfortunate. I mean, in
1115 my area I can't meet my energy codes without spending a bunch

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1116 more money without putting a natural gas furnace in the
1117 house. That is how I meet the 21 energy code. So it is
1118 counterproductive to say that I can't use a gas furnace, yet
1119 I can build the house more efficiently and meet the code with
1120 a gas furnace.

1121 *The Chair. Yes, you just can't afford to rebuild.
1122 Okay, I yield back.

1123 *Mr. Duncan. The gentlelady yields back. I now go to
1124 the ranking member of the full committee, Mr. Pallone, for
1125 five minutes.

1126 *Mr. Pallone. Thank you, Mr. Chairman. I am just
1127 trying -- my questions are for Mr. Howard.

1128 A lot of talk here about production style, how you build
1129 a home. Tell me how you -- talk a little about the energy-
1130 efficient houses you build, and the upgrades, and the
1131 features you incorporate. I mean, I am getting the
1132 impression from some of the others on the panel that
1133 production style, how you build it is impossible to do an
1134 energy efficient home. There is a big discrepancy here. Why
1135 are you able to do it, and what does it actually involve?
1136 Tell me.

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1137 *Mr. Howard. As Chairman Duncan pointed out earlier, I
1138 mean, these are smaller homes to begin with. So that is
1139 reducing cost. And, you know, just the overall amount of
1140 materials that are required to build these homes.

1141 But I guess, you know, if you want to think of it in
1142 terms of the secret sauce, you know, to achieving 2021 IECC
1143 or Zero Energy Ready Home certification on a budget, I am
1144 utilizing structural insulated panels as the wall and roof
1145 assembly of these homes. They are built in a small factory
1146 in Mocksville, North Carolina by a company called Eco-Panels,
1147 and they bring them out to our job site on a flatbed truck,
1148 and we actually assemble them with two to three laborers. It
1149 doesn't require, you know, the level of skilled labor that is
1150 typically required in stick framing at home. So I am able to
1151 put a house in the dry, as we say, in two to three days in my
1152 market. With traditional labor, that would take two to three
1153 weeks. So I am able to shorten the turn time on these homes,
1154 which also means I am shortening the carrying costs that is
1155 associated with the construction loans that I am taking out
1156 in order to build these homes.

1157 *Mr. Pallone. Now, what about this -- the Federal

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1158 incentives you mentioned?

1159 I mean, I know there is not a Federal mandate. It is,
1160 you know -- but what is the -- what are the incentives that
1161 people take advantage of? Can you talk a little bit about
1162 that?

1163 *Mr. Howard. Sure, yes. The 45L tax credit that was
1164 renewed gives a builder the option of, if they certify a home
1165 to the Energy Star standards, it is a \$2,500 tax credit per
1166 house. And if they certify to Zero Energy Ready Home, it is
1167 a \$5,000 tax credit per house. So again, in my experience,
1168 that comes very close to offsetting the additional costs for
1169 me to --

1170 *Mr. Pallone. And those -- you obviously don't find
1171 those that difficult to obtain, right, these Federal
1172 incentives?

1173 *Mr. Howard. Not at all.

1174 *Mr. Pallone. Okay. And now, what about the -- I mean,
1175 again, you are saying 6,000 to 7,000 per home. The others
1176 are talking 30,000 or above. Why is this big discrepancy
1177 between these numbers?

1178 I mean, I want to talk about the real world. Why are

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1179 they talking numbers that are, like, you know, so much more?

1180 *Mr. Howard. Yes, I am -- I have only recently seen
1181 some detail on how those estimates were created, and I feel
1182 like, in some cases, they are factoring in some costs that,
1183 you know, to me, just don't make sense. But yes, I mean,
1184 certainly, it -- costs to build homes varies, you know, from
1185 market to market.

1186 But, you know, I could see if somebody who had never
1187 built to that standard might end up spending more money, but
1188 the longer I have done this, you know, you start to figure
1189 out ways to be more efficient, to optimize systems. And
1190 certainly, I have also made the choice to make some trade-
1191 offs in finishes to try to, I guess, put the money where I
1192 feel like it matters, into the building envelope of the home,
1193 which is going to be very difficult for somebody to change
1194 later. You know, you are going to remodel your kitchen or
1195 your bathroom probably in the next 10 to 15 years, just as
1196 tastes change. But how often are you going to open the walls
1197 and change the amount of insulation in there? You know, not
1198 very often. So I am trying to focus on those things that are
1199 difficult to change later.

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1200 *Mr. Pallone. I mean, I appreciate what you are saying.
1201 I mean, my experience with any kind of innovation or any kind
1202 of effort to make things more efficient is that, you know, a
1203 lot of people just don't like to make change, right? And if
1204 you start to make the change, you look at it and you say, oh
1205 my God, you know, this is going to be terrible, but then when
1206 you start doing it, you can do it for less and you can
1207 actually do it without a great deal of difficulty, and that
1208 seems to me exactly what you are saying. So thank you so
1209 much.

1210 Thank you, Mr. Chairman.

1211 *Mr. Duncan. I now go to Mr. Latta for five minutes.

1212 *Mr. Latta. Well, thanks, Mr. Chairman, and thanks for
1213 our witnesses for being with us today. And we all know that
1214 home ownership is one of those dreams that all Americans
1215 really want to have.

1216 And when I look at the State of Ohio, half the housing
1217 units in Ohio have been built before 1965, including the home
1218 that we live in, and more than two-thirds of the homes were
1219 built before 1980. Ohio's home sales are primarily from
1220 first-time buyers: 43 percent are purchasing a small town

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1221 [sic]; 95 percent of first-time buyers are financing their
1222 purchase. You know, and when you look at the landscape
1223 across Ohio, I have serious concerns that these are -- far-
1224 reaching energy efficiency mandates could have unintended
1225 consequences for Ohioans trying to buy their first home.

1226 Mr. Woods, in your testimony you highlight that
1227 compliance with the 2021 IECC can add significant cost to the
1228 price of a new home. Would you explain how these additional
1229 costs affect middle class and first-time buyers?

1230 *Mr. Woods. Sure, thank you, Representative.
1231 Basically, for every \$1,000 that we increase the price of a
1232 house, 106,000 households are priced out of the market. So
1233 when you take this into effect, that 77 percent of people
1234 can't even afford a median-priced house today, yet we are
1235 talking about raising costs that much, we are pricing out a
1236 huge majority of the market; 2 million people won't be able
1237 to buy these homes if it costs \$20,000 extra to build this
1238 house. So you are taking a huge chunk of the market out of
1239 home ownership by adding these codes on top.

1240 *Mr. Latta. Well, you know, with the new HUD
1241 regulations, as you mentioned, they will significantly

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1242 increase the stringency of the codes for construction of
1243 homes backed by FHA and USDA. One of the things about this
1244 committee, we have a very broad jurisdiction, and I can ask
1245 them -- sometimes you have to ask these questions.

1246 When you look at the 2009 and the 2021 codes, is this
1247 out of your -- out of curiosity, your interaction with
1248 regulators, how many of the regulators have been in
1249 construction?

1250 *Mr. Woods. How many regulators are in construction?

1251 *Mr. Latta. Yes.

1252 *Mr. Woods. I couldn't even begin to count. It is
1253 enormous, how many people are regulating all aspects --

1254 *Mr. Latta. Well, no, I mean the regulators themselves
1255 have been in construction.

1256 *Mr. Woods. Oh, very few.

1257 *Mr. Latta. Okay, because this is one of the weird
1258 questions I always have to get into because, again, when they
1259 start these regulations -- and I have never heard anybody
1260 ever say this before us in this committee, I have never heard
1261 anybody say that they are against all regulations, but they
1262 all -- but I don't care what industry you are in, they all

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1263 say the same thing: "Give us regulations we can live with."

1264 And especially when you look at these numbers that you
1265 have given us today, you know, my concern is that -- how do
1266 they get their working knowledge to come up with what a code
1267 ought to look like from the 2009 to the 2021, and the changes
1268 out there, if -- you know it is just out of your opinion --
1269 if they have never been in construction to actually see it
1270 done?

1271 *Mr. Woods. I don't know if it becomes special interest
1272 groups influencing decisions or what, but they are definitely
1273 not one-size-fits-all, and that is the unfortunate thing
1274 about the 21 energy code, is that what I need to do in Kansas
1275 City to make my house more energy efficient or better for the
1276 environment is much different than what somebody needs to do
1277 in California or Florida for that same house. So it is
1278 really hard to have a code that is written for the whole --

1279 *Mr. Latta. Right. So something that is being built in
1280 northwest or northern Ohio is different from if it is going
1281 to be built in southern California.

1282 You know, under the current law with the federally-
1283 financed mortgages must comply with that 2009 IECC, it now

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1284 requires, you know, these homes to conform with the 2021
1285 code. And again, getting into this again, is there a --
1286 given the conflict in the regulations, how are the builders
1287 supposed to comply with this when you have a conflict between
1288 the 2009 and the 2021?

1289 *Mr. Woods. You won't be able to. I mean, you won't be
1290 able to build a house for a customer -- if I was building a
1291 spec home, and a customer walked in and wanted to buy it, and
1292 I wasn't building it to the 2021 energy code because the
1293 municipality didn't require it, I just can't sell that house
1294 to them. And unfortunately --

1295 *Mr. Latta. But, like, again, if it is in Ohio, if the
1296 Ohio code says 2009, then what do you do? Who is the
1297 arbitrator on that?

1298 *Mr. Woods. There won't be. I mean, if it is a mandate
1299 from USDA, there will not be a loan that is able to be put on
1300 that house.

1301 *Mr. Latta. Well, thank you very much. And just to
1302 follow up -- not to be picking on you here -- do you foresee
1303 a scenario where first-time home buyers may have a difficulty
1304 securing a federally-backed home loan or on an older home,

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1305 such as a USDA Rural Development home loan?

1306 *Mr. Woods. Yes, I haven't seen how the -- how it
1307 applies to an older home, but, I mean, if all USDA loans have
1308 to comply to the 2021 energy code, then I am not sure how
1309 they would buy a home that was built in the last year or two.
1310 They would all be not able to have a USDA loan on them.

1311 *Mr. Latta. Okay, well, thank you very much.

1312 And Mr. Chair, my time has expired and I yield back.

1313 *Mr. Duncan. The gentleman yields back. I now go to
1314 the gentleman from California, Mr. Peters, for five minutes.

1315 *Mr. Peters. Thank you, Mr. Chairman.

1316 One of the biggest problems facing California and San
1317 Diego is the cost of housing. I have said that I think that
1318 the cost of housing is probably the biggest barrier to the
1319 continued prosperity of San Diego and the Golden State. So I
1320 take very seriously the concerns that have been raised here.

1321 You know, and most of these policies are formed at the
1322 state and local level, as people have pointed out. And I
1323 have to say that, you know, California -- and I have -- this
1324 is an issue back home -- has done a really terrible job of
1325 allowing new housing to be built. We put a lot of

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1326 impediments there. And over three decades I think we have
1327 really fallen behind, and that supply-demand thing is a big
1328 factor. So I don't want to suggest that that is Federal
1329 policy, but that is a problem in my state.

1330 At the Federal level I did introduce the Build More
1331 Housing Near Transit Act with Chair Rodgers, which is a great
1332 bipartisan effort to make sure that housing gets built near
1333 those projects that we spend Federal taxpayers' money on for
1334 transit. We ought to incentivize that if we are going to be
1335 building -- spending a lot of money on a transit project.

1336 As a Federal Government, we ought to know what the local
1337 government is doing to make sure that people are going to
1338 ride it, and part of that is putting housing next to it, and
1339 incentivizing that, and making that part of the competition.
1340 So that is good for whether you are concerned about taxpayers
1341 getting farebox recovery out of that project or whether you
1342 are concerned, as an environmentalist, about people --
1343 getting people out of their cars and reducing greenhouse
1344 gases, that makes good sense.

1345 But again, most of what happens on housing is a state
1346 and local.

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1347 Mr. Howard, I recognize, because of the modernized
1348 standards, homeowners will save money on the back end through
1349 efficiency gains and reduced spending on heating, cooling,
1350 and water. I want to ensure that we are not increasing
1351 barriers to home ownership by passing along costs to lower-
1352 income residents who may not be able to afford that bigger,
1353 upfront investment.

1354 There is billions of dollars in the infrastructure bill
1355 and in the Inflation Reduction Act for states and localities
1356 to implement these codes, as well as the 45L tax credit.
1357 However, the grant dollars don't go toward construction or
1358 reducing the costs of these more efficient materials, and the
1359 tax credit is not enough.

1360 How do you think we can reduce the upfront costs of
1361 compliance with these updated codes, and make sure that these
1362 more efficient homes are affordable for all of our
1363 constituents?

1364 *Mr. Howard. Yes, good question. I mean, I think
1365 ultimately, as, you know, more stringent codes are adopted,
1366 the industry adapts. You know, it takes some time. It takes
1367 -- you know, we are talking about a, obviously, a large,

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1368 sophisticated industry. It is like turning a battleship.

1369 So --

1370 *Mr. Peters. Right.

1371 *Mr. Howard. But I think we underestimate ourselves in
1372 terms of the amount of innovation that we have seen in
1373 construction over the last few years. I think off-site
1374 construction technologies in particular have the ability to
1375 expedite construction --

1376 *Mr. Peters. Right.

1377 *Mr. Howard. -- by building components in a controlled
1378 environment, as opposed to out in the weather, like most of
1379 us do, and also to try to reduce some of that cost burden.

1380 So whether we are talking about panelized construction
1381 as I am doing today, or full volumetric modular
1382 construction --

1383 *Mr. Peters. Right.

1384 *Mr. Howard. -- I think that is one of the answers to
1385 your question.

1386 *Mr. Peters. Another issue that is not directly related
1387 to what we are talking about today is what is happening in
1388 the insurance markets, and being able to be able to get

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1389 insurance so that you can get a mortgage. Building codes
1390 play a part in that, too, in terms of resiliency.

1391 And in California we have lost a lot of homes to
1392 wildfires. In San Diego County we have, too. And I think at
1393 another time we probably want to talk about what is the role
1394 of building codes in making sure that we are providing
1395 assurance to the markets that they can invest in this home as
1396 a -- as someone who is lending money. Again, something I
1397 think has long -- sort of short-term costs, but long-term
1398 benefits.

1399 And finally, I just want to say again about the nature
1400 of this hearing. This already has happened. Again, this --
1401 these are rules we are talking about that were issued, final
1402 rules, in April of this year. Yet this is the committee that
1403 has jurisdiction over building law in this area. And we not
1404 only did we not do something legislative here, we waited
1405 until the rules were final. We are not even taking this
1406 issue up while there was a notice of proposed rulemaking,
1407 presumably a year or two ago.

1408 So I am sorry to the witnesses that this is a little bit
1409 of an academic exercise. We are kind of late to the game

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1410 here, and we are actually not doing our job, which is to
1411 actually take the testimony from folks like you and come up
1412 with the rule ourselves, because a bipartisan rule is going
1413 to be better, and it is going to be more durable. What is
1414 going to happen now is, assuming -- if there is a change in
1415 administration -- there will be some day, whether it is this
1416 year or in four years -- you have the potential that the
1417 regulations get repealed. I am sorry about that.

1418 I think we should do better. I think this committee
1419 should be taking these issues up, from a legislative
1420 perspective, and dealing with them like it is our job to do,
1421 not waiting until -- let the administration do it and then
1422 waiting until it is over. And I apologize for that.

1423 And I yield back.

1424 *Mr. Duncan. The gentleman yields back. I now go to
1425 Mr. Griffith for five minutes.

1426 *Mr. Griffith. While the five-story glass atrium that
1427 illuminates lush groves of green bamboo inside the Thurgood
1428 Marshall Federal Judiciary Building across the street from
1429 Union Station is beautiful, it is also a death trap. This,
1430 according to a "Washingtonian" article published on May 10,

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1431 2024. And the reason is that they have a glass atrium and
1432 the birds fly into it because they can't see that it is a
1433 glass atrium.

1434 Here we are, discussing Federal buildings and private
1435 buildings in the building code, and we are not even talking
1436 about -- and the Federal Government hasn't even talked about
1437 -- the number of birds that die every year because they
1438 collide with glass structures and glass buildings. Now, you
1439 want to do something for the environment? Do you make people
1440 spend billions of dollars to get a little bit of a change
1441 maybe on the climate increase, the temperature increase, or
1442 do you save birds?

1443 And people are going to say, well, it is just a few
1444 birds. In fact, the Thurgood Marshall Building, they
1445 estimate they pick up about 500 birds a year. The problem is
1446 estimates show that a very small percentage actually were
1447 found at the end of a building. The data shows us that birds
1448 that hit the building often fly off. They have a head
1449 injury, they have a beak injury, they have internal bleeding,
1450 and they die later.

1451 According to a January 14, 2023 American Bird

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1452 Conservancy article that cites the Smithsonian, the estimates
1453 are between 365 million birds and 1 billion birds annually
1454 die because of bird strikes on buildings. And the reason I
1455 get frustrated about this is because we are talking here
1456 today about Federal regulations that want to, in a sense,
1457 essentially ban de facto natural gas in Federal buildings.
1458 And I am just going to talk about the Federal side of this.
1459 I know there is a private side, too.

1460 But on the Federal side we could pass the Bird Safe
1461 Building Act. Instead, we pass this. It is going to cost
1462 billions of dollars and do very little. If we passed the
1463 Bird Safe Building Act, which has been introduced for a
1464 number of years now by Mr. Quigley and I -- and we trade.
1465 When the Democrats are in control he introduces it and I am
1466 his chief cosponsor. When the Republicans are in control, I
1467 introduce it. And the cost of putting protection in is
1468 minimal.

1469 When you are building -- and keep in mind that this gas
1470 requirement under section 433 of the Energy Security and
1471 Independence Act of 2007 that mandates a 90 percent reduction
1472 in fossil fuels consumption in new and renovated buildings --

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1473 the Bird Safe Act -- Bird Safe Building Act applies to
1474 Federal new and renovated buildings. And if you are putting
1475 the building together, or you are renovating it, and you put
1476 a film on the glass anyway, the cost is either zero or very,
1477 very small to add in ultraviolet fibers. Those fibers allow
1478 the birds to see the glass.

1479 But instead, my colleagues on the other side and others
1480 -- and there is people on both sides of this issue, but they
1481 want to talk about spending billions of dollars to save
1482 energy and ignore something we could actually do today that
1483 within 10 years would save hundreds of millions of animal
1484 lives. I don't know why we are not doing it. To me, it is a
1485 green issue that is also a conservative issue because it
1486 doesn't cost much money.

1487 And then, when we show that the Federal Government can
1488 do it fairly cheaply, builders are going to say, hey, this is
1489 an option when I am building your new house. Here is an
1490 option we can show you, and the Federal Government has
1491 already shown us we can do it for next to no money while we
1492 are building your house. After it is built, if you are --
1493 only if you are applying the film on the glass at that time

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1494 would it be practical.

1495 I say all of that because it does concern me, because
1496 these regulations are going to drive up the cost for the
1497 Federal Government. These regulations related to the fuel
1498 consumption, as several of you have mentioned -- Mr. Bonnell
1499 and Mr. Woods, would you agree that we could do more with
1500 this thing that doesn't cost anything than we are going to do
1501 with these energy requirements and energy requirements that,
1502 I am sorry, Mr. Howard, it may price my constituents out of
1503 the home-buying market, and they will end up in mobile homes
1504 instead. Not as good an option. I am sure you build fine
1505 houses. But that is an option for the consumer. And when we
1506 build it into the price, they can't afford it.

1507 Mr. Bonnell, would you agree with the general assessment
1508 I have just made?

1509 *Mr. Bonnell. I am pro-birds.

1510 [Laughter.]

1511 *Mr. Bonnell. So that part, yes.

1512 *Mr. Griffith. Well, and in all fairness, part of the
1513 reason I chose this opportunity -- because it does touch on
1514 this issue -- is that so many people, whether they are

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1515 building a new building of 4 to 11 stories or whether they
1516 are building a new home, they don't even think about it. And
1517 for just making the decision to put the right film on your
1518 glass, you could save lives.

1519 I yield back, Mr. Chairman.

1520 *Mr. Duncan. For the record, I am pro-bird, too.
1521 Thanks for the levity, as well.

1522 *The Chair. Me too.

1523 *Mr. Duncan. Now I go to my friend from Texas, Mrs.
1524 Fletcher, for five minutes.

1525 *Mrs. Fletcher. Well, thank you, Mr. Chairman. And for
1526 the record, I am also pro-birds, and I appreciate the
1527 testimony of all of our witnesses today.

1528 And I think, you know, it is interesting to me, because
1529 I feel like we are all sort of talking past each other
1530 sometimes on some of these issues. Certainly, we have
1531 building codes for safety. And consumers like a lot of the
1532 energy efficiency that we have seen over the last several
1533 years. And consumers want affordable homes. And that is
1534 something that we in my district in Houston have always had a
1535 lot of, we have had a great supply of affordable housing. It

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1536 has made Houston a destination for many people, and that is
1537 why we are so proud to welcome people from across the country
1538 and around the world who want to move to our community and
1539 become Houstonians.

1540 And we know that, at the same time, we want to see those
1541 -- whether it is homes or commercial buildings -- be energy
1542 efficient, because while we want homes that are affordable,
1543 we want homes that are insulated -- certainly for us from the
1544 heat, but also from the winter storms. We really -- we
1545 understand the importance of efficiency on a number of
1546 levels, and we also understand the incredible impact that
1547 some of these inefficiencies have on our larger
1548 infrastructure like our grid.

1549 So we are concerned about all of these issues at the
1550 same time, and I think we can be concerned about all of these
1551 and work together in a way where we can really find that
1552 middle ground to talk about how do we do things smarter, how
1553 do we make sure that we are reducing electricity consumption
1554 as our energy demands continue to grow, and helping Americans
1555 save, you know, thousands of dollars a year in heating and
1556 cooling costs while keeping the price of building new homes

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1557 affordable and retrofitting homes with new equipment, how can
1558 we keep that affordable?

1559 And certainly, we have seen that in my district we know
1560 that energy efficient buildings have been more resilient in
1561 some of our extreme weather events. We just had another one
1562 last week. But certainly, prior to that, with the winter
1563 storm a couple of years ago, better-insulated buildings were
1564 -- protected the residents better, and we had some tragic,
1565 tragic circumstances in some of our less efficient homes.

1566 And so, as Mr. Peters said, we also know that state and
1567 local jurisdictions are primarily the ones who are drawing up
1568 these codes, and that the Administration has been working on
1569 some voluntary codes with people across the country and
1570 encouraging states to adopt them to address all of these
1571 competing needs.

1572 Certainly, as I was saying, we have always had a lot of
1573 affordable housing in Houston, but that is changing. And in
1574 the most recent survey, our annual city survey, the Houston
1575 Area Survey, affordable housing is a concern for as many as
1576 25 percent, 20 to 25 percent of our residents. So these are
1577 real concerns that Americans have in every community in the

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1578 country, and I think that we should be working together to
1579 figure out how we achieve all of these goals. They don't
1580 have to be mutually exclusive.

1581 So I want to ask a couple questions of -- Mr. Howard, in
1582 the time that we have, you know, you have firsthand
1583 experience sort of seeing what those upfront costs to build
1584 in the energy efficiency into the homes have for buyers and
1585 how they are weighed against sort of the long-term
1586 projections. And I think many of us know that sometimes you
1587 can factor that in, but it isn't as present as just sort of
1588 that initial -- the downpayment, and what is your monthly
1589 cost going to be in purchasing a home.

1590 And so one of the things that you mentioned was that
1591 there could be an opportunity to address that in the
1592 appraisal process, as well, and that the appraisal process
1593 doesn't do a great job of considering the value of these
1594 energy efficiency investments. So do you feel or do you
1595 think that some kind of rating system that can help rate a
1596 home and explain those potential cost savings both to buyers
1597 and to those who might be doing loans -- I know that has been
1598 established in some other countries. Do you think that that

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1599 would help buyers make -- would help people make choices, and
1600 perhaps help address some of the concerns about upfront
1601 costs?

1602 *Mr. Howard. Absolutely. We actually, you know,
1603 through the home energy rating process that was developed by
1604 ResNet back in the 1990s, I mean, we certainly have the
1605 ability today to certify and rate homes to give them sort of
1606 a -- almost like a miles per gallon rating to be able to
1607 compare the relative efficiency of one home to another. So
1608 we definitely have that capability. If anything, I think it
1609 is grossly under-utilized.

1610 But directly to your point about the appraisal process,
1611 the Appraisal Institute came up with an addendum 10 or 15
1612 years ago now that gives appraisers the ability to recognize
1613 the additional value of energy efficiency features. And
1614 again, there is another resource that has been available to
1615 us for some time that is grossly under-utilized. So some of
1616 it is just taking advantage of the tools that already exist.

1617 *Mrs. Fletcher. All right. Well, thank you so much.
1618 I went over my time, so I will yield back.

1619 *Mr. Duncan. You are forgiven. I will now go to the

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1620 gentleman from Indiana, who -- Indiana's state bird, like the
1621 gentleman from Virginia, is the cardinal.

1622 *Mr. Bucshon. There you go.

1623 *Mr. Duncan. So the men from the cardinal states. I
1624 recognize Mr. Bucshon for five minutes.

1625 *Mr. Bucshon. Thank you very much, Mr. Chairman.

1626 I think people might be aware the Department of Energy
1627 recently finalized efficiency standards that fail to take
1628 into consideration the design and factory construction
1629 techniques of manufactured homes, and would similarly drive
1630 up the cost for housing for working-class Americans. That is
1631 why I introduced and the committee Republicans passed the
1632 Affordable Homes Act, which would rescind the provision of
1633 the 2007 Energy Independence Security Act that directs the
1634 Department of Energy to establish energy standards for
1635 manufactured homes.

1636 I just want to throw that out there. You know, we are
1637 talking about building homes, but the manufactured home
1638 industry is also substantial in the affordable space, and
1639 that will also be dramatically affected by some of these
1640 regulations.

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1641 Look, I also want to just say I am an all-of-the-above
1642 energy person. Look, I think we can decrease our emissions
1643 and use all different types of energy sources. But the
1644 people I represent want reliable energy and affordable
1645 energy. Those are -- when you actually sit down and talk to
1646 people, those are critical. And, you know, most people do --
1647 are concerned about emissions. But when it butts up -- when
1648 these standards butt up against the ability to have
1649 affordable, reliable sources of energy, reliability and
1650 affordability wins out.

1651 And I think, you know, we are all -- I agree we are
1652 talking past each other a lot on this. We all want to make
1653 progress. But, you know, if you look at what percentage of
1654 emissions and -- are related to your industry worldwide, I
1655 mean, it is essentially zero. And so we are going to -- are
1656 we really going to do things that are going to make it
1657 difficult for people that are lower income to afford an
1658 entry-level home when we know that the effect actually on the
1659 global climate will be zero, essentially zero?

1660 I mean, if you look at this -- you know, if you really
1661 -- if you took -- if you stopped essentially all U.S. carbon

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1662 emissions right now, it would be a -- I don't know what the
1663 number -- 20, 25 percent of worldwide emissions, maybe, if
1664 you stopped every single carbon emission in the United
1665 States.

1666 So I think sometimes in these hearings I find myself
1667 listening to these hearings, and I know the American people
1668 do, too, and we are talking about issues that are important.
1669 We all want efficiency. We all want to not waste energy. We
1670 want we know that our grid is going to be having huge demands
1671 on our electrical grid, particularly. I mean, just the
1672 proposals to go to all EVs, which I support, alone are
1673 estimated to increase the demand on energy 30 to 40 percent
1674 in the United States, roughly.

1675 And now -- and so, you know, where is this energy going
1676 to come from? And you know, there is carbon capture
1677 techniques, American natural gas is the cleanest in the
1678 world. We have national security issues related to our LNG.
1679 I have been in Eastern Europe. I asked them what -- where
1680 they would be right now without LNG imports from United --
1681 primarily the United States, and Qatar, and other like-minded
1682 -- because they cut themselves off from Russian natural gas

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1683 almost overnight, particularly the -- in Poland. So I just
1684 want to throw that out there.

1685 I mean, this is important, don't get me wrong. But in
1686 the overall scheme of things, we are -- are we really going
1687 to make it hard for people to buy a darn house? Really?
1688 Because the people I represent, let me tell you, you sit at
1689 the table with them, they want affordability, they want to be
1690 able to go to the grocery store and buy groceries, they want
1691 affordable gasoline for their cars, or if -- they want
1692 affordable energy for their home.

1693 And all of these things are important. But, you know, I
1694 think we are wasting a lot of time arguing about things that
1695 have essentially no impact on the global climate, but have a
1696 dramatic impact on the people I represent. You know, the
1697 average income in my district is \$55,000 a year. That is
1698 average. Think about that. And the manufactured home
1699 industry is going to be damaged or devastated, and people
1700 can't buy manufactured homes. And that is sometimes what
1701 people can afford.

1702 So I appreciate all the testimony and I appreciate your
1703 concern on all these things. But at the end of the day, Mr.

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1704 Chairman, we need to do pragmatic, practical things to both
1705 keep affordable energy for this country, reliable energy for
1706 this country, and decrease our emissions. I yield back.

1707 *Mr. Duncan. The gentleman yields back. I will now go
1708 to the gentlelady from California -- and this last time I
1709 will do it -- the California state bird is the California
1710 quail.

1711 Ms. Matsui, you are recognized for five minutes.

1712 *Ms. Matsui. Oh, okay. You are correct on that. We do
1713 like birds, too.

1714 Anyway, first of all, I want to thank Phil Bonnell, who
1715 is President of PABCO, for coming before the committee to
1716 testify today. PABCO was founded in my hometown district of
1717 Sacramento in 1953. So welcome.

1718 California is the 5th biggest economy in the world. And
1719 there is a reason why so many successful companies are there
1720 and flourish there. It is because we really bring together
1721 some of the most ambitious and visionary and innovative
1722 people in the world to tackle the most difficult problems
1723 facing this country.

1724 Today that problem is climate change, and we must be

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1725 clear-eyed about the challenge ahead. Buildings are
1726 responsible for 30 percent of U.S. greenhouse gas emissions,
1727 so increasing the efficiency of buildings can go a long way.
1728 Fortunately, energy efficiency is also one of the most cost-
1729 effective ways to fight to fight climate change.

1730 Mr. Howard, I am going to pick on you again. You
1731 previously worked for Habitat for Humanity, so you know how
1732 to build an affordable home, is that correct?

1733 *Mr. Howard. I do.

1734 *Ms. Matsui. Okay. I understand you also work for
1735 Mitsubishi Heating and Cooling, so you must think a lot about
1736 energy bills. Is that correct?

1737 *Mr. Howard. Yes.

1738 *Ms. Matsui. On top of that, I also see that you were
1739 an instructor for the National Association of Home Builders.
1740 So you must be highly qualified to assess the Home Builders'
1741 estimates for when it comes to build a modern, efficient
1742 home. Are the Home Builders' cost estimates accurate?

1743 *Mr. Howard. Not in my experience. Again --

1744 *Ms. Matsui. Okay.

1745 *Mr. Howard. Yes, the cost increases I am seeing are in

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1746 the 6,000 to \$7000 range, nowhere close to the 30,000-plus
1747 estimates that I have seen in other places.

1748 *Ms. Matsui. Okay. If you had to recommend to your
1749 fellow homebuilders how to reduce the cost of building an
1750 energy efficient home, what advice would you give?

1751 *Mr. Howard. So, you know, I will repeat the suggestion
1752 I made earlier, which is, you know, one of those is taking
1753 some of the construction off site into a controlled
1754 environment, where we can increase efficiency and optimize
1755 material resources. So whether that is panelized
1756 construction or full, volumetric modular construction, I
1757 think that is one of the solutions we need to be looking at
1758 today and moving forward into the future.

1759 *Ms. Matsui. Okay. You often hear that certain
1760 efficiency measures like heat pumps don't work for all
1761 climates. But analysis by the Pacific Northwest National Lab
1762 has shown that the average payback period for modern, energy-
1763 efficient homes in North Carolina is less than 11 years
1764 across all climate zones.

1765 Mr. Howard, you live in western North Carolina, where
1766 winter temperatures can be bitter. How do energy efficiency

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1767 measures perform in colder climates?

1768 *Mr. Howard. And again, speaking from personal
1769 experience as a builder of all-electric homes and, you know,
1770 someone who is living in one of those homes now, these are
1771 heated with what are considered cold climate heat pumps. So,
1772 you know, they are rated to operate at 100 percent capacity
1773 as low as negative 5 degrees. So, you know, as cold as it
1774 might get in western North Carolina, we don't see those kind
1775 of temperatures for very long.

1776 So yes, I think the technology has certainly come a long
1777 way, and I think we are grossly under-estimating it.

1778 *Ms. Matsui. Okay, thank you. And Mr. Howard,
1779 California building codes require that all new buildings be
1780 electric vehicle ready, meaning a home charger can easily be
1781 installed if the homeowner wants one. Mr. Howard, can you
1782 describe what that means in practical terms for a home
1783 builder to make a home EV ready?

1784 *Mr. Howard. Yes. So for DoE's Zero Energy Ready Home
1785 requirements, we are basically just leaving space in the
1786 electric panel to add a breaker for a future EV charger, and
1787 then typically running conduit from that panel to an exterior

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1788 location. I think going an extra step to putting in a 240
1789 volt outlet where you could plug in an EV would probably add
1790 somewhere to in the 500 to \$600, you know, range per house if
1791 we wanted to go that extra step. I don't think it is
1792 necessary to actually add an EV charging station, which can
1793 be quite expensive.

1794 *Ms. Matsui. So you can just go and do the wiring and
1795 conduit, and leave it at that. And they will just -- if they
1796 want to do that, just an extra \$500 more. Okay, thank you.

1797 So studies by DoE and RMI have found that retrofitting a
1798 house to install an EV charger can be several times more
1799 expensive than doing the wiring during the initial
1800 construction. So that is where, when you are building a
1801 house, if you would just do that at that point in time, it
1802 would be great.

1803 So let me just say that many energy efficiency measures
1804 are much cheaper to install -- and you have already said that
1805 before -- during construction, rather than doing it to
1806 improve energy efficiency after the home is built. So the
1807 cost added, if you didn't do that and you built a home
1808 without having that happen, would be much more expensive.

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1809 And I see that I lost my time, gone over my time. Thank
1810 you very much.

1811 I yield back. Thank you.

1812 Thank you very much, Mr. Howard.

1813 *Mr. Pfluger. [Presiding] The gentlelady's time has
1814 expired. The chair now recognizes the gentleman from
1815 Alabama, Mr. Palmer.

1816 *Mr. Palmer. Thank you, Mr. Chairman.

1817 Mr. Howard, how many of these homes have you built,
1818 these smaller homes?

1819 *Mr. Howard. I am working on an 11-unit community right
1820 now, and --

1821 *Mr. Palmer. How many have you built in total?

1822 *Mr. Howard. So in my past experience with --

1823 *Mr. Palmer. How many are complete?

1824 *Mr. Howard. -- Habitat for Humanity --

1825 *Mr. Palmer. How many are complete this -- you said the
1826 size is about 1,000 square feet.

1827 *Mr. Howard. Anywhere from 800 to 1,400 square feet.
1828 Yes, sir.

1829 *Mr. Palmer. Okay. So how many have you completed?

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1830 *Mr. Howard. Yes, if you included my Habitat
1831 experience, over 100 houses.

1832 *Mr. Palmer. Okay. You realize that that size is about
1833 what it was during the Great Depression. So you want to get
1834 more people into smaller homes to -- because of climate
1835 change?

1836 I mean --

1837 *Mr. Howard. So yes. I am not suggesting that that
1838 size home is appropriate for every family, but these are
1839 intended to serve primarily one and two-person households.

1840 *Mr. Palmer. Yes, well, it sure comes across from some
1841 of the questions and responses that that is where you are
1842 heading with this, and maybe it is part of an agenda to
1843 reduce family size, I don't know. But I have got a couple of
1844 other questions.

1845 Mr. Casper, every time I hear the Biden Administration
1846 talk about a new policy that is going to save families money,
1847 I immediately suspect that prices are going up. And the
1848 elimination of natural gas, having worked in a couple of
1849 international engineering companies, having been involved in
1850 home building at different levels, I understand that natural

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1851 gas is critical to home building not just for appliances, but
1852 for kiln-dried lumber, kiln-dried brick. Can you comment on
1853 that?

1854 *Mr. Casper. Yes, I can. You know, our consumers are
1855 industrial, commercial. I will just give an example of a
1856 manufacturer who is wanting to expand, wanting to make sure
1857 that he had reliable electricity specifically in Illinois to
1858 be able to continue to produce, and then plus natural gas
1859 because he wanted to bring a heat-treating system into the --
1860 into his manufacturing, as well, or expand on it.

1861 And so it is critically important that -- not only from
1862 a fuel diversity, which, in my -- which I always say equals
1863 reliability, that is important not only for the production of
1864 these products from the housing industry, but any type of
1865 manufacturing across the board.

1866 *Mr. Palmer. From an engineering perspective -- and Mr.
1867 Bonnell, Mr. Woods, you -- either one of you can respond to
1868 this, but in terms of strength and reliability, and in terms
1869 of the quality of the building materials, do you prefer air-
1870 dried brick or wood compared to kiln-dried brick or wood?

1871 *Mr. Bonnell. So we -- our company, as well as

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1872 manufacturing drywall, a sister subsidiary manufacturers clay
1873 brick. Air-dried clay brick is not feasible from any sort of
1874 reasonable manufacturing schedule in terms of moving volume
1875 through. So what would happen would be a much diminished
1876 throughput, constraining the amount of product --

1877 *Mr. Palmer. So you diminish quality.

1878 *Mr. Bonnell. Likely diminish quality. I would have --
1879 I am not a clay brick expert, but likely.

1880 *Mr. Palmer. Yes. Mr. Woods?

1881 *Mr. Woods. Yes, we definitely -- all of our lumber
1882 that we are using is kiln-dried lumber. I mean, we haven't
1883 even --

1884 *Mr. Palmer. Even with kiln-dried lumber, you call out
1885 quite a bit because some moisture remains, results in warping
1886 of the woods. Is that correct?

1887 *Mr. Woods. Yes, that is correct.

1888 *Mr. Palmer. It would be very difficult for other wood
1889 products like plywood and particle board and things like
1890 that, if it were not adequately dried. Wouldn't that be
1891 correct?

1892 *Mr. Woods. That is correct, yes.

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1893 *Mr. Palmer. Yes. That is the problem with some of my
1894 -- some of the folks in the Biden Administration. They have
1895 never -- you know, they are not familiar with building
1896 science, they are not familiar with engineering. They have
1897 science degrees. The bad news is it is political science.

1898 Mr. Chairman, I yield back.

1899 *Mr. Duncan. [Presiding] The gentleman yields back. I
1900 now go to New York's Mr. Tonko for five minutes.

1901 *Mr. Tonko. Thank you, Mr. Chair.

1902 The reality is energy insecurity has been a longstanding
1903 issue faced by millions of Americans. In both 2015 and 2020
1904 the Energy Information Administration found that more than a
1905 quarter of U.S. households reported difficulty paying energy
1906 bills or keeping their home at an unsafe temperature because
1907 of energy cost concerns. Millions of Americans forgo food
1908 and medicine to pay their energy bills, so I appreciate my
1909 Republican colleagues' concerns about affordability. And I
1910 would encourage us to come together to support programs that
1911 benefit the most vulnerable Americans because I agree with
1912 Mr. Wood's testimony about the importance of retrofitting
1913 existing homes.

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1914 Luckily, there are effective Federal programs to support
1915 Americans struggling with home energy affordability, such as
1916 LIHEAP and the Weatherization Assistance Program. Buildings
1917 receive weatherization services and save -- their owners
1918 save, on average, \$372 every year, not to mention the
1919 benefits of living in a healthier and more comfortable home.
1920 So if we really want to address energy affordability, I hope
1921 we can give proper attention and support to the programs with
1922 proven track records to upgrade existing homes.

1923 And the reasons these major cost savings are possible is
1924 because these homes can be incredibly expensive to own,
1925 operate, and maintain, often because they were built at a
1926 time with no or weak minimum energy codes to ensure cost
1927 effective operation.

1928 So Mr. Howard, you discussed in your testimony that
1929 upfront home costs are just one of several factors that
1930 should be considered when determining home affordability.
1931 When you are building a home, how much do you consider how
1932 certain features will make homes more affordable to own and
1933 operate?

1934 *Mr. Howard. It is a huge focus for me, personally,

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1935 primarily because of my background with Habitat for Humanity.
1936 It is a -- again, the way I look at it is not just about the
1937 first cost. We have to make sure that the home is not only
1938 affordable to buy, but also affordable to own and operate.

1939 So, you know, being very careful with our choices, you
1940 know, in the building process, and making sure that, you
1941 know, we are doing the very best that we can at the time we
1942 build the home to ensure that it remains an affordable place
1943 to live long-term.

1944 *Mr. Tonko. And I assume you bring that to your
1945 customers' attention.

1946 *Mr. Howard. Absolutely.

1947 *Mr. Tonko. And how do you decide which of these
1948 features to include in any home that you are building?

1949 *Mr. Howard. It is always a cost benefit analysis. So,
1950 you know, we are trying to find building technologies or
1951 building materials that are the most cost-effective, but also
1952 achieve, you know, the greatest results.

1953 *Mr. Tonko. Right. Mr. Howard, you said you see energy
1954 codes as a minimum floor. Let's talk about how we can raise
1955 that floor for all American consumers.

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1956 Recently, HUD and USDA announced that new homes financed
1957 by those agencies would need to meet stronger minimum energy
1958 codes, the 2021 International Energy Conservation Code. Mr.
1959 Howard, do you believe raising this floor from the 2009 code
1960 which had previously been required to the 2021 code will
1961 deliver significant savings?

1962 *Mr. Howard. Yes, absolutely.

1963 *Mr. Tonko. These agencies agree, finding that
1964 residents of single family homes would save, on average, some
1965 \$963 every year on energy costs. And this tracks with
1966 analysis by the Pacific Northwest National Laboratory of
1967 North Carolina's decision to move from the 2015 IECC code to
1968 the 2021 version. The Lab's experts found households will
1969 save almost \$400 annually on energy bills, and will pay back
1970 the upfront cost increases within a matter of a few years.
1971 So over 30 years this update will save, I am informed, North
1972 Carolinians over \$5.3 billion in energy costs. I think that
1973 is worth achieving.

1974 So with that I thank you for your testimony and I thank
1975 you, Mr. Chair, and yield back.

1976 *Mr. Duncan. The gentleman yields back. I will now go

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1977 to Texas, Mr. Weber, for five minutes.

1978 *Mr. Weber. Thank you, Mr. Chairman, and I am sorry I
1979 had to be late. I had meetings with other people so I didn't
1980 get to hear a whole bunch of this. But I have got these --
1981 you all's information in front of me.

1982 Mr. -- is it Bonnell or --

1983 *Mr. Bonnell. Bonnell.

1984 *Mr. Weber. Bonnell? Okay. Throughout this Congress
1985 Republicans have been fighting for affordable, reliable, and
1986 dispatchable energy sources to remain as baseload power for
1987 our grid. Before I actually get into my question, I want to
1988 make a few comments.

1989 You all watched that, under the current President, he
1990 came out with a transportation infrastructure bill to build -
1991 - to put 500,000 electric vehicle charging stations around
1992 the country, okay? We don't have the grid right now to
1993 support what we have got right now. So if I can be funny for
1994 a minute, I said I saw a survey last week that said 90
1995 percent of all electric vehicles are still on the highway
1996 today; the other 10 percent made it home safely. Some of you
1997 all will figure that out later.

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1998 So you have been -- you know that Republicans, Mr.
1999 Bonnell, have been fighting for affordable, reliable, and
2000 dispatchable energy sources to remain as a baseload power for
2001 our grid. If we don't get our grid geared up, or electrified
2002 -- or powered up, probably, is a better term -- we are going
2003 to be in a "meck of a hess'" if we do build those 500,000
2004 electric vehicle charging stations.

2005 As you wrote in your testimony, the sun doesn't always
2006 shine -- I try to tell my friends across the aisle the sun
2007 goes down at night -- and the wind doesn't always blow, which
2008 means renewables are not always going to contribute to the
2009 grid. Your company's plant in Las Vegas has experienced,
2010 according to you, a 248 percent increase in the cost of gas
2011 and electricity.

2012 I owned an air conditioning company for 35 years. We
2013 watched subdivisions get built, we watched homes get
2014 calculated for the amount of energy they would need, whether
2015 it was going to be heat pumps, whether it was going to be
2016 electric heat. And -- you know this -- electric heat is the
2017 highest cost of heating a home, because it is a dead short
2018 between 2 lines of 120. You all know those electric heating

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2019 homes.

2020 Mr. Woods, you probably know that, too. I put in a lot
2021 of systems back in the day.

2022 So you have a 240 percent increase in the cost of gas
2023 and electricity. Can you speak to how reliable -- unreliable
2024 energy markets actually affect the market construction on new
2025 homes? Can you speak to that for a minute, Mr. Bonnell?

2026 *Mr. Bonnell. So the -- I can speak to it from my
2027 perspective and my building materials.

2028 The average home consumes approximately 10,000 square
2029 feet of wallboard. And the average cost increase -- if we
2030 did not have a reliable grid, number one, but also reliable
2031 energy in the form of natural gas. The numbers that you are
2032 currently seeing, that 10,000 square feet of wallboard
2033 roughly would cost -- it depends on your market, I suppose,
2034 but maybe, you know, \$1,000 to \$2,000 for the home.

2035 If we did not have reliable energy, the question was
2036 posed to me, "What about using electrical grid right now to
2037 dry our products?" That number would be more like 4,000 to
2038 \$5000 or more. And you can take the same case for the
2039 asphalt roofing. It would more than double this.

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2040 And you know, I think one of the points that I would
2041 like to make is that, though there will be more strain on the
2042 electrical grid if we follow some of these mandates, what are
2043 we going to do to replace the 46 percent of electricity that
2044 is currently generated by natural gas?

2045 *Mr. Weber. Well, we will be -- that will be a problem.
2046 We will be looking at that. But as a builder, you are
2047 looking for cheaper materials. Are you looking outside --
2048 are you forced to look outside the country for cheaper
2049 materials?

2050 *Mr. Bonnell. We are a U.S. manufacturer, and proudly
2051 so, and we want to stay that way. So I would say no, we will
2052 not source from the outside. We will -- you know, we will
2053 find a way to make the products as best we can. But quite
2054 frankly, if we are not economically attractive, our products
2055 are largely commodity products.

2056 *Mr. Weber. Sure.

2057 *Mr. Bonnell. And they won't be bought.

2058 *Mr. Weber. Well, I built a home for my beautiful bride
2059 in 1992, a 4,000-square-foot home in Friendswood. I am in
2060 Pearland, Texas. I put three air conditioning systems in it.

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2061 I was the architect, basically, and we went from 2x4 walls to
2062 2x6 walls. Instead of half-inch sheathing with foil back on
2063 the outside, I put one-inch sheathing with foil on each side.
2064 Some of you all remember the old cordless phones they came
2065 out with in the 1990s? They said you could get away 900 feet
2066 outside the house from the base? Not in my house, you
2067 couldn't. It was wrapped in foil and aluminum.

2068 So people need to be able to do the things that are the
2069 best for their homes. And local codes mean something, local
2070 control means something. And for this Administration or
2071 anybody else to want to say that government needs to tell you
2072 how to do things best is ludicrous.

2073 Anyway, I am out of time, and I am going to leave it
2074 there and yield back.

2075 Mr. Chairman, I yield back.

2076 *Mr. Duncan. The gentleman yields back. We will now go
2077 to Ms. Castor from Florida for five minutes.

2078 *Ms. Castor. Great, thank you, Mr. Chairman.

2079 Building energy codes save money. They pay for
2080 themselves, they help lower electric bills. And I really
2081 regret that my GOP friends in this committee have wasted so

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2082 much time this Congress on trying to scare people into
2083 believing that energy efficiency is bad, because the American
2084 people are a lot smarter than that. They like energy
2085 efficiency, they -- it is popular. They like lower electric
2086 bills, they like energy efficient appliances and buildings.

2087 And when the Democrats drafted the Inflation Reduction
2088 Act, we recommended some new policies to help people save
2089 money and cut pollution at the same time, because buildings
2090 are the source of about 40 percent of climate pollution in
2091 our country. So we did a few things to cut cost and cut
2092 pollution. One was these new incentives for states and local
2093 communities to adopt to update building energy codes. The
2094 other was tax incentives. And if you don't know about these,
2095 you might want to write them down because they are real money
2096 back into your pockets.

2097 Under the 25C tax credit, that is the Energy Efficiency
2098 Home Improvement Tax Credit, up to \$2,000 per year each
2099 calendar year if you -- for renovations or an existing home
2100 for a new heat pump or air conditioner. And that tax credit
2101 is available through 2032.

2102 Then the 179D tax credit, that is the Energy Efficiency

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2103 Tax Credit for Commercial Buildings. That is a deduction
2104 based on square footage to make it easier for owners to
2105 qualify for larger tax deductions for HVAC systems and
2106 facades, walls, lighting upgrades.

2107 And 45L was expanded. That is the Energy Efficient Home
2108 Tax Credit that helps builders, developers, and contractors
2109 with new construction and renovation. That is up to \$5,000
2110 per year.

2111 And then additional cost savings through rebates,
2112 through weatherization of homes.

2113 And then one here that is at issue is helping local
2114 communities and states update cost saving building codes.

2115 And just so it is on the record, when local communities
2116 and states do this, it is voluntary. So any implication that
2117 this is a Federal mandate is completely wrong.

2118 But what has also been missing from this discussion is
2119 also the rising costs of the climate crisis. The climate
2120 changes we are experiencing right now are dangerous. They
2121 are intensifying. They are driving up the cost of property
2122 insurance. They are driving up the cost of flood insurance
2123 and electric bills. And these are real considerations when

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2124 you are trying to afford the purchase of a home.

2125 So if the committee wanted a serious hearing on the
2126 rising cost of home-buying in America, we would be talking
2127 about skyrocketing property insurance, especially in Florida.

2128 I just pulled up this news article: "Home insurance
2129 rates are expected, on average, to increase 6 percent in
2130 2024, could jump as high as 23 percent in states with severe
2131 weather.'" That is making 30 percent of Americans very
2132 nervous. In Florida we are already paying more than 4 times
2133 the national average for home insurance, and early forecasts
2134 are for a hyperactive 2024 Atlantic hurricane season that
2135 could bring more rate increases into 2025. And what is
2136 driving that is the burning of fossil fuels.

2137 So we have just got to be a whole lot smarter here, and
2138 not focus on some shiny object that you think energy
2139 efficiency is driving up costs. It is a whole much larger
2140 picture. And I am not even going to get into the health cost
2141 or the cost of all of these natural disasters on the bottom
2142 line of the Federal budget. We just need to keep working to
2143 lower pollution and lower energy costs for families and
2144 tackling the climate crisis.

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2145 But I do want to end on an optimistic note. It is not
2146 all doom and gloom. We have a lot of the solutions. Mr.
2147 Howard, what innovations in home building are exciting to
2148 you? What have you seen in just the past few years that give
2149 you hope? What do you see on the horizon to help make
2150 families -- their homes more resilient and more efficient?

2151 *Mr. Howard. Yes. I guess, as you heard, I spent a few
2152 years in the HVAC industry working for Mitsubishi Electric.
2153 And, you know, that is just one example of a manufacturer
2154 that has come a long way on cold climate heat pump
2155 technology.

2156 *Ms. Castor. It is kind of a funny word, "heat pump,"
2157 because in Florida we say air conditioner. And heat pump, it
2158 is not a great connotation, but these are cooling units.

2159 *Mr. Howard. Absolutely, yes. You are getting heating
2160 and cooling.

2161 And you know, the beauty of -- or the magic, I guess, of
2162 a heat pump is that you are not making heat, you are just
2163 moving it from one place to another. So in Florida we are
2164 going to take it out of your house and dump it outside.

2165 *Ms. Castor. Yes.

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2166 *Mr. Howard. Yes, so I think heat pump, you know,
2167 technology, as you heard me say in my testimony both in terms
2168 of the space conditioning, water heating, a heat pump dryer
2169 that doesn't require a vent to the outside, it is a
2170 condensing dryer.

2171 So yes, I think, in my opinion, those are some of the
2172 great strides we have made in construction technology to help
2173 us continue to reduce our energy bills.

2174 *Ms. Castor. Thank you very much.

2175 I yield back.

2176 *Mr. Duncan. The gentlelady's time has expired. I will
2177 now go to the crossroads of America, Indiana's Mr. Pence.

2178 *Mr. Pence. Where we are having the Indy 500, Mr.
2179 Chairman, this weekend. Thanks for holding this committee
2180 hearing, and Ranking Member DeGette for holding this, and all
2181 of you all for being here.

2182 I am not going to explain to you theoretical stuff. I
2183 spent my entire career in distributing petroleum product, or
2184 getting energy where it needed to be, when it needed to be,
2185 in the quantities it needed to be. And so my approach on
2186 this committee back home has been to put together a

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2187 roundtable and talk to people about the implementation of the
2188 mandates that come out of the Administration.

2189 I have gotten the State of Indiana, utilities,
2190 distributors, researchers in universities, Purdue Vincennes,
2191 parking mobility experts, charging station developers, and
2192 had them all come together. And I recently heard from energy
2193 companies, energy transmitters, and housing developers that
2194 say that if one or two more homes in their developments
2195 install EV charging stations, they will need new transformers
2196 to power the neighborhood.

2197 Now, I bring that up, that is kind of a simple -- people
2198 have probably -- you have probably already talked about the
2199 transmitter -- transformer issue out there. But all I hear
2200 about is they can't do -- we can't get the energy there into
2201 the neighborhoods where it needs to be, whether I am talking
2202 to MISO in my area or people that need to buy the
2203 transformers.

2204 And here is a new one I want to ask each one of you
2205 about. Have you heard this one? Insurance companies are
2206 dropping homeowners' insurance where they are putting EV
2207 chargers in the homes.

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2208 Mr. Bonnell, have you heard that one?

2209 *Mr. Bonnell. I have not heard of that. But in the
2210 State of California you are lucky if you are keeping your
2211 home insurance right now.

2212 *Mr. Pence. Why is that? Tell me that.

2213 *Mr. Bonnell. Well, I think the insurance companies are
2214 moving out in force is what has happened. They are pulling
2215 their willingness to insure. I know this personally.

2216 *Mr. Pence. For other reasons? You know this
2217 personally?

2218 *Mr. Bonnell. I know this personally. We just lost
2219 insurance coverage on our house in Thousand Oaks, California,
2220 and we are forced to go into the tertiary, third-party market
2221 and absorb a 50 percent price increase just to have it.

2222 So to answer your question, you know, I think what most
2223 people point to is the severe wildfire issues that --

2224 *Mr. Pence. Which have a lot to do with the power lines
2225 and --

2226 *Mr. Bonnell. Right.

2227 *Mr. Pence. -- the inadequate transmission. Correct?

2228 *Mr. Bonnell. That is absolutely true. It also has to

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2229 do with a state who, I think with right intentions, tried to
2230 limit insurance companies' ability to charge. And instead of
2231 being able to raise rates to meet the risk, they are simply
2232 just not insuring.

2233 *Mr. Pence. Well, then, we should have more mandates.
2234 That, obviously, helps.

2235 How about Mr. Woods? Have you heard about the insurance
2236 debacle?

2237 *Mr. Woods. I have heard of people losing their home
2238 insurance due to fires caused by EV chargers inside their
2239 homes, yes.

2240 *Mr. Pence. Any sense of what type of charging
2241 stations?

2242 *Mr. Woods. I don't know --

2243 *Mr. Pence. I even heard -- and I think it was one of
2244 my peers told me about -- their neighbor put in a charging
2245 station, and their charging station at their house heated up
2246 in their carriage house. There was an effect which --
2247 probably a transformer issue, right?

2248 So these building mandates that you have to put them --
2249 put certain things in, even water -- the more they are going

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2250 to demand electricity, the more problems we are going to
2251 have.

2252 Have you heard that that is a fact, they have dropped
2253 insurance?

2254 *Mr. Woods. I have heard of -- yes, I have heard of
2255 fires in houses where people have lost their insurance
2256 because of it, and it is because of an EV charger inside the
2257 home.

2258 *Mr. Pence. Mr. Howard?

2259 *Mr. Howard. No, to be honest, I have not heard that.
2260 I mean, I have been driving electric vehicles for almost 10
2261 years, and I have had home charging stations for that entire
2262 time. And it has never been an issue for my insurance
2263 company.

2264 *Mr. Pence. Good.

2265 Mr. Casper?

2266 *Mr. Casper. Yes. I have not heard that, but we are
2267 electric distribution cooperative, as well as natural gas,
2268 and we are seeing the strains on the grid system,
2269 specifically the distribution system.

2270 You think about -- you have one transformer you

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2271 mentioned that might supply five different homes in a
2272 particular community, and then you might have another one
2273 down on the next pole that is serving.

2274 *Mr. Pence. Yes.

2275 *Mr. Casper. So if everybody put five EVs, and then --
2276 again, you would have to have a --

2277 *Mr. Pence. Yes. I had a local utility said if
2278 somebody else puts another EV in this neighborhood,
2279 everybody's power is going down.

2280 *Mr. Casper. Yes.

2281 *Mr. Pence. And, of course, that -- I know of these big
2282 boxes, where they are putting them on the interstate and --
2283 where there is not enough energy coming to that location to
2284 actually do -- so these mandates for building codes make no
2285 sense because we don't have the ability to get the energy
2286 there.

2287 And with that, Mr. Chairman, I yield back.

2288 *Mr. Duncan. The gentleman yields back. Dr. Schrier is
2289 recognized for five minutes.

2290 *Ms. Schrier. Thank you, Mr. Chairman.

2291 I would like to take a moment to just get into the nitty

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2292 gritty of the cost benefit analysis, and I wanted to enter
2293 into the record a study published by the Pacific Northwest
2294 National Laboratory, PNNL, on the cost effectiveness of the
2295 residential provisions in the 2021 IECC, or International
2296 Energy Conservation Code, standards. Would that be all right
2297 to enter that into the record?

2298 *Mr. Duncan. Without objection, so ordered.

2299

2300

2301

2302 [The information follows:]

2303

2304 *****COMMITTEE INSERT*****

2305

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2306 *Ms. Schrier. Thank you. Thank you, Mr. Chairman.

2307 Well, with every release of the International Energy
2308 Conservation Code, the IECC, Department of Energy commissions
2309 PNNL to conduct this robust analysis on the cost
2310 effectiveness for both commercial buildings and residential
2311 homes, and how it compares to the previous standard.

2312 And importantly, this particular study in 2021 took a
2313 fuel-neutral approach. So it looked at natural gas, it
2314 looked at fuel oil, electricity, including heat pumps, in
2315 that electricity -- heat and cooling as all possible sources
2316 for different ways of heating and cooling. The study
2317 concluded that homeowners, over a 30-year period in every
2318 domestic climate region, will see a net cost benefit. And
2319 that is factoring in construction costs, new building
2320 materials, interest rates, and more.

2321 I will also say, because I know that different areas are
2322 different, but -- that these savings were returned on average
2323 within 10-and-a-half years. So that means that over a
2324 typical 30-year mortgage, homeowners make back those savings
2325 and then continue to enjoy those savings for the next 20
2326 years when, without a doubt, energy costs will be much more

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2327 expensive.

2328 So we have had a PNNL study like this one for every new
2329 IECC standard since the -- since in 2006, when they started
2330 doing these evaluations and these standards. And every one
2331 of these studies by PNNL has shown the same trend: lowered
2332 costs overall for the homeowner.

2333 Mr. Howard, you have already answered my first question
2334 about what you have been seeing on the ground, and so I
2335 thought I would just follow up on that question, because you
2336 are talking about a 6,000 or \$7000 increase, and then we are
2337 hearing from the National Association of Homebuilders about a
2338 \$30,000 increase. And I was wondering if you could just talk
2339 about why there is this big difference.

2340 *Mr. Howard. Yes, I mean, I can only speak from
2341 personal experience, but it is hard to fathom how there could
2342 be that large a gap, you know, between those estimates.

2343 I mean, certainly, as we have talked about already,
2344 depending on where you are building in the country, you know,
2345 costs are going to vary. But yes, I don't see how there
2346 could be that great a discrepancy, which, you know, certainly
2347 causes you to question the numbers.

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2348 *Ms. Schrier. Now, I am also curious because you build
2349 homes for Habitat for Humanity. I am sure that you have to
2350 think about what is the most impactful change that you could
2351 make to get the biggest bang for your buck. And I was just
2352 wondering if you could tell me, you know, kind of a couple
2353 thoughts, not necessarily in perfect order, but what -- as
2354 homeowners are thinking about it, they are building a new
2355 home, what should they do, top to bottom, what are the most
2356 impactful things in order?

2357 *Mr. Howard. Yes, sure. The same way I would, you
2358 know, talk to my building science students at App State, we
2359 are primarily focusing on the building envelope, and trying
2360 to make improvements to that because, as I mentioned earlier,
2361 those are difficult changes to make for a homeowner down the
2362 line.

2363 So increasing levels of insulation, where that makes
2364 cost effective sense, as well as air sealing details, better
2365 windows, better doors, all those things impact the overall
2366 ability of that home to preserve heat in the wintertime or
2367 reject heat in the summertime.

2368 *Ms. Schrier. Thank you. Those are all changes we have

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2369 improved in our own home. The next change we are going to
2370 make is probably changing our gas stove to an induction
2371 stove. And so we did a little looking there, and really did
2372 not find that the induction stove was much more expensive.
2373 So I think that will be a great pay-off, especially in the
2374 Pacific Northwest, where electricity prices are notoriously
2375 lower than the rest of the country.

2376 So I want to thank you for what you are doing and for
2377 taking that conservation into account when you are building
2378 these homes, and looking out for people's health and for
2379 their pocketbooks.

2380 Thank you, I yield back.

2381 *Mr. Duncan. The gentlelady yields back. I will now go
2382 to Mr. Allen from Georgia for five minutes.

2383 *Mr. Allen. Thank you, Chair Duncan, for holding this
2384 important hearing, and I want to thank the witnesses for
2385 being here today.

2386 I come from the construction business. You know,
2387 building concrete has doubled in cost in the last three
2388 years. That wasn't caused by building codes. That was
2389 caused by terrible energy policy, and it cost twice as much

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2390 to develop neighborhoods today. And guess what? We can't
2391 develop neighborhoods because we can't get transformers
2392 because of this new rule on transformers.

2393 So I think what we are talking about here today, I mean,
2394 they are talking about some savings down the road. I am
2395 telling you the American people are priced out of just about
2396 everything today, whether it be groceries -- I don't care
2397 what it is. And when you put out rules to substantially
2398 reduce a major portion of our economy and it drives up
2399 prices, people are going to suffer.

2400 And what I want the American people to understand is
2401 where this is coming from. The reason we are holding this
2402 hearing today is because there are several rules that are
2403 driving certain HVAC principles, you know, the gas, the heat
2404 pumps. I am going to tell you. A gas heat comes on, it will
2405 heat your house. That gas heat will run about five minutes.
2406 That heat pump is going to run for hours to heat the same
2407 house. And you got one motor running, running 120 volts, and
2408 yet we have no idea where we are going to get the electricity
2409 to do all these things that this Administration is talking
2410 about. They have no idea what the future holds.

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2411 I will tell you who does have the idea is the people
2412 sitting here, the people in the business. The free market
2413 out there understands the repercussions of these policies.
2414 And we are all sick of it.

2415 Mr. Woods, can you talk about some of the issues in the
2416 2021 IECC, particularly with the International Code Council
2417 process?

2418 Is this 2021 code more expensive than previous energy
2419 code editions? Can you talk about that a little bit, what it
2420 is --

2421 *Mr. Woods. Yes --

2422 *Mr. Allen. -- what it is doing to you?

2423 *Mr. Woods. Yes. I mean, I think we have heard today
2424 from both sides that the 2021 energy code is more expensive
2425 to build, no matter how you shake it. From \$8,000 to
2426 \$30,000, it is more expensive to build, which, in my opinion,
2427 is unfortunate when everybody has agreed too that
2428 affordability of homes is the issue.

2429 *Mr. Allen. Yes.

2430 *Mr. Woods. So why, if affordability of the homes is
2431 the issue, are we talking about raising prices at all? We

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2432 should be trying to figure out how to reduce the price of the
2433 house so that people can get into it.

2434 My customers have had for years options to upgrade the
2435 energy efficiency of their home, and I can't tell you how
2436 many we have sold, but it is 1 or 2 in 200 homes is what we
2437 sell. So one to two percent --

2438 *Mr. Allen. Right, right.

2439 *Mr. Woods. -- buy energy upgrades; they choose other
2440 upgrades.

2441 *Mr. Allen. The upfront cost associated with complying
2442 with it, how long does it typically take for homeowners to
2443 see a return? Like, they are talking about these down-the-
2444 road savings, you know. Will anybody ever benefit from that?
2445 I mean, how long have you got to live?

2446 *Mr. Woods. Well, I think that is the thing. I mean,
2447 we are talking about energy savings that are -- I think it
2448 was said -- 10 years. It has been said 20 years. Most
2449 people live in their house seven years. So they are never
2450 going to get it back. In my opinion, it never pays back.

2451 *Mr. Allen. Yes.

2452 *Mr. Woods. Because in my home that I had the energy

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2453 code ran on, it was \$125-a-year savings, but it cost \$860
2454 more for the mortgage a year.

2455 *Mr. Allen. Right.

2456 *Mr. Woods. That never pays back.

2457 *Mr. Allen. Yes, yes.

2458 Mr. Bonnell, you mentioned since 2010 green energy
2459 policies have been a significant driver of energy costs, and
2460 this has -- in turn, impacts construction costs. How do you
2461 -- you know, like, there is a lot of volatility in pricing
2462 today. How are you dealing with that?

2463 *Mr. Bonnell. The two methods we really have available
2464 to us are looking at buying futures, gas strips, which cost
2465 typically much more than the daily spot market, but you are
2466 protecting against future volatility and spikes. So that has
2467 a raising of the baseline effect.

2468 The other method, quite frankly, that we have used is
2469 curtailing production. And in a commodity business, when
2470 less product is available in the marketplace, prices go up.
2471 It is pretty simple.

2472 *Mr. Allen. Well, it is obvious that the, you know, the
2473 EPA and their requirements, like the gas stove -- I had, you

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2474 know, never in my wildest imagination did I think I would
2475 stand on the House floor and defend my wife's gas stove. And
2476 we won. We won that battle, and we will win other battles,
2477 and -- because this nonsense has got to come to an end.

2478 Thank you very much, and I yield back.

2479 *Mr. Duncan. The gentleman yields back. Mr. Cardenas,
2480 you are recognized for five minutes.

2481 *Mr. Cardenas. Thank you very much, Mr. Chairman, and
2482 thank you for holding this hearing. And also to Ranking
2483 Member DeGette.

2484 Gas stoves?

2485 Prior to coming to Congress I was fortunate enough to
2486 serve my community as a Los Angeles city councilman for
2487 nearly 10 years. During my tenure I sat on the Housing
2488 Community and Development Committee which oversaw housing.
2489 Having significant experiences dealing with building codes, I
2490 was concerned by my Republican colleagues' March 27 letter to
2491 Secretary Granholm which seems to suggest that the Department
2492 of Energy's Building Code Grant programs are mandates.

2493 Either Republicans have completely misunderstood how
2494 building codes work, or they are pushing forward a blatant

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2495 misinformation. Let me be clear. The Department of Energy
2496 does not mandate new minimum building energy codes for
2497 communities, states -- and states voluntarily adopt them.

2498 Luckily for the states and localities that would like to
2499 do so, congressional Democrats and the Biden Administration
2500 have worked to deliver support. The Bipartisan
2501 Infrastructure Law provided \$225 million to help states,
2502 tribes, and local entities implement updated building energy
2503 codes.

2504 Similarly, the Inflation Reduction Act established the
2505 assistance for latest and Zero Building Energy Code adoption
2506 programs which provides \$1 billion for states and local
2507 governments to adopt and implement the latest building energy
2508 codes.

2509 Mr. Howard, can you speak to how choice is embedded into
2510 these grant programs, and how, once awarded, these programs
2511 support the localized needs of communities?

2512 *Mr. Howard. Yes. Again, I can speak to my experience
2513 in North Carolina.

2514 So I think it is important to point out that there is
2515 both a prescriptive path and a performance path to code. And

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2516 I think most builders, including myself, have historically
2517 utilized the -- only the prescriptive path. But what I have
2518 found through building homes to the Zero Energy Ready Home
2519 Standard and working with my Home Energy rater, HERS rater,
2520 is that we can actually utilize the performance path and
2521 often find savings that way.

2522 So in essence, build the home for less money because we
2523 are using a performance path, and we can sort of fine-tune or
2524 tailor that path to make sure that it is a more cost-
2525 effective house at the end of the process.

2526 *Mr. Cardenas. Isn't it a business practice in almost
2527 every industry to look at initial cost and long-term stranded
2528 costs, and then look at cost expenditures and savings on the
2529 front end, but also extrapolate out whether it is cost
2530 beneficial to save money throughout time?

2531 *Mr. Howard. Of course. You know, we want to make sure
2532 that, you know, we are making good decisions, you know, based
2533 on trying to keep the home affordable to buy on the front
2534 end, but also making sure it is affordable to own and --

2535 *Mr. Cardenas. So actually, saving on ongoing monthly
2536 costs for 3, 5, 10, 20 years or longer can actually replenish

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2537 whatever the upfront costs may have been in some cases.

2538 *Mr. Howard. Absolutely.

2539 *Mr. Cardenas. Okay. Thank you. So to be clear, this
2540 is a one-size-fits-all approach, or do states and local
2541 entities have the flexibility to adopt codes that best suits
2542 their needs?

2543 *Mr. Howard. Yes.

2544 *Mr. Cardenas. Yes, as in is it a one-size-fits-all, or
2545 is there flexibility where local -- excuse me, local users
2546 can benefit by using flexibility?

2547 *Mr. Howard. There is a lot of flexibility in the code.
2548 So can I give an example?

2549 *Mr. Cardenas. Please do.

2550 *Mr. Howard. So one of the examples that Mr. Woods gave
2551 earlier was the requirement in certain climate zones to go
2552 from what might have been R38 or R49 to R60 in the attic.
2553 And certainly --

2554 *Mr. Cardenas. You are talking about insulation?

2555 *Mr. Howard. Yes, sir, yes. So if you are building a
2556 -- stick-building a roof, and trying to put R60 in that, that
2557 is going to be very difficult, to his point. But there are

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2558 essentially options in the code that allows you to back that
2559 down to either R49 or even R38 in some cases.

2560 So as you stated, there is certainly some flexibility in
2561 there, and it is -- it doesn't even require some special
2562 exemption. It is literally written into the code.

2563 *Mr. Cardenas. Oh, so it is actually literally written
2564 in the code? Okay. Thank you very much.

2565 Can you speak about how the DoE grant programs
2566 established in the BIL and the IRA will help improve
2567 efficiency and, as a result, better ensure long-term
2568 affordability?

2569 *Mr. Howard. Again, I will speak from my own experience
2570 with the 45L tax credit.

2571 I mean, I was planning -- you know, I was already
2572 building to the Zero Energy Ready Home standard before 45L
2573 was renewed. But certainly, it is nice to have the tax
2574 credit to offset some of those additional costs to achieve
2575 that level of performance.

2576 *Mr. Cardenas. Okay. So there are benefits up front
2577 and long-term, especially.

2578 *Mr. Howard. Absolutely.

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2579 *Mr. Cardenas. Okay. My time having expired, I yield
2580 back.

2581 *Mr. Duncan. I thank the gentleman. Now I will go to
2582 Mr. Balderson from Ohio for five minutes.

2583 *Mr. Balderson. Thank you, Mr. Chairman. I appreciate
2584 you all being here today. And my first question will be for
2585 Mr. Bonnell and Mr. Casper.

2586 Just last week the North American Electric Reliability
2587 Corporation released their 2024 Summer Reliability Assessment
2588 that shows significant risk for supply shortfalls and power
2589 outages across the country. The EPA's Clean Power Plan 2.0
2590 will shut down existing reliable power generation and prevent
2591 new, natural-gas-fired power plants from being built. And at
2592 the same time, we are seeing record increases in demand on
2593 the electric grid.

2594 Mr. Casper, you mentioned concerns with the impact the
2595 Department of Energy's rule will have on VA facilities and
2596 military bases.

2597 And Mr. Bonnell, you raised concerns about the strained
2598 electric grid, and increasing demand from AI and data
2599 centers.

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2600 As I was coming to the door to ask my question I heard
2601 Congressman Weber brought up something on grid reliability,
2602 and I would like to follow up on that and this rush -- the
2603 consequences of this rush to electrification.

2604 Mr. Casper and Mr. Bonnell, can you expand on the
2605 concerns you have listed with the Department's role on grid
2606 reliability?

2607 And why is a reliable grid essential to your businesses
2608 and customers you serve?

2609 Mr. Casper, you may answer first.

2610 *Mr. Casper. Yes, I can start.

2611 *Mr. Balderson. Thank you.

2612 *Mr. Casper. I mentioned earlier about a particular
2613 member consumer of ours in the electric as well as the
2614 natural gas who was concerned about the reliability in the
2615 Midcontinental Independent System Operating area. And the
2616 bigger picture of this is that direct use of natural gas, it
2617 is 90 percent or more efficient. When you are talking about
2618 generating additional electricity, it is going to be
2619 requiring additional natural gas to develop or to be able to
2620 produce the amount of electricity that is going to be needed

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2621 for this electrification that we are talking about today,
2622 whether it is homes, businesses, or commercial operations.

2623 So when you are talking maybe 66 percent efficient at
2624 the top in converting that natural gas to electricity, in
2625 most cases, just on a simpler cycle, it is probably more like
2626 35 to 40 percent efficient. So you are talking three times
2627 more efficiency through a direct use of natural gas.

2628 *Mr. Balderson. Would like to follow up?

2629 *Mr. Bonnell. Yes. We are talking about a lot of
2630 things here today about improving efficiencies of homes,
2631 which I think everybody probably in this room can agree that
2632 is a valuable exercise. What we should be talking about is
2633 where we are at today. And where we are at today, in the
2634 western half of the United States at least, is we are in a
2635 very strained energy position.

2636 I mentioned at the top of my testimony that in the last
2637 10 years we retired 5,000 megawatts of coal production in the
2638 West. That has been supplanted with natural-gas-fired
2639 generation of electricity. We have strived to make
2640 renewables a big portion of our portfolio in California. I
2641 believe it is around 12 or 13 percent, maybe a little bit

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2642 higher, but they have a big problem in their interruptible
2643 nature. And what that means to our business is, quite
2644 frankly, is a very volatile cost situation.

2645 And I used references to three times in the last four
2646 years that we have seen incredible pricing on natural gas
2647 which we use to make our products. At one point in 2023, the
2648 highest natural gas price on the planet -- on the planet, not
2649 higher than Europe, higher than the things that they have --
2650 were experiencing over there during the Ukraine war, the
2651 highest on the planet -- that impacted Southern California
2652 and Las Vegas. Those things make our products much more
2653 costly, and just simply adds to the cost of building a home.

2654 *Mr. Balderson. Thank you.

2655 Mr. Casper, I will go back to you again and I want to be
2656 conscious of our time here. I want to discuss the cost
2657 savings and affordability associated with natural gas. Mr.
2658 Bonnell kind of touched on it a little bit.

2659 You mentioned that homeowners who have chosen to use
2660 natural gas appliances for heating and cooking can save an
2661 average of \$1,000 per year on their energy bills, compared to
2662 homeowners who use electric appliances. If the government

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2663 takes away the option for natural gas and propane home
2664 hookups, how will our rural constituents be impacted, and
2665 will it raise costs or lower costs?

2666 You have 20 seconds, please. Thank you.

2667 *Mr. Casper. Yes, no problem. We actually have an
2668 energy detective that we use. We evaluate this for our
2669 member consumers whether electric, natural gas, what is best
2670 for them.

2671 But again, going back to fuel diversity equaling
2672 reliability -- and it is really a consumer choice of who and
2673 what they want, or what that individual wants, whether it is
2674 the elderly or the low-income. And when I say elderly I
2675 don't mean that from that perspective, but from a fixed
2676 income --

2677 *Mr. Balderson. My 84-year-old mother.

2678 *Mr. Duncan. The gentleman's time has expired, and I
2679 now go to Mr. Veasey for five minutes.

2680 *Mr. Veasey. I thank you, Mr. Chairman, and I know that
2681 it has been talked about already here before, but with the
2682 United States using so much of our electricity use towards,
2683 you know, building operations, and being a big part of the

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2684 greenhouse gas emissions that we see in this country, and
2685 then when you think about, you know, all of the new devices
2686 that we are about to add onto the grid, when you think about
2687 the data centers and all of that energy that is going to be,
2688 you know, plugged in, we can see that our electricity pie is
2689 only going to grow. It is not going to get smaller any time
2690 soon.

2691 And in a fast, you know, state that I live in, like
2692 Texas, that is literally just, like, growing, like, right
2693 before your eyes. It is amazing. We have new, little
2694 subdivisions and new towns popping up literally all the time.
2695 I do not exaggerate. And I know that our grid operator
2696 anticipates and ERCOT anticipates about 152 gigawatts of new
2697 load by 2030. That is a lot. That is a lot.

2698 And so we are here today debating building energy codes
2699 that could provide Americans with about \$182 billion in
2700 energy savings and avoid about 840 million metric tons of
2701 carbon pollution by 2040, which is also a lot. I know that
2702 these codes are voluntary, and states can choose to adopt
2703 these model codes and can also decide whether their cities
2704 have the authority to adopt their own codes. And so I am

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2705 trying to figure out why we shouldn't be tackling this
2706 problem from both sides.

2707 And I want to ask Mr. Woods, on this topic of voluntary
2708 adoption, you say in your testimony that it is designed to
2709 serve as a model for state and local governments who can
2710 choose to adopt or amend the various provisions based on
2711 their localized communities. But then you go on to discuss
2712 the negative consequences of implementing a national energy
2713 code with no consideration for local conditions. And you
2714 conclude this passage with, "At a minimum, Federal policies
2715 and programs must provide sufficient flexibility and
2716 incentives.'" Isn't that exactly what the DoE is doing with
2717 IECC, or am I missing something here?

2718 *Mr. Woods. No, I respectfully say they are not. I
2719 mean, they have given grant funds to people to adopt the code
2720 unamended. Every code in my area has been amended for as
2721 long as I can remember until the 2021 energy code was adopted
2722 unamended because they received grant money, and the hook was
2723 you have to adopt it unamended. That makes it to where they
2724 are not making choices, they are adopting the full code.

2725 *Mr. Veasey. I also wanted to ask -- I know that the --

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2726 about the cost estimates in your testimony. You know, I
2727 think that you said that the compliance can add up to about
2728 \$31,000 per home, but the American Council for an Energy
2729 Efficiency Economy says that claim is based on old
2730 speculation by home builders in one city about a proposed
2731 local update code. So who is right?

2732 Again, is that true? Is it based on an old assumption
2733 there by one home builder?

2734 *Mr. Woods. Well, I think that, like we have said
2735 before, there is many different ways to build houses in the
2736 parts of the country. The \$31,000, I believe, came out of
2737 Kansas City, and I know it to be a true number. I am a
2738 builder in Kansas City that builds a much smaller house. My
2739 number is not \$31,000. It is 13,000 to 18,000 per house is
2740 what it costs me.

2741 But as I said earlier, we have run projections on what
2742 the cost savings is for a homeowner on that same house by
2743 coming up to the 2021 energy code. It never pays them back.
2744 The extra money they are going to pay on a mortgage is more
2745 than they are going to save in energy. They are already
2746 strained to buy the house, so it doesn't matter what the

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2747 energy costs are at the back end for them if they can't get
2748 into the house to begin with.

2749 *Mr. Veasey. Okay. I would also like to ask some of
2750 the other panelists to give some voluntary input on this. I
2751 know that DoE's response to the majority letter, it states
2752 that the DoE also does not mandate new minimum building codes
2753 for communities and that, rather, these funds assist states
2754 and units of local government with the authority to update
2755 building codes that voluntarily choose to update their
2756 standards.

2757 I wanted to ask in the brief time that is there, how do
2758 you all respond to that, especially those that are opposed to
2759 DoE's actions and the IECC?

2760 We could just go from the left, and we will skip over
2761 Mr. Woods and make our way, please.

2762 *Mr. Bonnell. Congressman, building codes are not my
2763 field of expertise. I am a very rare breed. I am a
2764 manufacturer, so it would be difficult for me to answer
2765 those.

2766 But I do think the issue at hand that we are all dancing
2767 around is affordability.

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2768 *Mr. Veasey. Yes.

2769 *Mr. Bonnell. And we know that homes are not affordable
2770 now. And what we are doing on energy policy, as well as what
2771 we are doing in code, is helping to drive that price up.

2772 *Mr. Veasey. Thank you.

2773 Thank you, Mr. Chairman.

2774 *Mr. Duncan. The gentleman yields back. We have one
2775 more congressman, Mr. Pfluger from Texas. After that,
2776 regardless of any members that come in, I am going to adjourn
2777 the committee due to committee to House floor votes. So Mr.
2778 Pfluger is last, and then we will adjourn.

2779 But, Mr. Pfluger, you recognized.

2780 *Mr. Pfluger. Yes, thank you, Mr. Chairman, and I thank
2781 the witnesses.

2782 Mr. Casper, I think we will have a five-minute
2783 conversation here --

2784 *Mr. Casper. We could.

2785 *Mr. Pfluger. -- and just spend my time talking with
2786 you, because what I am worried about just -- this is kind of
2787 a general theme that we have seen in the last three-plus
2788 years of this Administration. You have got these mandates

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2789 and you have these things that are happening, but yet I am
2790 kind of thinking about the science here, and the math, and
2791 all the ways that that is going to happen, whether it is an
2792 EV mandate or whether it is a ban on certain appliances or
2793 whether it is building codes and localities and
2794 municipalities that say you can't have natural gas hookups,
2795 and I am just trying to figure out in my head where the
2796 electricity is going to come from --

2797 *Mr. Casper. Yes.

2798 *Mr. Pfluger. -- and where the power is going to come
2799 from.

2800 So what I want to start with is in the coming 10, 15, 20
2801 years, maybe describe to us what you see, and how you see
2802 natural gas, the role that it is going to play throughout our
2803 country, demand-wise, and maybe give us a prediction of what
2804 demand for electricity looks like in the next 10 to 15 years
2805 in this country.

2806 *Mr. Casper. Yes, I think that is a great question. So
2807 I just got back from gas supply conference, and we talked
2808 about these -- especially with AI and data centers, for
2809 example. So potentially, another 1.3 Chicagos being added,

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2810 and -- by 2030. Then beyond that it could be four times,
2811 four additional Chicagos for the electric load.

2812 So yes, where is this electric power going to come from?
2813 We are struggling just in the Midwest to build a natural gas-
2814 fired facility. And so I remember traveling in Texas in the
2815 early 2000s. They were building them left and right because
2816 you have natural gas, sufficient quantities of natural gas,
2817 which is pumped -- or distributed all the way up to our
2818 locations in the Midwest. And we utilize that natural gas
2819 for direct use of -- for our members, whether that is
2820 manufacturing, commercial, or residential.

2821 *Mr. Pfluger. Is electricity demand going to increase
2822 in the U.S. in the next 10 to 15 years?

2823 And if so, what -- just what are the estimates you are
2824 hearing, just anecdotally?

2825 *Mr. Casper. Like I said, just data centers alone,
2826 potentially, for four additional Chicago loads --

2827 *Mr. Pfluger. Four additional.

2828 *Mr. Casper. -- you know, one of our largest cities in
2829 the nation.

2830 *Mr. Pfluger. And what part of the -- how much of the

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2831 pie will be serviced by natural gas?

2832 And is -- I mean, worldwide, is --

2833 *Mr. Casper. Yes.

2834 *Mr. Pfluger. -- are fossil fuel is going away?

2835 *Mr. Casper. So no, they are not. Forty percent of our
2836 natural gas currently that is being utilized here in the U.S.
2837 is being used for electric generation. I know Phil had
2838 mentioned up to 46 percent of electricity. On average, I
2839 think it is 43 percent across the nation last year, in 2023,
2840 that was utilized, natural gas to produce their electricity.

2841 Now again, from efficiency standpoint, and I mentioned
2842 this earlier, we are looking at maybe 40 percent efficient
2843 and converting that natural gas to electricity. And -- where
2844 direct use of natural gas, you can get 90 percent-plus
2845 efficiency from that same unit of natural gas.

2846 *Mr. Pfluger. Wow. When you think about the localities
2847 and municipalities, I mean, are you seeing this nationwide,
2848 where they are banning natural gas in one form or another?

2849 And then, if so, what is the impact on consumers, and
2850 what is the impact on those local economies and our larger
2851 American economy?

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2852 *Mr. Casper. Yes. Just from our smaller communities in
2853 northwest Illinois, again, it is about reliability. You have
2854 got to have -- and consumer choice, more than anything. When
2855 we sit down with our member consumers and we talk to them, we
2856 show them the energy assessments, we go over them with them
2857 -- we are a not-for-profit cooperative. We are not out to
2858 make a bunch of money off of one or the other. We want what
2859 is best for our member consumers, and it is their choice.

2860 And I mentioned earlier, you know, with fixed income
2861 folks, they will look at it and they will go, you know, I
2862 don't necessarily can afford this heat pump, you know, for
2863 example. I would rather have, you know -- I am probably
2864 going to be in this house for another six years. I am not
2865 going to look 30 years out, for example.

2866 *Mr. Pfluger. When you look at the policies that are in
2867 place, where will this put us? If we go down this road of
2868 banning natural gas hookups and appliances, mandating EVs,
2869 doing the things that have been done in the last three-and-a-
2870 half years, where will that put us in our competition with
2871 other countries, China, Russia?

2872 *Mr. Casper. Yes.

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2873 *Mr. Pfluger. What is the net effect?

2874 *Mr. Casper. Well, for example, I mean, of course,
2875 China being one of our biggest competitors, they are building
2876 all types of generation facilities across the nation. We are
2877 only building renewables right now. And that is going to
2878 come back and bite us from a reliability standpoint, more
2879 than anything. And that is going to harm our economy in the
2880 future.

2881 There is some transition in the future, but it is 20,
2882 30, 40 years out.

2883 *Mr. Pfluger. Thank you to the other witnesses. Thank
2884 you for being here.

2885 And with that, Mr. Chairman, I --

2886 *Mr. Duncan. The gentleman yields back. I want to
2887 thank all of our witnesses for being here today.

2888 Members may have additional questions which they will
2889 submit in writing. And we just -- they have 10 business days
2890 to do that. We ask you to submit the answers within 10
2891 business days. And I ask that witnesses to do their best to
2892 do that upon receipt of the questions.

2893 I ask unanimous consent to insert in the record the

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2894 documents included on the staff hearing documents list.

2895 Without objection, that will be the order.

2896 [The information follows:]

2897

2898 *****COMMITTEE INSERT*****

2899

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2900 *Mr. Duncan. And without objection, the subcommittee
2901 will stand adjourned.

2902 [Whereupon, at 5:00 p.m., the subcommittee was
2903 adjourned.]