



March 17, 2023

Chair Janeen Sollman  
Senate Committee on Energy and Environment  
Oregon State Capitol  
900 Court St. NE  
Salem, Oregon 97301

**Re: Support for SB 868, SB 869, SB 870 and SB 871 with forthcoming amendments**

Chair Sollman, Vice-chair Findley, and members of the Senate Committee on Energy and Environment,

Climate Solutions is a regional nonprofit working to accelerate clean energy solutions to the climate crisis. We strongly support SB 868, SB 869, SB 870, and SB 871 with their forthcoming amendments (the “Resilient Buildings” package) because these bills are critical to both reduce climate pollution and help Oregon communities build resilience to climate harms.

**The Resilient Buildings package must be passed in its entirety because together these bills represent a holistic approach to reducing climate pollution and maximizing public health, climate, and energy affordability outcomes in both new and existing buildings.**

This package is the result of a nearly year-long, intensive task force process with a diverse group of stakeholders at the table. As a suite of policies, these bills reduce energy waste and climate pollution, increase resilience in both new and existing buildings, and include supportive policies to achieve these outcomes in all building types – residential, multifamily and commercial buildings. Failing to pass all four of these bills together this year risks us falling further behind in achieving our climate goals in the built environment, Oregon’s second largest source of climate pollution.

As a member of the Resilient Efficient Buildings Task Force (“REBuilding Task Force”) appointed to provide expertise on climate and energy policy, Climate Solutions’ participation in the process was focused on achieving the mission spelled out in SB 1518 (2022): identifying and evaluating policies related to building codes and building decarbonization for new and existing buildings that would enable Oregon to meet our state greenhouse gas emissions reduction goals while maximizing benefits including energy efficiency, improving resilience against climate change, improving public health and air quality, reducing energy burden, and mitigating displacement and climate change impacts like wildfire smoke and heat waves.

This package of bills will help do exactly this. Importantly, **it will also strengthen Oregon’s ability to access the once-in-a-generation federal funding opportunities** from the Infrastructure Investment and the Inflation Reduction Acts.



## Climate Imperative to Address Buildings

Because fossil fuels (primarily coal, oil, and “natural” gas) are responsible for the majority of greenhouse emissions in Oregon and continue to play a prominent role in our energy, transportation, and buildings sectors,<sup>1</sup> decarbonizing these sectors involves deep energy efficiency and replacing fossil fuels with carbon-free clean energy alternatives. Those are the key ingredients of policies aimed at achieving our climate goals across Oregon’s economy.

With the passage of HB 2021, the Legislature required that our electric utility system transition from largely fossil fuel-based power to 100% clean electricity, and has passed many complementary energy efficiency, renewable energy, and electrification policies. Because of EO 20-04 and the Climate Protection Program, Oregon now has a baseline requirement that oil companies and gas utilities achieve a 50% greenhouse gas reduction by 2035 and 90% greenhouse gas reduction by 2050. To achieve our climate goals in the transportation sector, complementary policies have focused on (1) replacing diesel and gasoline through regulations and incentives to increase vehicle electrification, cleaner fuels, and (2) investing in more robust transit, safe biking and walking alternatives (to reduce car dependence, i.e., use the transportation system we have more efficiently and equitably).

With these foundational climate policies ensuring our electric grid and transportation systems are on a path to decarbonize, **now is the time to address climate pollution in buildings**. Buildings are the second highest emitting sector, after transportation, accounting for nearly 35% of the state’s greenhouse gas emissions.

There have been numerous deep decarbonization studies in the Pacific Northwest over the past five years, modeling the most feasible and prudent ways to reach state and national greenhouse gas targets. Just like national studies and other states’ studies, the independent Pacific Northwest studies all find that to achieve deep decarbonization (and Oregon’s greenhouse gas reduction goals) there is a need to do the following three things:<sup>2</sup>

1. Continue to increase energy efficiency across sectors, including the building sector;
2. Significantly increase electrification of the transportation and building sectors; and
3. Achieve a decarbonized electricity grid.

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<sup>1</sup> See Oregon Global Warming Commission, Biennial Report to the Oregon Legislature, 2020: <https://static1.squarespace.com/static/59c554e0f09ca40655ea6eb0/t/5fe137fac70e3835b6e8f58e/1608595458463/2020-OGWC-Biennial-Report-Legislature.pdf>

<sup>2</sup> Three of the PNW studies: See Clean Energy Transition Institute, 2019, Meeting the Challenge of Our Time: Pathways to a Clean Energy Future for the Northwest, available at [https://uploadssl.webflow.com/5d8aa5c4ff027473b00c1516/5dd59b2d1c31640c39fbaa15\\_Clean%20Energy%20Transition%20Institute%20NWDDP%20Study%20Full%20Report.pdf](https://uploadssl.webflow.com/5d8aa5c4ff027473b00c1516/5dd59b2d1c31640c39fbaa15_Clean%20Energy%20Transition%20Institute%20NWDDP%20Study%20Full%20Report.pdf); Clean Energy Transition Institute, Oregon Clean Energy Pathways Analysis, <https://www.cleanenergytransition.org/projects/oregon-clean-energy-pathways-analysis>; See Energy Innovation, Oregon Energy Policy Simulator (2022), available at <https://energyinnovation.org/wp-content/uploads/2022/03/Oregon-Energy-Policy-Simulator-Insights.pdf>.

**These independent Pacific NW decarbonization studies all conclude that policies accelerating energy efficiency and electrification are the best paths for building decarbonization.** These bills would help secure deep energy efficiency gains paired with accelerating the adoption of electric heat pumps statewide – the best path to decarbonize our buildings while providing critical climate resilience benefits.

### What’s in the Resilient, Efficient Buildings Policy Package

The Task Force members, when surveyed, highlighted greenhouse gas emissions, energy efficiency, and public health/air quality as the three most important considerations for policy direction – with greenhouse gas emissions being the #1 consideration. Importantly, the Task Force members reached broad alignment on the top policy directions represented in the package, which is clearly outlined in the final report.<sup>3</sup>

As part of this process, third-party modelers SSG helped evaluate the potential benefits of these policies. They found that in particular, a Building Performance Standard (represented by SB 870), improving the energy efficiency of our state building codes (SB 869) and advancing heat pumps (SB 868) would help significantly reduce climate pollution. Their analysis, particularly of integrated policy scenarios, supports that **Oregonians need this holistic package to pass in order to be set up for success to meet state climate goals.**<sup>4</sup> The analysis also found that combining these policies can result in significant, compounding cost benefits.<sup>5</sup>

Addressing the four bills individually, we particularly highlight the following key elements that will advance Oregon’s policy goals:

1. **SB 868 (“Healthy Heating and Cooling for All”) with forthcoming amendments** focuses on accelerating heat pump technologies (for both water heating and space heating and cooling) by, among other things:
  - Establishing an ambitious but achievable statewide goal to install 500,000 heat pumps (for space heating and cooling) in Oregon by 2030;
  - Ensuring the state’s energy efficiency programs are meeting the state’s climate goals;
  - In tandem with HB 3166, creating a “one stop shop” for accessing federal funding for heat pumps and heat pump technologies and ramping up training and education; and

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<sup>3</sup> See Resilient Efficient Taskforce final report:

<https://olis.oregonlegislature.gov/liz/202111/Downloads/CommitteeMeetingDocument/257480>.

<sup>4</sup> See <https://olis.oregonlegislature.gov/liz/202111/Downloads/CommitteeMeetingDocument/257485> at 10.

<sup>5</sup> See *id.* at 11.



- Prioritizing environmental justice communities and individuals who reside in households that do not have a functioning heating or cooling system.
2. **SB 869 (“Build Smart from the Start”)** with forthcoming amendments better aligns the building sector with the state’s climate and energy efficiency policies, including:
- Ensuring that updates of residential and commercial buildings codes will achieve steady improvements in energy efficiency each code cycle with a 60% reduction in annual site energy consumption from a 2006 baseline by 2030;
  - Directing the Building Code Division to, *while meeting its existing responsibilities* related to cost and safety considerations, prioritize greenhouse gas emission reductions in its budgeting, rulemaking and decisions to help the state achieve its climate goals;
  - Prioritizing actions that help vulnerable populations and communities adapt to impacts from climate change; and
  - Directing BCD, in coordination with DEQ, to investigate the feasibility and benefits of reducing building-related emissions through embodied carbon and exploring additional actions to achieve better air purification and ventilation. **Importantly, embodied carbon was one of the highest-impact policy directions identified to reduce GHG emissions during the Task Force process.** While just a first step, having BCD and DEQ begin this work to investigate embodied carbon emissions reduction opportunities through codes will be critical in the long-term.
3. **SB 870 (“Building Performance Standard”)** with forthcoming amendments would require large commercial buildings to meet energy and emissions reduction targets over time from a flexible menu of improvements. Modeled after Washington State’s Building Performance Standard, which passed in 2019, with modifications to suit Oregon’s landscape:
- Requiring Tier 1 commercial buildings, or buildings over 35,000 gross sq ft.<sup>6</sup> of nonresidential, hotel, and motel use, to reduce their energy use intensity over time.
  - Requiring Tier 2 commercial buildings to benchmark and disclose energy use over time (without requiring them to make upgrades or other changes). Tier 2 commercial buildings include 1) multifamily residential buildings, hospitals, schools, dormitories, and university buildings over 35,000 gross square feet. and 2) nonresidential, hotel, and motel use buildings from 20,000-35,000 gross square feet.

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<sup>6</sup> Not including parking lot area.



- Establishing a fund to promote early adoption and help building owners make energy efficiency investments ahead of the required timelines that Tier 1 and Tier 2 building owners can access.
- Providing several exceptions and cost considerations to ensure building owners don't have to make uneconomic investments or harm historic character of buildings.

**SB 871 (“Smart State Buildings”) and forthcoming amendments** removes existing barriers to maximizing energy efficiency improvements in state buildings and ensures that state buildings lead by example in the effort to reduce greenhouse gas emissions in the built environment, including:

- Allowing state agencies to retain within their budgets all of the energy savings from investments in energy efficiency equipment and design;
- Clarifying that new state buildings must meet or exceed Department of Administrative Services guidelines for minimizing energy use in new construction and major renovations;
- Clarifying how state agencies can utilize performance contracting to increase private sector financing in energy efficiency investments in state buildings.

Importantly, this bill package will result in real, measurable improvements for households across the state. It will help families access incentives for whole home retrofits – making weatherization and heat pumps more affordable – so that they can stay cool during dangerous heat waves and breathe cleaner air during wildfire season. The package will ensure some of our largest commercial buildings – many of which are aging and inefficient – are made more efficient, safer, and healthier for those working inside them. This package will help future homes and buildings better protect Oregonians for decades to come as we face more emergency heat and weather events, wildfires, and other climate harms, because the average new building lasts at least 50 years. Passing these bills will result in public health, affordability, and resilience benefits that extend far beyond reducing climate pollution.

**For these and many other reasons, we urge you to vote yes on SB 868, SB 869, SB 870 and SB 871 with their forthcoming amendments.**

Sincerely,

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