



April 5, 2018

The Honorable Al Muratsuchi
 Chair, Assembly Natural Resources Committee
 California State Assembly
 California State Capitol, Room 2179
 Sacramento, CA 95814

**RE: AB 3001 (Bonta) Zero-Emission Buildings and Sources of Heat
 OPPOSE**

Dear Chair Muratsuchi:

The undersigned **OPPOSE AB 3001**, as introduced February 16, 2018, that effectively creates another greenhouse gas (GHG) emissions standard and significantly changes cost-benefits calculations to advantage certain technologies resulting in negative economic impacts and job loss.

AB 3001 requires that all new construction be “electric ready” beginning in 2022 and changes the definition of “cost-effectiveness”, including factors that are difficult if not impossible to meet.

California has long held ambitious goals to reduce GHG emissions in order to combat global climate change, including landmark legislation AB 32 (2006), SB 350 (2015) and, most recently, AB 398 (2017) amongst many other bills. These bills set California on a path that includes all sectors of the economy from the energy used at work to the fuels used in our transportation system and the energy consumed at home to goods movement, including specific direction regarding disadvantaged communities.

Existing Law

Specifically, the law already provides the direction to the Energy Commission and Public Utilities Commission:

- Public Resources Code (PRC) Section 25310 (c) states: “(1) On or before November 1, 2017 . . . in a public process that allows input from other stakeholders, shall establish annual targets for statewide energy efficiency savings and demand reduction that will achieve a cumulative doubling of statewide energy efficiency savings in electricity and natural gas final end uses of retail customers by January 1, 2030 . . .”
- Public Utilities Code Section 454.56 states: “(d) By July 1, 2019, and every four years thereafter, . . . The commission shall include specific strategies for, and an update on, progress toward maximizing the contribution of energy efficiency savings in disadvantaged communities identified pursuant to Section 39711 of the Health and Safety Code.”

Cost Effectiveness

This bill changes the definition of “cost effectiveness” to include “the lifecycle emissions of greenhouse gas emissions from fossil fuel” that will result in a major shift in the calculation of how building standards and technologies are evaluated. However, this potentially double-counts GHG emissions that are included in other market-based systems and regulations or that agencies have already been directed to address in another measure.

Eliminates Ratepayer Choice

AB 3001 directs that all buildings constructed beginning in 2022 shall be “electric ready” meaning that the electrical system would need to meet the needs of the building occupants without need for system upgrades. However, this may not work in all businesses, thus eliminating consumer choice where electricity is not able to economically or technically meet business needs.

Further, while an electric-ready building may meet the needs of the original occupant, it may not meet the need of a future occupant whose needs are not accounted for at the time of construction, so the effect could be a reduction in the availability of space available to growing California’s manufacturing sector.

Natural Gas Infrastructure

It is also important to recognize that the ongoing needs of maintaining California’s natural gas infrastructure system that will continue to demand significant investment for many years to come. Consequently, in directing the shift from natural gas to electricity, the costs of system maintenance fall on a smaller universe of ratepayers resulting in higher rates for those ratepayers that choose natural gas.

Economic Impact

Industrial ratepayers already face a 100-percent higher average rate for natural gas than do ratepayers in the rest of the nation. Further adding to that premium by shifting system costs to fewer ratepayers over time and increasing the cost of using natural gas as a fuel source by changing the cost-benefit calculations risks the loss of manufacturing jobs to other states that do not impose such challenges. For those manufacturers that do not have the ability to relocate, the higher costs will result in higher prices for their goods making them less competitive.

For these reasons, we **OPPOSE AB 3001** and respectfully request your "No" vote.

Sincerely,

California Manufacturers & Technology Association
California Business Properties Association
California Chamber of Commerce
California Cotton Ginners and Growers Association, Inc.
California Cut Flower Commission
California Dairies, Inc.
California Farm Bureau Federation
California League of Food Producers
California Retailers Association
Far West Equipment Dealers Association
Western Agricultural Processors Association

cc: Assembly Member Rob Bonta
Members, Assembly Natural Resources Committee
Lawrence Lingbloom, Assembly Natural Resources Committee
John Kennedy, Assembly Republican Caucus
Catalina Hayes-Bautista, Office of Governor Edmund G. Brown, Jr.