



April 12, 2018

April 13, 2018 Updated with additional signers

The Honorable Chris Holden
 Chair, Assembly Utilities and Energy Committee
 California State Assembly
 California State Capitol, Room 5132
 Sacramento, CA 95814

**RE: AB 3232 (Friedman) Zero-Emission Buildings and Sources of Heat
 OPPOSE**

Dear Chair Holden:

The undersigned **OPPOSE AB 3232**, as amended April 11, 2018, that mandates another greenhouse gas (GHG) emissions control regime that includes all new buildings to be 'zero-emission' beginning in 2030.

AB 3232 expresses the "intent of the Legislature" that all new residential and non-residential construction be 'zero-emission' by 2030 and directs the Energy Commission to develop a strategy to reduce GHG emissions by at least 50 percent below 1990 levels.

Existing Law

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.

It is unclear as to the need for **AB 3232** as the energy consumed in our homes and businesses and on the road is already accounted for under the existing GHG emissions control programs, including the Cap-and-Trade program and Low Carbon Fuel Standard (LCFS). Does another GHG control program bring value to a system that is already highly regulated? It does not because those programs already call for further reductions.

Specifically, as it relates to buildings, SB 350 calls for a doubling of the energy efficiency of the existing building stock by 2030 that will require more efficient appliances and building improvements of all energy sources in order to accomplish.

- 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 . . ."

Eliminates Ratepayer Choice

Setting this GHG emissions target on top of existing ones serves to limit the types of fuel sources available to businesses and residents and drive toward additional electricity use regardless of consumer choice, business needs or costs to both groups. This may not work in all businesses, thus eliminating choice where electricity is not able to economically or technically meet business needs.

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 forcing 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

Ratepayers across the spectrum from residential (+45%) to commercial (+56%) to industrial (+95%) pay higher average rates for electricity than do similarly situated ratepayers in other states. These higher rates particularly impact the decisions of manufacturers and other businesses that make decisions based in some part on energy prices. Forcing them to choose the higher cost energy source ignores this impact and the manufacturing process needs that determine where new investments are made.

AB 3232 risks the loss of manufacturing jobs to other states that do not impose such mandates and, for those manufacturers that do not have the ability to relocate, the loss of energy choice will result in higher prices for their goods making them less competitive.

For these reasons, we **OPPOSE AB 3232** and respectfully request your "No" vote.

Sincerely,

California Manufacturers & Technology Association
Air-conditioning, Heating and Refrigeration Institute
California Chamber of Commerce
California Citrus Mutual
California Cotton Ginners and Growers Association, Inc.
California Cut Flower Commission
California Dairies, Inc.
California Farm Bureau Federation
California League of Food Producers
California Natural Gas Producers Association
California Restaurant Association
California Retailers Association
Culver City Chamber of Commerce
Far West Equipment Dealers Association
National Federation of Independent Business/CA
West Coast Lumber & Building Material Association
Western Agricultural Processors Association
Western States Petroleum Association

cc: Assembly Member Laura Friedman
Members, Assembly Utilities and Energy Committee
Kellie Smith, Assembly Utilities and Energy Committee
Barbara Gausewitz, Assembly Republican Caucus
Catalina Hayes-Bautista, Office of Governor Edmund G. Brown, Jr.