June 15, 2021



Kjell Anderson, Chair Commercial Energy Code Technical Advisory Group Washington State Building Codes Council 1914 Willamette Falls Drive, Suite 260 West Linn, Oregon 97068 t: 503.344.6637 f: 503.344.6693 www.nwga.org Twitter: @nwgas

Via email: <u>sbcc@des.wa.gov</u>

Dear Commercial Energy Code TAG Chairman Anderson:

On behalf of the NW Gas Association and its Washington members, Puget Sound Energy, Avista Utilities, Cascade Natural Gas and NW Natural, we appreciate the opportunity to participate in the process to update the commercial provisions of the Washington State Energy Code for 2021. This process ensures an efficient, affordable and reliable energy future for Washington customers, businesses and builders.

We believe it is critical for everyone to have a correct grounding in the mandate given to the Technical Advisory Group and the Department of Enterprise Services in completing their important work to update the commercial energy code. This includes correcting what appears to have been misstatements concerning the goals around fossil fuels and emissions. In your opening remarks to the TAG on June 4, 2021, you made the following statements regarding its tasks:

We have to achieve an energy use reduction of 70% by the 2030 codes, which is four cycles away including the 2021 code that we're working on. (Verbatim transcript beginning at 13:37).<sup>1</sup>

The gas industry: I have yet to see a plan to get to fossil fuel free with any end date. I've seen perhaps 5 or 10% maximum of fossil fuel free... Because there is another state mandate which is fossil fuel free by the 2030 code as well. So biogas would probably be accepted under that, but fossil and fracked gas would not be acceptable under that... So those are our dual RCW legislative requirements for where we go... And really the only path to get to fossil fuel free by 2030 involves electrification. (Verbatim transcript beginning at 17:15).<sup>2</sup>

RCW 19.27A.160 does provide that state energy codes must incrementally move towards achieving a 70% reduction in annual net energy consumption by 2031. We and our member utilities support that mandate. However, your statement about there being a legislative mandate for being "fossil fuel free" by 2031 is incorrect, and RCW 19.27A.020 does not mandate *either* the elimination of fossil fuels in buildings or that the only path to emissions

<sup>&</sup>lt;sup>1</sup> This appears to be a reference to RCW 19.27A.160(2), which states that "[t]he council shall adopt state energy codes from 2013 through 2031 that incrementally move towards achieving a seventy percent reduction in annual net energy consumption, using the adopted 2006 Washington state energy code as a baseline."

<sup>&</sup>lt;sup>2</sup> This appears to be a reference to RCW 19.27.020, which contains no requirement to reach a fossil fuel free goal through electrification.

reduction is electrification. Instead, RCW 19.27A.020(2) directs the Council to design state energy code to "[c]onstruct increasingly energy efficient homes and buildings that *help achieve the broader goal of building zero fossil-fuel greenhouse gas emission homes and buildings by the year 2031*[.]" (Emphasis added). Critically, "fossil fuel free" (your statement) and "zero fossil-fuel greenhouse gas emissions" (RCW 19.27A.020(2)(a)) are <u>not</u> the same. Furthermore, RCW 19.27A.020(b) requires "new buildings to meet a certain level of energy efficiency, but allow flexibility in building design, construction, and heating equipment efficiencies within that framework". RCW 19.27A.020(c) provides that the state energy code "allow space heating equipment efficiency to offset or substitute for building envelope thermal performance." These are mandates that the TAG cannot ignore.

Supporting the "broader goal" is far from a mandate to eliminate direct use of natural gas. When considering the required introduction of renewable natural gas by natural gas distribution utilities – a step that will decarbonize their product – and the full-fuel cycle impact from the expected use of fossil fuels **in power generation over the next several decades**, it is clear that the energy picture is more complex and nuanced than the Chair has considered. To be clear, power generation is not fossil fuel free, nor will be for many years to come.

Moreover, casual discrediting of the emergence of renewable natural gas and clean hydrogen for the pipeline system is an unacceptable response to all stakeholders' interest in and efforts toward decarbonization. The potential supply of renewable natural gas is vast. In the U.S., greenhouse gas emissions from 66.5 million tons of food waste, 8,000 large farms and dairies, 17,000 wastewater facilities and 1,750 landfills can be captured and used as renewable natural gas -turning a climate liability into a powerful solution. Today there are more than 300 RNG facilities operating or under development.<sup>3</sup> In the U.S., early estimates show a technical potential for RNG of 14 trillion cubic feet – representing about 88% of today's total natural gas throughput, including industrial uses.<sup>4</sup> Clean hydrogen from a variety of sources will be additive to the potential of RNG – providing a pathway to emission reductions for the gas system that are similar to what wind and solar can offer for the electric system. The gas system also has a clear advantage in that our pipeline and storage assets are already in place with excess capacity. For example, NW Natural has a 20 billion cubic feet, long duration storage facility that has the capability to store renewable natural gas or methanated clean hydrogen today – the equivalent of 6 million megawatt hours that would cost \$2 trillion<sup>5</sup> to try and replicate with lithium-ion batteries.

The state's climate goals will only be adequately addressed when we achieve a carbonneutral *energy system*, an objective to which all Washington energy utilities are committed. This understanding is particularly important when it comes to the preservation of energy affordability and resilience referred to by RCW 19.27A.160(2) in directing the Council to

<sup>&</sup>lt;sup>3</sup>\_RNG Coalition; <u>https://www.rngcoalition.com/infographic</u>

<sup>&</sup>lt;sup>4</sup> Renewable Sources of Natural Gas: Supply and Emissions Reduction Assessment (ICF, 2019)

<sup>&</sup>lt;sup>5</sup> National Renewable Energy Laboratory; <u>https://www.nrel.gov/docs/fy19osti/73222.pdf</u>

consider "economic, technological, or process factors" when implementing energy codes, and the principle of preserving energy choice for Washington citizens. The public's right to choose energy service remains enshrined in state law and actions intended to eliminate protected choice are *ultra vires*. The opening statement excerpted above does not and cannot provide a legally defensible basis for adoption of amendments to effectuate incorrect interpretation of law.

NWGA and its members acknowledge the climate imperative and understand the role that natural gas will continue to play in helping the region achieve its decarbonization goals. Improvement in building energy efficiency is one of the most critical elements of the region's strategy. Improving *efficiency* is, by proxy, reduction of emissions. Our carbon neutral future is reliant on careful steps – like well-crafted building codes – that correctly interpret and implement state statutes. Code should allow for decarbonization to occur for all energy systems, gas and electric.

Only code development that is informed by data and which considers cost effectiveness and thoughtful progression of measures will ensure our success, safeguard the rights of stakeholders across all income levels and guarantee that no one is left behind. We've seen multiple studies showing that natural gas is a critical element to achieve energy and emissions goals while following the lowest cost path (RCW 19.27A.025). For these reasons, we respectfully but firmly request that the TAG and its chair establish, with clarity, that its revisions are not fuel-source specific.

We look forward to working with the TAG, stakeholders and all parties in moving toward a commercial code that supports a stronger, increasingly energy efficient, carbon-neutral Washington.

Sincerely

Dan S. Kirschner, Executive Director

cc: Washington State Building Code Council Krista Braaksma-DES