



COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION

WASHINGTON STATE CHAPTER

September 17, 2021

Mr. Stoyan Bumbalov
Managing Director
State Building Code Council
Washington State Department of Enterprise Services
1500 Jefferson St SE
Olympia, WA 98501

RE: Upcoming State Building Code Council Meeting

Dear Mr. Bumbalov,

Please find below NAIOPWA comments to the proposed commercial energy code proposals 21-GP1-103, 21-GP1-136 and 21-GP1-179. NAIOP Washington State is the leading commercial real estate development association for developers, owners, investors, and asset managers in office, industrial, retail, multi-family, hospitality, and mixed-use real estate, and composed of more than 1,000 members in Washington. We are committed to responsibly advancing public policy to support the long-term economic, environmental, and demographic vitality of our region

NAIOP is concerned these proposals will limit our members ability to choose the energy source that best meets the needs of their projects, will increase cost of development as well as rents for these spaces, and will force reliance entirely on the electric system before any review of the electric system reliability has been performed. More importantly, these proposals will have almost no impact on the state's emissions, which is the purported rationale behind them.

Specifically the proposals are:

- 21-GP1-103- Requires electric heat pumps for all new commercial construction and retrofits and bans the use of natural gas for commercial space heating (HVACs).
- 21-GP1-136 – Bans the use of natural gas for commercial water heating uses and requires the use of electric heat pump for water heating purposes.
- 21-GP1-179 – Requires the installation of an electric receptacle wherever a natural gas appliance is installed in multi-family housing construction.

Implementing these policies amounts to a de facto ban on natural gas in the commercial building sector for new and major retrofit buildings. The result will be to add considerable cost and uncertainty to the owners of commercial buildings and to their tenants. Depending on the type of business and building, the costs will vary but certainly will increase building operation costs and/or rent for tenants in those buildings and accomplish very little for the state. According to the state's emissions inventory, commercial natural gas only accounts for 4% of the state's inventory.

NAIOP members are committed to reducing carbon emissions in our built environment. However, it is important that the policies to implement reducing carbon emissions be cost effective. NAIOP is unaware

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of any cost effectiveness analysis associated with these proposals and strongly suggest the BCC perform a cost benefit analysis of the proposals before any further consideration.

Thank you for your consideration of our comments.

Sincerely,

A handwritten signature in black ink that reads "Peggi Lewis Fu". The signature is written in a cursive, flowing style.

Peggi Lewis Fu
Executive Director
NAIOP Washington State