



September 16, 2021

Washington State Building Code Council
1500 Jefferson Street SE
P.O. Box 41449
Olympia, Washington 98504

RE: PPGA Comments on Commercial Energy Code Proposals 21-GP1-103 and 21-GP1-136

Dear Members of the Washington State Building Code Council:

The Pacific Propane Gas Association (PPGA) is the state trade association representing Washington's propane industry. Our membership includes small multi-generational family businesses and large companies engaged in the retail marketing of propane gas to Washingtonians. PPGA members provide propane to residential, commercial, agricultural, transportation and industrial markets in Washington. Currently, users of propane have found value in propane's environmental benefits, versatility, and affordability.

The PPGA agrees there is a compelling need to combat climate change and believes propane is part of the solution to reduce greenhouse emissions in Washington. With that said, the PPGA strongly opposes the adoption of commercial energy code proposals 21-GP1-103 and 21-GP1-136. The PPGA appreciates the opportunity to provide feedback on propane in general and explain our opposition to these proposals.

Decarbonization of Propane. The propane industry has made significant efforts and investments to decarbonize its fuel with the introduction of new innovative products into the marketplace such as renewable propane and blending renewable dimethyl ether (DME) and propane. Renewable propane (also known as biopropane, bioLPG, renewable LPG or rLPG) is a low-pressure liquified gas comprised of propane derived from non-petroleum and/or renewable sources and other molecules derived from non-petroleum and/or renewable sources, which may include renewable DME or renewable hydrogen.

Currently, renewable propane is generated primarily as a co-product of renewable diesel, renewable propane can scale with the increased scaling of that fuel. Renewable diesel is made from feedstocks such as canola and soybean oils, distillers' corn oil (a byproduct of ethanol production), used cooking oil or vegetable oil, tallow, and white grease (mostly from pork). About 900 million gallons of renewable diesel were consumed in the United States in 2019, based on estimates using U.S. Environmental Protection Agency data.

Additionally, new technologies continue to be developed such as the blending of renewable Dimethyl Ether (rDME) and propane. When rDME is made from dairy biogas rDME and blended with just 20% traditional propane the product achieves near zero emissions. As an industry, with continued investments we believe propane can get to zero or near zero carbon intensity.

Renewable propane is already in the marketplace in California and Oregon supporting those states decarbonization efforts. Outright banning these technological advancements in Washington places Washington at a disadvantage in decarbonizing its economy.

Zero Net Energy Buildings and Propane. Beyond fuel decarbonization buildings can currently be built to include propane and still achieve Zero Net Energy (ZNE) construction. With a combination of renewables from solar, hydro or wind, building efficiencies, and appliance efficiencies a building can still be built to achieve ZNE while still being allowed to use propane for space and water heating. ZNE residential homes are currently being built in California using an “all of the above” energy approach including the use of propane. These same technologies can be applied to the commercial market.

The PPGA opposes energy code proposals 21-GP1-103 and 21-GP1-136 for the below reasons:

Elimination of Consumer Choice. The PPGA believes consumer choice for the energy products they want and decarbonization of the commercial building sector can co-exist instead of forcing a one size fits all approach. As stated above, a building can be built to meet ZNE standards while allowing consumers to choose propane for space and water heating. These proposals fail to acknowledge that fact by eliminating the choice of highly efficient and cost-effective gas options and prescriptively mandating only one energy source. Mandating one energy source will add cost to consumers as heat pumps are considerably more expensive than highly efficient gas options.

While this policy will negatively impact all commercial customers it will disproportionately impact small, rural and minority owned businesses that have disproportionately been impacted by the COVID-19 pandemic. Many rural communities in Washington already struggle with economic development and putting costly and unnecessary regulatory burdens on these Washington’s businesses is the wrong approach.

Rural Washington. Propane provides a critical role in rural Washington. The PPGA is concerned about the applicability of electric heat pumps in certain areas of Washington and the higher cost of electrification of rural Washington. Heat pumps lose efficiency as temperatures get colder and cost more to install. This is particularly concerning in colder areas in Washington. Washingtonians rely on propane in these areas because they are confident in its reliability to provide space and water heating during the coldest temperatures.

Eliminates Decarbonation Innovations in other Sectors. Mandating one fuel source and accepting the premise that there is no future for other fuel sources will limit investments and innovation in decarbonization efforts by current participants in the energy markets. The propane industry has little incentive to invest in new technologies or decarbonization projects—outlined above—if the State decides we have no future in Washington’s energy marketplace. Of the

propane consumed in Washington, 26 percent is used for commercial purposes—primarily space and water heating. Not being allowed to participate in commercial buildings market would surely end efforts to bring renewable propane and other innovations into Washington. If the assumptions of electrification falter at any point then critical opportunities to decarbonize other energy sectors may have been lost because those sectors did not feel those investments were worth making in Washington.

Picking Winners and Losers. Most propane retailers operating in Washington are small family-owned businesses. These proposals essentially say these families and businesses have no place in Washington's future. The State Building Code Council should not be in the business of putting certain industries out of business. Our members provide good paying jobs to many Washingtonians and are a critical part of their local community.

Legislative Prerogative

The PPGA has concerns about the State Building Code Council making such a wholesale change to the Washington economy without the proper input from the Washington Legislature and Governor. Under Article II of the Washington Constitution, “the legislative authority of the state of Washington shall be vested in the legislature, consisting of a senate and house of representatives, which shall be called the legislature of the state of Washington. . .”

Furthermore, the Washington Legislature has declared that “it is the policy of the state to:

1. Preserve affordable energy services to the residents of the state;
2. Maintain and advance the efficiency and availability of energy services to the residents of the state of Washington;
3. Ensure that customers pay only reasonable charges for energy services;
4. Permit flexible pricing of energy services.”

By eliminating choice and competition in the energy marketplace there are serious concerns whether these policies can be achieved. Forcing a one size fits all energy system at great conversion costs to consumers does not result in affordability, availability, reliability and efficiency.

Additionally, it has been indicated that the Commercial Code must comply with a mandate to eliminate fossil fuels citing RCW 19.27A.020. This statute does not mandate the elimination of fossil fuels in buildings. The statute notes: “Construct 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.” Propane is already achieving that goal in California homes so eliminating it as an option for space and water heating makes little sense.

Finally, the Legislature itself has implied this is an area within their jurisdiction. In 2021 legislation was introduced that would have made wide-ranging changes to the State Energy Code on the use of gas in residential and commercial buildings. This legislation had hearings, was debated, and received a vote in a House Legislative Committee. The PPGA questions why the State Building Code Council is now usurping authority from the Washington Legislature on an issue the Legislature clearly believes is in their prerogative.

Thank you for allowing us to share some information about propane and the impact these proposals would have on our members and their customers. The PPGA asks you to protect consumer choice, support small businesses, and promoting a robust energy marketplace by rejecting these commercial energy code proposals.

Sincerely,

A handwritten signature in black ink that reads "Matthew Solak". The signature is fluid and cursive, with the first name "Matthew" written in a larger, more prominent script than the last name "Solak".

Matthew Solak
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