

Rhode Island Testimony - For HB 7617(2024)

Chair Bennett, Vice Chairs Phillips and Carson, and members of the House Environment and Natural Resources Committee, thank you for the opportunity to testify. My name is James Burton and I am an employee of the Institute for Market Transformation (IMT), which I am representing with my testimony today. IMT is a national nonprofit, and we are a leader in the creation and implementation of innovative and pragmatic solutions to improve the performance of buildings. We support the adoption of HB 7617(2024) by the state of Rhode Island. We believe that buildings are not just walls and equipment. They are where we live and work, shop and socialize, raise our families, and send our children to learn and grow. It is time for buildings to bring out the best in us and our communities, and the opportunity to pass HB 7617(2024) affords Rhode Island the chance to do just that.

The benchmarking and building performance standard (BPS) requirements of HB 7617(2024) build on the lessons learned from other governments at the state, county, and local levels. IMT has worked in partnership with many of these governments, and believes that the adoption of this bill will help Rhode Island meet its ambitious climate goals, reduce energy bills, create job opportunities, improve health outcomes, and increase the resilience of its residents. As the map below shows, Rhode Island would be joining 13 governments, including four states, by adopting the BPS requirements of HB 7617(2024).

**U.S. City and State Policies for Existing Buildings:
Building Performance Standards**



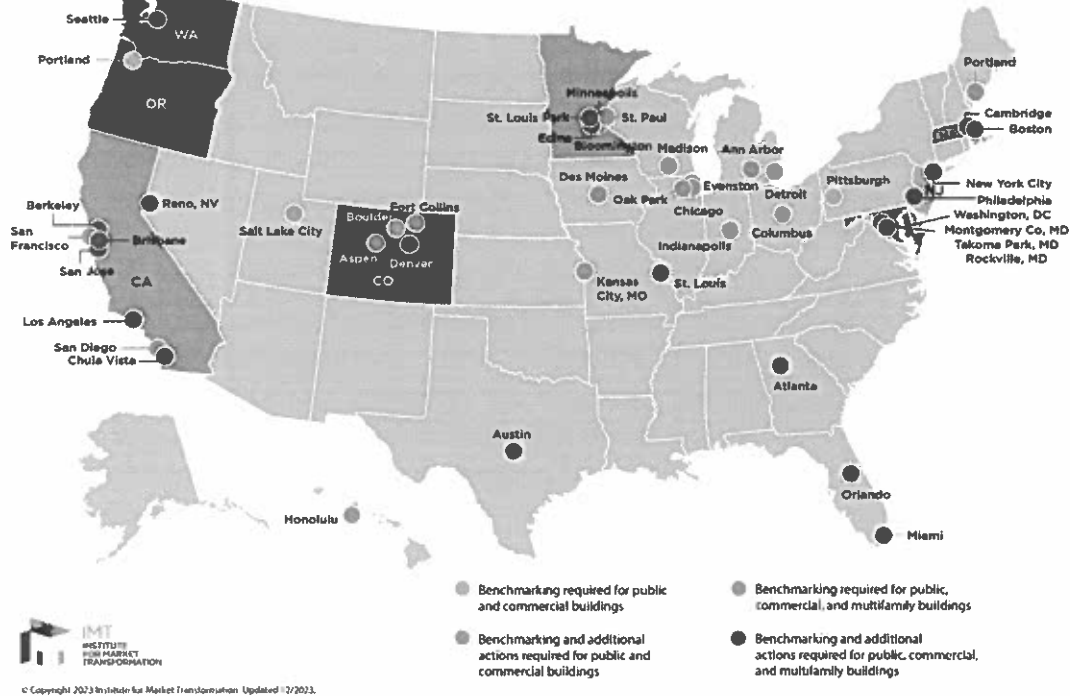
There is a movement across the USA to adopt BPS, and IMT has played an instrumental role in supporting the White House National BPS Coalition, a group of governments that are committed to adopting BPS. The map below is further evidence of the growing trend of BPS adoption across the USA.

The State of Building Performance Standards (BPS) in the U.S.
Members of the National BPS Coalition as of December 2023



To date, over 40 U.S. local and state governments are implementing building energy benchmarking and transparency laws, akin to the requirements laid out in HB 7617(2024). IMT has acted and continues to act as an adviser to many of these cities, counties, and states.

U.S. City, County, and State Policies for Existing Buildings: Benchmarking, Transparency, and Beyond



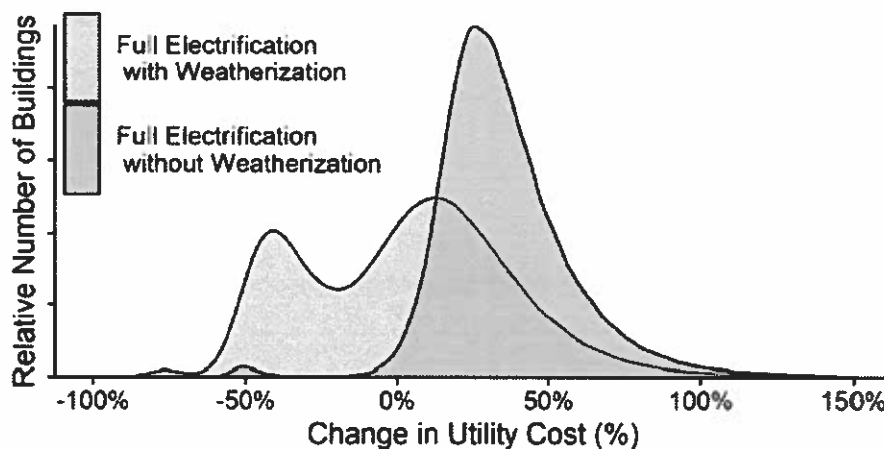
HB 7617(2024) represents an opportunity toward achieving Rhode Island’s goals of increasing energy efficiency, reducing greenhouse gas emissions, creating local job opportunities, reducing energy bills, and improving economic outcomes for local communities. The tool to be used for benchmarking, Energy Star Portfolio Manager, is a free US Government resource that advises first time users of the system will need 2 hours to create an account and input their data for their first year of compliance. For buildings already benchmarking, using this tool would only take 30 minutes to input the necessary data to account for their energy usage over the whole year. The data needed to use this tool is simple, building owners and managers should already be monitoring these variables such as: workforce size, number of computers, and hours of operation. Gathering the necessary data for benchmarking each year would require between 2-8 hours of in-house labor for building owners or managers. There are contractors that specialize in collecting benchmarking data, if building owners are not able to do this themselves. Contractor fees range between \$300 - \$1,200 per year.

Energy Savings:

Buildings are responsible for 40% of the USA's total energy consumption (often accounting for more than the total energy usage of many other countries as a whole), and it is clear that BPS, benchmarking, and all-electric new construction policies, help reduce building energy usage. The US Environmental Protection Agency (EPA) found that buildings that benchmarked for three years saw reduced energy consumption per year of 2.4%. Cities with benchmarking and

transparency laws have seen similar results. Seattle reported a 3% reduction in energy consumption from 2014-2015. Minneapolis reduced its energy consumption by 3.4% from 2014-2016. New York City found that from 2010-2015, benchmarked buildings realized 10% energy savings. These savings in energy costs cycle directly back to building owners and their tenants. Based on the results in other locations, it is reasonable to expect similar savings to accrue to the residential and commercial segments of the Rhode Island real estate market, should HB 7617(2024) be adopted. BPS is the most innovative policy solution to drive further energy consumption and greenhouse gas reductions.

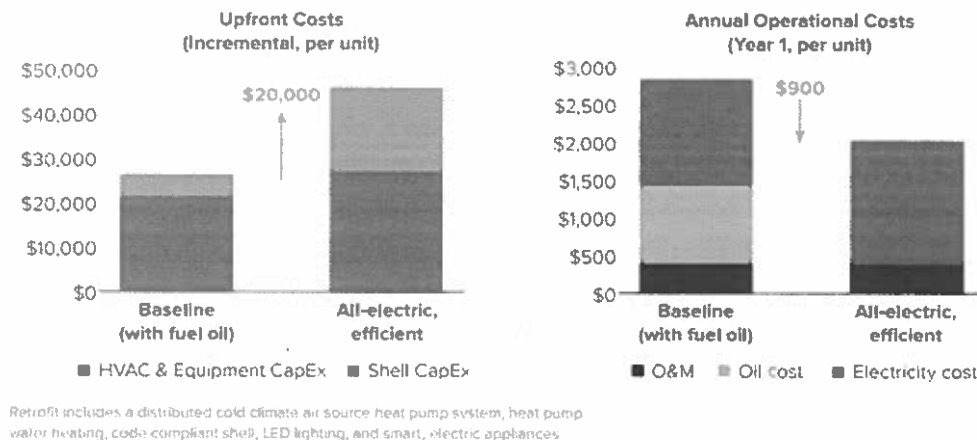
In terms of all electric new construction requirements, Maryland conducted a study which found that 98% of households would have lower operational costs with a heat pump than a high-efficiency gas furnace. There are two factors driving this: gas costs are expected to increase by three times in the next 20 years, while electricity costs are expected to only grow by 13% in the state. Also, heat pumps are a far more efficient technology for heating and cooling, often three times as efficient as gas appliance counterparts. This is why it is crucial that new buildings should be all electric, and that BPS is adopted to require performance improvements. Electrifying buildings in Rhode Island is crucial, but it is not without its challenges. In order to avoid unsustainable increases in demand on the electricity grid, buildings must be weatherized to reduce demand. By weatherize we mean to improve insulation and the envelope of buildings, this applies to single family homes and larger commercial and multifamily buildings. Weatherization means that smaller heat pumps can be used to heat and cool spaces, and reduces the energy these appliances consume to keep temperatures comfortable throughout the year (reducing the demand they place on the electricity grid). Weatherization has the added benefit of lowering the upfront cost of switching to these systems. The image below shows the impact prioritizing weatherization can have on utility costs in the case of full electrification of buildings, and is part of an ACEEE report.



Lawrence Berkeley National Lab conducted a [study](#) to estimate potential savings in Maryland on adoption of their BPS law. These show that, on aggregate, between 2025 - 2050, the state could see \$22.3 billion dollars in energy cost savings. Even when accounting the modeled investment costs for energy improvements in large existing buildings, the predicted savings are in the region of \$4.5 billion. It is important to note that this modeling did not include any federal incentives, of which there are significant volumes, to help building owners reduce the upfront costs of building performance improvements. It is fair to assume that we would likely have proportionally similar savings in Rhode Island if HB 7617(2024) is adopted.

New York has created a [roadmap](#) for achieving its goal of having carbon-neutral buildings by 2050. They have modeled the impacts of adopting a statewide BPS, and have found that the simple payback for electrifying an older multifamily building in the state could be as low as 20 years. This shows that the upfront costs of complying with the BPS section of HB 7617(2024) are outweighed by the long term savings.

FIGURE 8.4: RETROFIT OF A 7-STORY, OIL HEATED, PRE-1980 MULTIFAMILY BUILDING IN DOWNSTATE NY



Local Job Growth:

HB 7617(2024) could foster a strong energy services market in Rhode Island. Once the policies are in place, and building performance information is available, owners and energy service vendors will have a better understanding of which buildings are most viable for energy upgrades and the first steps that owners can take to improve their performance. This can support secure local job creation. Estimates suggest that in Philadelphia over 5,000 of its commercial buildings require energy efficiency upgrades, representing an investment opportunity of \$600 million – enough to support 23,000 jobs. A [report from Maryland](#) showed that clean energy jobs pay higher wages when compared to the statewide average. This is particularly the case in the entry-level positions, where clean energy electricians, plumbers, iron and steel workers, and HVAC mechanics earn upwards of 60% more than the average entry-level worker in the same trade in Maryland. HB 7617(2024) provides Rhode Island an opportunity to create thousands of

high paying jobs, and to create more jobs than will be lost in the transition away from fossil fuel use.

Community Benefits:

As awareness of our climate predicament spreads, and as many Rhode Islanders grapple with an uncertain economic environment in which steep increases in housing costs have greatly outpaced wage growth, more people are looking for energy-efficient homes, apartments, and commercial spaces. They know these homes cost less to own, operate, live in, and make for more comfortable and safer living environments. Access to information about the energy performance of commercial and multifamily buildings will help tenants, prospective buyers and investors make more informed, and therefore better, decisions about where they live and how they spend their money. The transparency of the data allows Rhode Island to show communities how it is pushing for change that benefits them. The sharing of data collected as part of benchmarking will allow Rhode Island to reward innovation and help its residents make more informed decisions about the buildings they lease, own, and occupy. This will provide a natural incentive for property owners to make energy-related improvements to their properties, thus reducing energy consumption, greenhouse gas emissions, and lowering the energy cost burden on residents.

The BPS and all-electric new construction requirements of HB 7617(2024) provide an opportunity to improve the health outcomes of Rhode Islanders, and in turn benefit the economy of the state. The air we breathe can either support or harm our short- and long-term health. Given that we spend approximately 90% of our lives indoors, providing high indoor air quality and sufficient ventilation is crucial, and removing fossil fuel systems from our homes and workplaces is one of the most effective ways for us to improve indoor air quality. Indoor air quality affects children more than adults because their respiratory systems are not fully developed, and as a result, exposure to air pollutants increases the risk of severe respiratory illnesses, including chronic bronchitis and asthma. Children living in households that use gas stoves for cooking are 42% more likely to have asthma. NO_x (Nitrous Oxides), linked to childhood asthma, have no safe indoor limit, yet gas stoves are one of the most common ways we expose ourselves to these harmful chemicals every day. Gas stoves leak these harmful chemicals even when they are not in use; a Harvard [study](#) concluded that leaks equaled 76% of total methane gas emissions from stoves. EPA estimates suggest that net avoidable costs associated with indoor air pollution amount to well over \$100 billion annually, and New York has [estimated](#) that healthcare costs, as a direct result of air pollution, are around \$21.7 billion a year for the state. Removing fossil fuel systems from existing buildings, and requiring all-electric new construction of new buildings, will have several direct and indirect benefits for Rhode Island. In terms of direct benefits, we can expect lower rates of respiratory issues, reducing healthcare costs shouldered by the state and its residents. The indirect benefits of this will be Rhode Islanders needing to take less sick days, which will increase the productivity of the state.

Conclusion:

HB 7617(2024) can help Rhode Island in a multitude of ways. IMT firmly believes HB 7617(2024)'s adoption is a critical milestone in Rhode Island's journey toward a more profitable, healthier, cleaner future.