Meeting Notes: Building Efficiency Workgroup

Date: December 4, 2019

Attendees:

Commissioner Steve Kelley	Department of Commerce
Commissioner Nancy Leppink	Department of Labor and Industry
Rachel Robinson	Minnesota Housing Finance Agency
Kelly Hyvonen	Big-D Construction
Justin Knopps	JE Dunn
Jessica Looman	MN State Building and Construction Trades Council
Andy Snope	IBEW Local 292
Gary Thaden	MN Mechanical Contractors Assn
Gerhard Guth	HGA Architects and Engineers
Rick Carter	LHB Corp
Craig Johnson	League of MN Cities
Kurt Schultz	City of St. Paul
Megan Hoye	Center for Energy and Environment
Ben Rabe	Fresh Energy
Barry Greive	Target Properties
Richard Graves	U of M Center for Sustainable Building Research
Representative Jamie Long	MN House
Senator Dave Senjem	MN Senate

Commissioner Kelley convened the meeting at 9:03 am. He restated the purpose of group and role is to determine potential policy solutions needed to enable cities to voluntarily promote or otherwise ensure greater energy efficiency and better energy performance measures for new & major renovations of commercial and multifamily residential buildings. The Governor's recent Executive Order asked agencies to work to put Minnesota back on track to meet or exceed our goals, established under Statute, to reduce statewide greenhouse gas emissions across all sectors. Commissioner Leppink noted that with the input of the workgroup, the Departments of Commerce and Labor and Industry will be writing a report to the Governor's Office that includes potential policy options to improve energy efficiency in buildings.

Commissioner Kelley previewed the agenda for the meeting. The past two meetings have provided work group members with information on potential strategies to enable greater energy performance. Now based on workgroup feedback, the workgroup will hear presentations on several policy scenarios

and then work in small groups to give feedback on the policies, working from factors that the workgroup generated, concluding with report-outs back to the larger group.

Commissioner Leppink then introduced Kurt Schultz, who helped develop and now manages the Sustainable Building Policy for the City of St. Paul and Brian Hoffman, Director of Building and Energy for the City of St. Louis Park, who have been working with a group of cities from around the state as part of the Cities Advanced Building Performance Working Group. Department staff circulated the group's principles and priorities document.

The cities presented to the workgroup (PowerPoint). Highlights include:

- Buildings represent large portion of GHG reduction potential. Status quo isn't enough to achieve goals.
- Most cost-effective way to achieve GHG reductions is in new building construction, beginning with the building envelope.
- City performance based standard's guiding principles: Faster than model code moves today; clear standard; performance based standard – simple and flexible (with option for third party compliance); leverage practices on uniformity; resources to educate/train; maintain/increase access to the conservation improvement program; zero net energy by target year; a standard that prioritizes efficiency and a standard that enables renewables flexibly.
- Noted there are other areas like sprinklers where cities have options.
- More than 20 cities engaged, representing one million Minnesotans. Engaged with diverse group of stakeholders.
- Value of resiliency – how can we withstand the pressures put upon us by climate change. Building efficiency can be considered a resiliency strategy.

Workgroup members engaged in a Q & A with the city representatives. From that discussion we learned that the cities are not specifying a particular standard like SB 2030. Under their proposal, renewables could be deployed flexibly and would not have to be on-site. Cities are not building their own infrastructure very often, so the option to put standards on their own buildings is limited, by function of that. The concern of the potential extra cost was raised.

Commissioner Kelley introduced Professor Graves to share scenarios for the group to consider. Professor Graves reviewed the suite of policy options that can impact building energy performance. He then presented on the four scenarios the workgroup will provide feedback on. The scenarios were generated based on workgroup feedback.

- Scenario #1: Current base code
- Scenario #2: Current base code + voluntary SB2030 performance standard

- Scenario #3: Base code + voluntary step code
- Scenario #4: Accelerate statewide base code to get to a specific target

The group took a break from 10:40 am – 10:50 am. They reconvened in four small groups at 10:50 am.

Workgroup groups were provided questions to guide the discussion and a list of criteria to consider which is meant as a guide, not a definitive list.

Questions:

(1) What are Pros and what are Cons to each Scenario
(2) What are outstanding questions about the scenario that need to be answered
(3) How would you start to trouble shoot issues you see?

Criteria for consideration

- Energy savings impact & carbon impact:
    - Progress towards reduction in GHG emissions
    - Scope of Impact

- Benefits:
    - Energy savings
    - Building value, e.g. higher occupancy and resale
    - Societal Benefits
    - Job creation potential

- Costs:
    - What are the additional technology costs?
    - What are training/education costs?
    - Does it change over time?
    - Impact on rebates/financing via current utility programs
    - What are costs for typical building over lifespan; what are costs of building under new code?
    - Does it require public funding?
        - What is the source and scope of the public funding?

- Adoption and Implementation
    - Process for Adoption
    - Does it conflict with the State-wide building code?
    - Does it impact building construction?
    - Does it impact building operations?
    - Is it a regulation?

        - Who is responsible for adoption/amendment?
        - Who is responsible for compliance and when?
        - What are the consequences and who bears liability for non-compliance?
        - Who is responsible for enforcement?
    - Does the policy work for cities of all kinds?
    - Capacity/Readiness State

At 11:40 am, the group reconvened and each group provided a high level report out summarizing what they discussed:

Scenario #1: The process is known and capacity exists. Several of the small groups noted it is essentially the status quo, and thus likely would not mean cities could meet their greenhouse gas reduction goals, and therefore it was not an option they spent much time on.

Scenario #2: Several groups noted advantages such as significant energy use reductions, aggressive. It provides flexibility for cities that want to lead, and the SB 2030 standard is already known and being used for state buildings. The technology exists. Concerns include the need for additional training and resources to ensure compliance, potential additional costs, inconsistency between cities, and concern that the base code isn't addressed.

Scenario #3: Depending on targets and steps, could enable cities to meet their carbon goals – requires intention. Positives include that it provides greater flexibility with step options, and connects the base code with a voluntary stretch code. Concerns include the potential for confusion with several new options, potential for additional costs and need for resources to cities and building industry to successfully comply.

Scenario #4: Advantages include it impacts all buildings, which means greater potential energy performance impact and the process is known and involves expert stakeholders. Concerns include that the process can be lengthy, and the pathway is unknown, as it's tied to future model codes that haven't been made yet, and you lose the ability to test out new options.

Commissioner Leppink provided concluding remarks, noting that it is possible to combine scenarios to be responsive to workgroup feedback. Commissioner Kelley asked members to contact the Departments if they have other policy options that should be considered.

Commissioner Kelley concluded the meeting at 12:05 pm.