

June 15, 2015

Honorable Fred Upton, Chair
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515

Honorable Frank Pallone, Ranking Member
Committee on Energy and Commerce
U.S. House of Representatives
2322A Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Upton and Ranking Member Pallone,

We are a group of private businesses and nonprofit organizations writing to urge the Energy & Commerce Committee to **strike the building energy codes language** taken from legislation introduced by Congresswoman Marsha Blackburn and Congressman Kurt Schrader **from Title IV of the Committee's energy bill "Discussion Draft"**. The provisions represent a major setback in the "tried and true" process of establishing building energy codes that have so benefitted American consumers and businesses in terms of avoided energy costs.

If the Committee desires to improve the building energy code process – as we hope it does – then we recommend that the Committee **replace the "Discussion Draft" language on codes with the code provisions included in H.R. 2177**, introduced by Committee members David McKinley and Peter Welch. (The codes language in H.R. 2177 is identical to the language on codes found in the Senate companion bill, S. 720, introduced by Sens. Portman and Shaheen.)

The building energy code provisions in **McKinley-Welch enjoy the public support of businesses and organizations across the country** and represent a **fully-vetted and carefully negotiated consensus** derived from years of negotiations among the key stakeholders.

We further **urge the Committee to supplement the H.R. 2177 codes language with the so-called "SAVE Act" provisions** included in S. 720. This bi-partisan proposal, which also has broad support among all key stakeholders, allows the value of energy upgrades to be taken into account during the appraisal and mortgage underwriting processes.

In stark contrast to the McKinley-Welch code language, the codes provisions currently in the Committee's Discussion Draft do not enjoy broad support. These provisions severely curtail – and in certain instances would prohibit -- DOE from serving as a resource to hundreds of codes setting bodies throughout the United States. In testimony before the Energy & Power Subcommittee earlier this month, Dr. Kathleen Hogan, the Deputy Assistant Secretary of Energy for Energy Efficiency, stated that ***the annual impact of DOE's assistance in the codes process is \$780M in avoided energy costs.***

Of particular concern is the language preventing DOE from providing any assistance -- whether technical or financial -- if it finds that a proposed code does not meet a simple payback period of ten years or less. We firmly believe that **Congress should not set a dangerous federal precedent of determining what is and is not an acceptable return on investment.** Dictating a single, federally-determined simple payback model does not account for the widely varying market and climate circumstances across our vast country. For example, we are a nation with eight different climate zones, with construction costs that vary between cities and rural areas, as well as between large production builders and small, "mom and pop" builders. The thousands of local governmental officials that develop codes incorporate their local wisdom on the technical feasibility and cost effectiveness of the code proposals into the year-long, thorough and analytically supported process that develops a national, model building energy code.

The code development process – as currently configured -- is open to all interested parties, **and codes gain their enforcement authority only through the state and local adoption process. States and local governments may modify the codes they adopt.**

Building energy codes are an important tool for advancing energy efficiency in the sector of our economy that consumes more energy than any other activity: residential and commercial buildings represent more than 40% of the total energy consumed in the United States, and 73% of the electrical energy. As a result of a major improvement in codes, the DOE program has saved consumers more than \$44 billion over two decades.

We urge you not to “turn back the clock” on the energy savings that can be gained through improving building energy codes but rather to include the bi-partisan and widely supported improvements to the code development process as well as the appraisal and mortgage underwriting processes.

Sincerely,

Air Barrier Association of America
Alliance to Save Energy
Ambata
American Council for an Energy-Efficient Economy
ASHRAE
Big Ass Solutions
Boulder County Board of County Commissioners
CALMAC
Conservation Services Group
Consumers Union
Cree
Danfoss
Earth Day Network
Efficiency First
Energy Efficiency Codes Coalition
Energy Future Coalition
Energy Works LLC
Environmental and Energy Study Institute
EPS Industry Alliance
Fresh Energy
Friends Committee on National Legislation
GreenerU
Habitat for Humanity International
Hannon Armstrong
Home Performance Coalition
Illuminating Engineering Society

Institute for Market Transformation
Interfaith Power & Light
International Association of Lighting Designers
International Code Council
Johns Manville
Keystone Energy Efficiency Alliance
Knauf Insulation
Large Public Power Council
Legrand
National Association of Energy Service Companies
National Association of State Energy Officials
National Fenestration Rating Council
National Insulation Association
Natural Resources Defense Council
North American Insulation Manufacturers Association
Ohio Advanced Energy Economy
Polyisocyanurate Insulation Manufacturers Association
Rebuilding Together
Rinnai
Schneider Electric
Seattle City Light
Silicon Valley Leadership Group
Southern Company
The Stella Group
Utah Clean Energy
Vermont Energy Investment Corporation

cc: Members of the House Energy & Commerce Committee