



## **BDC Presents: State of the Union: Post-Election Decarb Outlook**

December 12, 2024

### **Summary**

In this electric fireside chat, BDC's Rose Stephens-Booker, Kristin George Bagdanov, Matt Casale, and AnnDyl's Skip Wiltshire-Gordon discussed the state of the building decarbonization movement in light of the recent election, looking back at the progress the movement has made over the past year, while also looking forward to examining how the movement can continue to advance over the next four.

### **Resources**

- [Recording](#)
- [Slides](#)
- [2024 Wrapped: Building Decarb Edition](#)
- [2024 Legislative Roundup](#)
- [Neighborhood-Scale Building Decarbonization Map](#)
- [UPGRADE NY](#)

### **Events**

- [California Policy Call](#): Feb 18th, 10 a.m. PT / 1 p.m. ET
- [Maryland National Policy Call](#): Feb 25th, 10 a.m. PT/ 1 p.m. ET

### **Sign Up Forms**

- [BDC newsletter sign-up](#)
- [BDC membership form](#)

### **Presentation Notes**

- Rose Stephens-Booker, BDC's Managing Director of Programs and Partnerships, introduced the electric fireside chat panelists and outlined the chat's format: a review of 2024 building decarbonization trends and projections for 2025 and beyond.
- Kristin George Bagdanov, BDC's Senior Manager of Policy Research, provided a high-level overview of the trends she saw gaining momentum in the building decarbonization movement over the past year and how these trends might continue in the future. View [2024 Building Decarb Wrapped](#) for more on these trends.
  - Market Trends
    - In space heating, heat pumps outperformed gas-powered systems in the U.S.:

- In the last 12 months, heat pumps outsold furnaces by 27%, widening the gap by 2.4% compared to the previous 12-month stretch.
- Global comparison: Heat pumps have a 55% market share in the U.S. vs. 32% in the EU.
- In water heating, electric and heat pump water heater sales outperformed gas:
  - For the first time, we saw heat pump water heater sales surpass those of gas water heaters, with shipments growing 35% (according to Energy Star data).
  - Electric water heaters have long outsold gas water heaters, and this market shift continued into 2024 with an 8% growth in electric water heater sales over the last 12 months, surpassing sales of their gas counterparts by 23%.
- Induction cooking gained popularity, with manufacturers and retailers reporting strong growth. Retailer AJ Madison reported that “induction accounted for 18% of all cooking sales last year and has been growing in double digits the past three years, outpacing non-induction competitors.”
- Private, public, state, and federal commitments and partnerships that layer on top of one another have helped drive this market momentum and should continue to drive it forward.
  - An example of such commitments and partnerships is a new multi-state agreement led by the Northeast States for Coordinated Air Use Management (NESCAUM), which resulted in a [Memorandum of Understanding \(MOU\)](#) signed by the directors of environmental agencies from nine states and the District of Columbia.
- State Legislature Trends
  - State legislatures continue to introduce, pass, and implement new building decarbonization policies. In 2024, 15 states and D.C. passed 35 laws that will clean and improve our air, homes, and energy.
- Regulatory Trends
  - Public utility commissions are reconsidering gas pipeline investments, subsidies, and lobbying expenditures.
- Neighborhood-scale building decarbonization trends
  - There is growing momentum in this sector, with 35 new projects greenlit in 2024, bringing the total of in-progress (or soon-to-be) projects to at least 125. See this newly

launched map for more information: [Neighborhood-Scale Building Decarbonization projects](#)

- Many of these projects use thermal energy networks

Skip Wiltshire-Gordon, Senior Manager of Government Affairs at the AnnDyl Policy Group, then presented on federal building decarbonization policy over the past year and its potential future.

- Challenges
  - Potential rollbacks of IRA funding and tax credits due to Republican-led federal government.
  - Congress's annual appropriations process could potentially put decarbonization programs at risk.
- Opportunities
  - Possible bipartisan support for building decarbonizations due to IRA projects in Republican districts.
  - States have already applied for:
    - \$6.6 billion of the \$8.8 billion in IRA funding allocated to the Performance-based Whole-Home Rebates (HOMES) program and the Home Electrification and Appliance Rebates (HEAR) program.
    - \$150 million of the \$200 million allocated to the Training for Residential Energy Contractors (TREC) program.
  - \$2.06 billion of the \$12.4 billion estimated by the Congressional Budget Office (CBO) for the 25C Energy Efficient Home Improvement Tax Credit has already been claimed on tax returns.
  - One hundred percent of the \$27 billion allocated for the Greenhouse Gas Reduction Fund program has been obligated.

Matt Casale, BDC's Director of State Mobilization, then provided an outlook on how the U.S. States are continuing to be leaders in implementing building decarbonization policies.

- State-Led Progress on Heat Pump Adoption and Neighborhood-Scale Decarbonization
  - Recent financial support from the federal government has helped states accelerate their implementation of building decarbonization policies.
  - Looking forward, expect to see more states make heat pump adoption commitments, adopt building-specific emissions reduction standards, and implement other policies that will drive heat pump demand.
  - State-supported neighborhood-scale policies are also gaining momentum, [e.g., New York's Utility Thermal Energy Network and Jobs Act (UTENJA)].
- States Stepping up their Building Decarbonization Equity and Affordability Efforts

- States are looking to supplement IRA credits and rebates with additional state clean energy or energy efficiency dollars to ensure that heat pumps and other building decarbonization equipment are accessible for low- and moderate-income residents.
- Some states are also launching workforce initiatives that can reduce costs.
  - Heat pump training (e.g., Colorado and New England programs).
- States are considering addressing operating costs with rate reforms.

## Electric Fireside Chat Notes

Rose then started the fireside chat portion of the webinar by asking the others how they feel about the challenges and momentum ahead.

- Kristin: Optimistic; building decarbonization is a movement, not a moment. Progress will persist as long as we work together.
- Matt: Excited by the market's growth, states are embracing decarbonization
- Skip: Finds hope in the market's momentum, job creation, and state readiness to face challenges.
- Rose: Focused on being proactive rather than reactive, setting strategic directions for impactful work.

Rose then asked how states can leverage rising consumer demand to accelerate heat pump adoption while preparing for potential federal policy rollbacks or fights down the line.

- Matt: Follow the example of the recent NESCAUM MOU, while individual states implement heat pump adoption and workforce readiness programs
- Skip: Federal funds are pivotal but insufficient. States must implement market transformation plans to sustain growth.
- Rose: Foster collaboration between public and private sectors to drive consumer engagement and market transformation.

Rose asked what are the opportunities for workers, labor, local governments, and all of the other stakeholders in these neighborhoods to be involved in these neighborhood-scale projects? And are you excited about not only the number of projects but the type of projects that are on the way?

- Kristin: Neighborhood-scale projects are community-centered and set up to mold and adapt to the uniqueness of every community and every environment. These are "community choice" projects that can take many forms.
- Matt: Thermal Energy Network and other state neighborhood-scale building decarbonization policies can unite stakeholders to address their shared decarbonization goals.

- Rose: Hopes for bipartisan support in scaling these neighbor-scale decarbonization efforts.

Rose asked what the others see as the biggest opportunities for workforce development. What support can we give towards this effort in the upcoming year? And what elements of workforce development excite them the most?

- Skip: IRA's \$200M workforce funds (TREK program) are insufficient; state programs are crucial.
- Rose: Representation and inclusivity in workforce training are key, as is supporting existing local contractors.
- Matt: Consumer education can enhance product demand and smooth transitions.

Rose concluded by asking what final words they would like to share before ending the chat.

- Matt: Take a deep breath and go into 2025 strong.
- Skip: Keep building on the existing momentum.
- Rose: Also, remember to rest and recharge because we have work to do!