



BUILDING DECARBONIZATION COALITION

SB 527 – Neighborhood Decarbonization Program

Summary

SB 527 directs the Public Utilities Commission (PUC) to establish the Neighborhood Decarbonization Program, a community-scale program that will cost-effectively decarbonize entire neighborhoods, providing healthier, safer, more climate-resilient buildings, and energy bill affordability. The program will target projects where it is cost effective to fully decarbonize all of the buildings in a neighborhood rather than repair or replace existing infrastructure. This program will prioritize low-income and disadvantaged communities and provide high road jobs for utility workers.

Background

In California, buildings account for 25 percent of greenhouse gas emissions. In addition to contributing to climate change, emissions from buildings cause poor indoor and outdoor air quality, which causes adverse health problems such as asthma and other diseases and disproportionately affects low-income

and Black, Indigenous, and People of Color (BIPOC) communities.

The California Air Resources Board (CARB) introduced a proposal to achieve carbon neutrality by 2045, as directed by Assembly Bill 1279 (Chapter 337, Statutes of 2022). The plan laid out goals that included reducing greenhouse gas emissions to 85% below 1990 levels, reducing fossil fuel consumption to less than 10 percent of what is currently consumed, and creating 4 million new jobs in the process. Decarbonizing buildings at scale is critical in order to reach these goals.

The 2022-23 State Budget created the Equitable Building Decarbonization Program and allocated \$922 million in funding for decarbonization for low- and moderate-income households. These home decarbonization upgrades include installing zero-emission, electric heat pumps for air and water heating and cooling.

High-efficiency heat pumps can reduce consumers' energy bills and are

increasingly important as many communities across our state are now facing the dual burdens of extreme heat and high energy bills.

While there are multiple existing building decarbonization programs and funding streams, our State will not meet its climate targets using the current approach of decarbonizing buildings one appliance at a time.

This Bill

This bill presents an opportunity to pilot a thoughtful, equitable, and just transition to an all-electric future, by providing zero-emission improvements, including advanced heat pump “closed loop” technology to buildings, while directing responsible utility investments to limit future rate increases and supporting affected workers. The neighborhood-scale decarbonization model is the most effective way to electrify both residential and commercial buildings, particularly for low income households and small businesses that cannot afford to upgrade their appliances on their own. It is also the best way to create and maintain high road jobs in our energy system transition.

SB 527 directs the CPUC to create the Neighborhood Decarbonization Program with the following important requirements:

- Preference for projects that serve a large percentage of low-income individuals or households
- High road labor standards and resources and protections for impacted workers
- Protections to ensure that gas rates do not increase for remaining gas customers

SB 527 is an essential step towards decarbonizing our built environment at scale while prioritizing equity and high road jobs for workers.

Sponsor

Building Decarbonization Coalition

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RMI
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San Diego Building Electrification
Coalition
San Diego Green Building Council
Sierra Club CA

Opposition

Rural County Representatives of
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