



February 11, 2024

**California Air Resources Board
Via Electronic Commenting System**

Re: California's Draft Priority Climate Action Plan

RMI and the Natural Resources Defense Council (NRDC) appreciate this opportunity to provide input on California's draft Priority Climate Action Plan (PCAP) for the Climate Pollution Reduction Grants (CPRG). In this letter, our focus is the buildings sector.

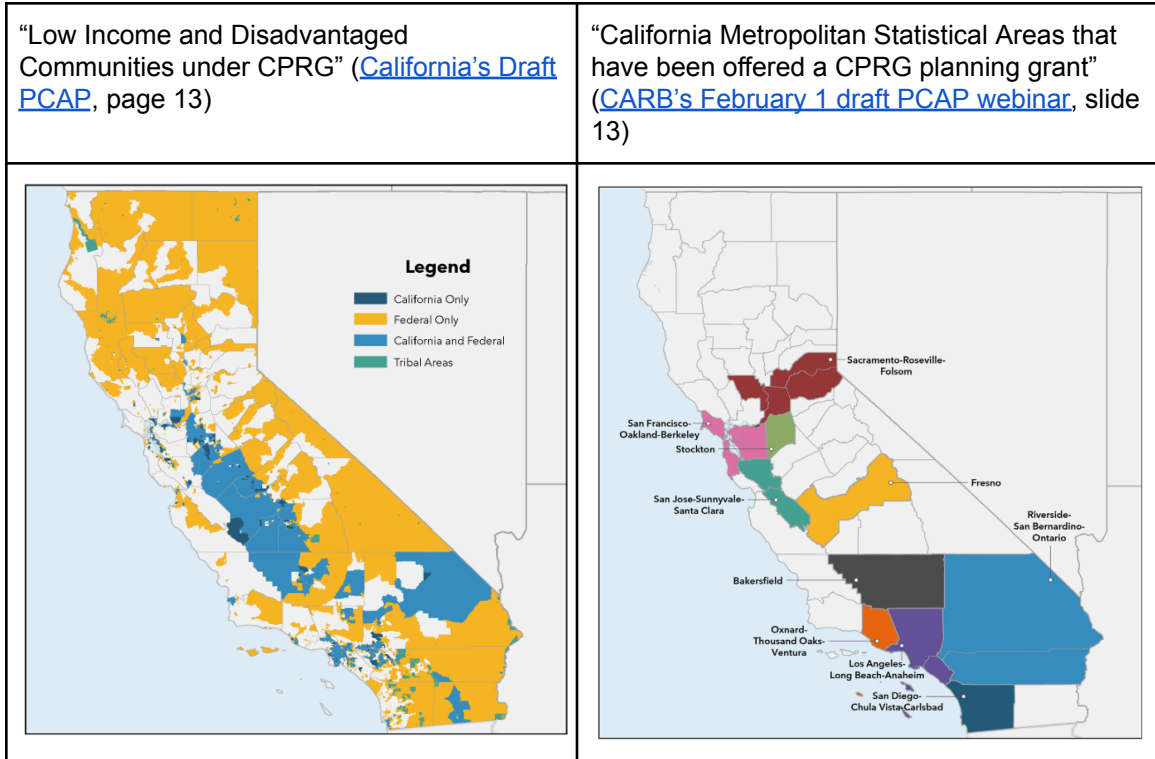
We appreciate the staff's intent (as stated in the February 1 webinar) to focus on state-level actions to strengthen California's electric grid and support local government leadership in the buildings sector. However, the decision by the California Air Resources Board (CARB) to exclude buildings as a sector from the PCAP is concerning. PCAPs are intended to be statewide assessments of climate priorities, not limited to specific agency priorities. We believe that excluding the buildings sector from the PCAP creates two important issues: limited funding opportunities for local governments in areas without CPRG Planning Grants, and a missed opportunity to pursue further federal funding to advance California's heat pump deployment commitments.

1. Limited funding opportunities for local governments without a CPRG Planning Grant

First, the failure to include policies or programs related to buildings in the state's PCAP means that local governments outside of areas with CPRG Planning Grants will be ineligible to seek CPRG Implementation Grants for buildings-focused projects. As CARB's maps show, these areas include large numbers of communities identified as low-income and disadvantaged by the state and federal guidelines (Figure 1). In particular, low-income, disadvantaged, and rural communities in the San Joaquin Valley, Sierra Nevada, Imperial County, Central Coast, and northern California will be ineligible to seek CPRG Implementation Grants for buildings-focused measures because the state's

PCAP does not provide an initiative for them to implement. The federal [Low-income Energy Affordability Data Tool](#) shows that in many of these communities, the energy burden exceeds the statewide average.

Figure 1: Comparison of California low-income and disadvantaged communities with areas receiving CPRG Planning Grants



Even communities in regions with CPRG Planning Grants may be ineligible for CPRG Implementation Grants for buildings if their regional PCAPs do not include buildings-focused goals. Further, even with funding through the Equitable Building Decarbonization Program and the Home Energy Rebates, the limited scale of funding for much-needed home energy retrofits is a problem across the state, especially for low-income households and disadvantaged communities.

Thus, we recommend that CARB add a simple residential energy retrofit program outline to the state’s draft PCAP. Providing a basic outline for a holistic home retrofit program (including energy efficiency and electrification measures as well as health and safety improvements) in California’s PCAP would allow these low-income and disadvantaged rural communities to apply for CPRG Implementation Grant funding to improve residents’ health and comfort, lower energy burden, and reduce carbon emissions and other air pollution.

2. Missed opportunity to support California's heat pump commitments

The state's draft PCAP also misses an opportunity to advance California's many goals and public commitments related to heat pump deployment, including:

- [California's goal](#) to install 6 million heat pumps by 2030, supported by the [manufacturing community](#);
- 2030 Zero-Emission Standard for Space and Water Heaters, as identified in the [2022 State Implementation Plan](#);
- [US Climate Alliance commitment](#) to quadruple heat pump deployment by the end of the decade, collectively deploying 20 million heat pumps by 2030, with at least 40% of benefits flowing to disproportionately impacted communities; and
- [MOU commitment](#) with eight other states to reach 65% zero-emission residential HVAC and water heater sales by 2035 and 90% by 2040.

To accelerate California's progress towards these targets, the CPRG Implementation Grants could fund additional near-term incentives for heat pumps and heat pump water heaters. For example, CPRG-funded incentives targeted to the lowest hanging fruit of heat pump installations (such as replacement of central air conditioning systems at the end of useful life) could help further develop California's heat pump market before CARB's zero-emission appliance standards take effect. We recommend that CARB add heat pump incentives to the state's PCAP, with a commitment to prioritize funding for low-income and disadvantaged communities.

Thank you for your consideration of these recommendations for the buildings sector in California's draft PCAP.

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