

March 9, 2026

Workforce, Labor, and Economic Development Finance and Policy  
Minnesota House of Representatives  
2840 Centennial Office Building St. Paul, MN 55155  
Spencer.Johnson@house.mn.gov

RE: Comments of the American Council for an Energy-Efficient Economy (ACEEE) on HF 3545

Dear Chair Baker, Chair Pinto, Vice-Chair Mekeland, Vice-Chair Greenman, Members of the Committee, Mr. Johnson, Mr. Reese,

The American Council for an Energy-Efficient Economy (ACEEE) appreciates the opportunity to provide comments regarding HF 3545 and its proposed modification to Minnesota's residential energy code statute. ACEEE is a nonprofit research organization dedicated to advancing policies and programs that reduce energy waste, lower consumer costs, and support economic growth through energy efficiency.

Residential energy codes are key to both maintaining affordable household energy bills and enabling Minnesota to achieve its statewide decarbonization goals. More efficient homes require less energy for heating, cooling, and other household needs and strong residential energy codes have been shown to deliver substantial direct financial benefits to homeowners through lower monthly utility bills. Residential buildings represent a substantial portion of statewide energy consumption and thus play an essential role in meeting Minnesota's long-term energy and climate objectives. Residential buildings constructed today will remain in operation for decades—often 50 years or more. So energy performance decisions made at the time of construction have long-lasting implications for household energy costs, as well as statewide energy consumption and emissions.

In 2024, Minnesota enacted HF 5247 establishing a commitment to reducing annual net energy consumption 70% by 2038 relative to a 2006 baseline through adopting increasingly efficient residential energy codes. This policy provides a clear statutory pathway for improving residential energy performance while supporting Minnesota's long-term energy and climate strategy. It also provides a level of certainty and predictability for market actors allowing policymakers, builders, manufacturers, utilities, and consumers to anticipate future improvements in building performance. Removing the long-term target would weaken the framework that establishes steady and predictable improvements in residential building efficiency, leading to increased uncertainty for market participants.

HF 3545 would remove requirements that the state adopt the most recent International Energy Conservation Code (IECC) or a more efficient standard and eliminates the 2038 target for achieving the 70% residential energy reduction. Doing so would create an inconsistency in Minnesota's building code policy. HF 3545 retains a long-term trajectory for commercial buildings tied to the ASHRAE 90.1 standard, while eliminating the corresponding pathway for residential buildings – even though the residential sector represents a large share of the building stock and a significant portion of future building energy use.

ACEEE recognizes that policymakers may wish to provide the state greater flexibility in how residential energy codes evolve, particularly as national model codes and building technologies continue to change. Rather than repealing the existing provision entirely, though, the legislature could retain the long-term efficiency trajectory while allowing flexibility in how the state achieves it.

For example, part (g) could be amended to read:

“The commissioner shall adopt residential energy code updates that incrementally achieve a 70 percent reduction in annual net energy consumption by 2038 relative to the 2006 baseline, using model codes or other standards as appropriate.”

This approach would:

- Preserve the legislature’s long-term efficiency objectives
- Provide flexibility for the state to determine the best policy pathway
- Allow the state to adopt or adapt model codes as they align with state goals, rather than mandating a specific model code

This structure is closer to a performance-based policy design, which focuses on achieving measurable energy outcomes rather than prescribing a particular model code. Similar approaches—such as Massachusetts’ performance-based “stretch” code framework—have demonstrated that states can maintain ambitious efficiency goals while allowing regulatory flexibility. If the 2038 target is maintained such flexibility could even be beneficial in the long term, provided there continues to be steady progress on codes and policies consistent with the trajectory needed to reach the target and ensuring a reasonable level of stability for market actors.

Maintaining consistent policy frameworks across sectors offers several benefits:

- Provides predictable efficiency trajectories for the building market
- Supports long-term market transformation in building technologies and construction practices
- Provides consistency for manufacturers, product supply chains, and builders
- Helps utilities and energy efficiency programs plan investments and code-support initiatives

ACEEE respectfully urges policymakers to retain Minnesota’s long-term residential energy efficiency trajectory while providing the state flexibility in how it achieves these outcomes.

Amending part (g) to preserve the 70 percent energy reduction goal while allowing the use of model codes or other standards would maintain the legislature’s policy objectives, protect long-term consumer savings, and ensure that Minnesota’s building policies remain adaptable as technologies and model codes evolve.

ACEEE appreciates the opportunity to provide input on this important issue and would welcome the opportunity to work with policymakers and stakeholders to develop a balanced approach that preserves long-term efficiency outcomes while providing regulatory flexibility.

Sincerely,

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