



January 31, 2023

House File 772

Dear Chair Acomb and Members of the House Climate and Energy Committee,

Our organizations represent tens of thousands of employers and workplaces across the state of Minnesota. Safe, affordable, and reliable energy is critical for our businesses, workers, customers, residents, and occupants.

We write to express our opposition to House File 772 in its current form. This legislation directs the Minnesota Department of Labor to achieve a net zero energy standard for new commercial buildings within 15 years. The department must adopt each new published edition of ASHRAE 90.1 and amend as needed to achieve a minimum efficiency gain of 8% with each new edition on the way to net zero.

While our businesses strive to be more efficient every day, HF 772 as written presents numerous challenges for the owners, operators, residents, and occupants of commercial buildings. Please let us take this opportunity to outline the challenges with the bill.

Weather. Minnesota experiences extreme swings in temperature. This week's forecast is a prime example of these swings. We started Monday at -10 degrees and by Wednesday we expect to reach 19 degrees. These swings in temperature tax the best of systems.

As the efficiency mandate ratchets up, we will likely see a corresponding decline in the construction of new commercial buildings absent significant improvement in building systems technology that can withstand Minnesota's climate.

Technology Limitations. The bill sets Minnesota down a relatively short path toward net zero energy for new commercial buildings. The term "net zero energy standard" is undefined in the bill, but could be understood to mean that the building produces as much

energy as it uses. On-site energy production is impractical for many types of commercial structures, especially in a future with a much heavier dependence on electricity as a primary energy source.

And alternatives to conventional energy consuming infrastructure, such as heating systems, often come with a much longer payback period that makes construction or ownership infeasible. Perhaps the cost of such technology will improve in the future, but HF 772 makes no contingency if it does not.

Cost. The bill imposes new costs on commercial building owners and operators, given the need for on-site generation, stricter energy codes, and the incremental costs related to adhering to an ever-changing energy code. Energy generating infrastructure is expensive, early adoption of new technology is expensive, and Minnesota already has one of the most stringent energy efficiency codes in the country. The standard building code adoption cycle is six years, and this bill puts commercial buildings on an expensive track toward an uncertain future.

Reliability. Forcing commercial buildings to adhere to a net zero standard without knowing whether it's practical or achievable with existing technology puts reliability at risk. The bill contains no off ramp to ensure reliability and affordability is preserved for future structures. We urge the committee to find alternatives to this inflexible mandate, such as incentives to adopt higher efficiency technology that shortens the payback period.