



April 1, 2024

Dear members of the House Climate and Energy Finance and Policy Committee,

AIA Minnesota would like to express its support for HF4242, particularly the provisions that require the Department of Labor to act on new versions of the International Energy Conservation code editions at an accelerated pace and setting targets for energy efficiency in the residential sector.

The American Institute of Architects, both nationally and at the state level, have placed a high priority on climate action, as we know that the built environment has a significant impact on our carbon footprint. We were proud to support similar changes in the commercial sector in prior legislative sessions, and we believe that bringing the residential energy code review cycle and energy goals into alignment with the rest of our strategy to create a sustainable, resilient built environment for Minnesota will improve outcomes for all.

We applaud the preservation of the codes review process already established within the Department of Labor and Industry. The Department is well-positioned to complete an expert-driven, cost-conscious, and thorough review of model codes to make sure that what is adopted works across our state. While model codes are the starting point for creating Minnesota's code, we know that the robust and intensive process of right-sizing the code for our climate and economy will result in a code that helps us meet the climate challenge and creates resilient homes for all.

We urge you to advance this bill to bring the residential sector into alignment with advancements in the commercial building sector, and to continue to move Minnesota into a more sustainable future.

Sincerely,

A handwritten signature in blue ink that reads "Amy Kalar".

Amy Kalar, AIA, NOMA

AIA Minnesota President

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April 1, 2024

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Re: MEEA's comments on the Importance of Adopting Strong Energy Codes for Minnesota's Future

Dear Chairwoman Acomb and Members of the Climate and Energy Finance and Policy Committee,

Thank you for the opportunity to provide comments on the proposed modifications to the state building code, particularly regarding the adoption of residential energy code standards and the establishment of programs that support the implementation of these codes. The Midwest Energy Efficiency Alliance (MEEA) is a member-based, non-profit organization promoting energy efficiency to optimize energy generation, reduce consumption, create jobs and decrease carbon emissions in all Midwest communities. MEEA works to support states and municipalities across our 13-state region to develop building energy policies and implement codes programs and trainings. We have worked in Minnesota and other states to provide technical assistance and education on energy efficient building policies since 2009.

Minnesota is lagging behind in its adoption of updated energy codes, currently at a weakened version of the 2012 IECC, a code that is more than twelve years old. It is imperative for Minnesota to adopt and maintain robust energy codes to ensure that its homes are safe, efficient and affordable for residents. MEEA supports adopting each newly published edition of the International Energy Conservation Code (IECC) or a more efficient standard for residential buildings.

1. Strong energy codes are the most cost-effective way to ensure lower utility bills.

Strong energy codes are the most cost-effective way to ensure lower utility bills for homeowners. By reducing energy consumption through efficient building practices, residents can enjoy significant savings on their monthly energy expenses. The adoption of updated energy codes, such as the latest published edition of the IECC, presents an opportunity for Minnesota to enhance affordability and promote long-term financial stability for homeowners. Adopting each new published edition presents a cost-effective way to reduce the energy consumption of homes in Minnesota and save residents money. In fact, the International Code Council (ICC) assesses cost-effectiveness whenever it updates each model energy code, and each development is intended to be a steady, incremental change for the building industry. Skipping code cycles means increasing first-time construction costs for builders when the codes are finally brought up to date on current building practices and standards.

2. Stronger building energy codes affect the lifetime of a building – not just its initial construction.

The life of a building does not end as soon as it has been constructed. A builder touches a home one time – families live in a home for years, and those families deserve a safe, efficient, cost-effective building in which to live. It is essential to recognize that the impact of energy codes extends beyond the initial construction phase of a building. Building owners and occupants bear the long-term consequences of inefficient homes, including higher energy bills and increased maintenance costs. Alternatively, homeowners see long-term savings and safety improvements when homes are built to adequate energy standards. By prioritizing energy efficiency in building codes, Minnesota can ensure that homes are built to high performance standards, providing lasting benefits to residents and contributing to a sustainable built environment.

3. Updated codes improve construction quality and provide opportunities for designers and builders to utilize current techniques and technologies.

Like all industries, building construction techniques and technologies are ever evolving. Newer building energy codes leverage the latest building science and technology while also providing various building professionals with valuable educational opportunities to learn and utilize these new techniques and technologies. By adopting and implementing the most up-to-date editions of the IECC, the state will see increased economic development and technical innovation within the construction industry, enhancing the skills and competitiveness of the Minnesota workforce. The state should continue to adopt the most up-to-date editions to minimize the chance of an undertrained workforce and an out-of-date building stock that wastes energy and money.

4. There are utility programs and assistance available to offer code compliance support.

With federal funding dollars and a statewide utility-funded energy code compliance program, education and technical assistance will be at an all-time high for construction trades in Minnesota. Municipalities and stakeholders can leverage these utility programs and assistance to facilitate code compliance and implementation. These resources, including educative materials, incentives and plan review assistance play a vital role in supporting designers and builders as they navigate energy code requirements. MEEA utilizes federal resources to also provide support, including analysis of energy savings and cost impacts associated with code adoption, comparative analysis of future code options, customized educational materials, web-based or in-person training programs, and compliance resources and software tools (like COMcheck and REScheck). Collaboration between utilities, local jurisdictions and state agencies can strengthen compliance efforts and promote the widespread adoption of energy-efficient practices.

5. Stronger residential energy codes will bring Minnesota closer to its energy savings and climate goals.

Stronger residential energy codes are instrumental in advancing Minnesota's climate and sustainability objectives. The adoption of energy-efficient building practices aligns with initiatives such as Minnesota's Climate Action Framework, in which Improving energy efficiency in buildings and industrial processes is a top priority.¹ Section 4.2 of the Climate Action Framework states that in order to maintain clean energy and efficient buildings, Minnesota "must update building codes and construction standards to mandate net-zero energy construction," recognizing that incorporating energy efficiency in new buildings is much less expensive than retrofitting existing structures.

Reducing energy consumption in residential buildings would help make significant progress towards Minnesota's climate goals. The Minnesota commercial energy code is implementing a standard to meet 80 percent reduction in annual net energy consumption or greater by 2036, as compared to a 2004 model code baseline.² If the residential energy code aligned with a similar standard to the commercial code, to achieve a 70 percent reduction by 2038, it would ensure that all Minnesota buildings are operating as efficiently as possible. These measures would align with the Department of Labor and Industry's goal of "conducting a rulemaking process to adopt the most current building codes for commercial and large multi-family residential dwellings, which will improve the energy efficiency of these buildings."³

In conclusion, Minnesota should prioritize systematic updates of strong energy codes for Minnesota's residential buildings. By embracing energy efficiency as a cornerstone of its building practices, Minnesota can enhance affordability, promote workforce development and accelerate progress towards the state's climate and sustainability goals.

If you have any questions about these comments, noted reports and references or general impact and analysis of building energy codes, please contact Isabella Gross, MEEA's Building Codes & Policy Associate, at igross@mwalliance.org. Thank you for your consideration.

Sincerely,



Paige Knutsen, Executive Director

¹ [Climate Action Framework | Our Minnesota Climate \(state.mn.us\)](https://www.state.mn.us/climate/our-minnesota-climate)

² [SF 3035A Conference Committee Report - 93rd Legislature \(2023 - 2024\) \(mn.gov\)](https://www.mn.gov/SF3035A)

³ [Minnesota's Climate Action Framework \(state.mn.us\)](https://www.state.mn.us/climate/minnesota-climate-action-framework)

Dear Committee Members:

Thank you to Representative Kraft for sponsoring HF4242.

I fully support this bill, and am particularly excited about the rebates to incentivize and assist adoption of higher building performance in new homes.

Regarding Xcel's concern about the language regarding the rebate for an energy rating, I have two thoughts:

First, I agree with the idea of adding language that keeps the total rater rebate from exceeding the cost of the energy rater services.

Second, I would like to point out that not only do utility provider rebate amounts change - often annually - but rater costs can and do vary and change. We need more raters across the state, in every utility's territory. Part of what this bill does is to encourage more work in energy auditing and rating, which has the potential to grow the energy and construction trades workforce in one more meaningful way.

I've worked in residential design and construction in northern Minnesota for more than 25 years, and the entire focus of my work has been high-performance housing.

I've designed dozens of homes that operate with less than 50% of the energy of a typical new code-built home, and more than several that are zero net energy.

Here in Duluth we currently have NO raters for Energy Star, DOE ZERH, Passive House, or HERS.

HF4242 can help grow and support the high-performance residential construction industry in greater Minnesota.

Sincerely,

Rachel Wagner

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IBEW LOCAL 292



HF 4242 Residential Energy Code adoption, House Energy Committee

April 02, 2024

Thank you, Chair Acomb and members of the House Climate and Energy Committee. for allowing us to provide this written testimony in regard to HF 4242 the Accelerated Residential Energy Code Adoption bill

My name is Andy Snope, I am the Legislative Director for IBEW Local 292. We represent 5000 electrical workers who work throughout the state of Minnesota.

HF 4242 provides for an accelerated adoption of the latest recommended standards for a statewide energy code for Residential buildings. This bill is modeled after a similar bill passed last year around adopting Energy Code for Commercial buildings. This bill has the addition of a Residential Energy rebate program. Modeled after a similar Federal program, this program gives incentive to homeowners to help make their home more energy efficient. We support this bill as amended and thank all the stakeholders for working together to reach the compromise brought about by the amendment.

Building energy efficiency is what our members and the contractors we work for do. We perform work that helps buildings perform better; electrification, lighting and load control, building automation, building energy management, process control and HVAC controls are all tasks that our members perform. We are trained to do these tasks and we continually receive continuing education to update our skills to meet the latest codes and standards adopted by the Minnesota Department of Labor and Industry.

The IBEW is ready to meet the challenge of additional efforts to help make homes more energy efficient. We support the efforts outlined in this legislation and have been and will continue to work with Senator Mitchell and all stakeholders to match energy efficiency goals and provide jobs while working within the real-world boundaries of industry and technology advancements towards those end goals.

This legislation is a continuation of the work to act towards adoption of most recent nationally adopted efficiency standard, while keeping within the framework of statewide adoption through the rules process allowing for the advisory of industry experts through the Construction Codes Advisory Group and public input.

Thank you! Representative Kraft, Chair Acomb, Members of this Committee, the Departments of Labor, Commerce, Cities and Municipalities, and all other stakeholders for taking part in the process to help working towards implementation of these current and future energy efficiency standards.

Thank you for your time and Consideration today.

Andy Snope

IBEW Local 292

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April 2, 2024

The Honorable Representative Kraft, Chair Acomb, and Members of the Climate and Energy Finance and Policy Committee,

Re: Concerns Regarding Bill on Energy Efficiency Standards

Dear Representative Kraft,

The Builders Association of Minnesota is writing to express our concerns about the proposed legislation that mandates a 70% reduction in energy consumption for new home construction HF 4242. While we strongly support energy efficiency initiatives, we believe the current 70% target may be unrealistic and counterproductive.

Balancing Cost and Savings:

Achieving a 70% reduction with cost-effective construction methods is highly challenging. While current code-compliant homes average \$500 annual heating bills and under \$100 for cooling, a 70% reduction might only save homeowners around \$400. This raises the question: How much will construction costs increase to achieve this reduction?

Impact on Affordability:

The significant cost increase associated with such a drastic energy reduction standard would have a dramatic impact on our ability to build affordable housing. This could potentially price out many potential homebuyers, particularly those in the lower income brackets.

Focusing on Existing Housing:

Many existing homes, especially older ones, contribute significantly to overall energy usage. Targeting these homes through retrofitting programs or even incentivizing replacement with new, energy-efficient units might yield greater energy savings compared to focusing solely on new construction.

Recommendation:

We encourage you to consider incorporating the following elements into the bill:

- **Cost-Benefit Analysis:** A provision requiring an analysis of the cost increase associated with achieving the 70% reduction and establishing an acceptable payback period for homeowners.
- **Focus on Existing Housing:** Exploring programs geared towards retrofitting and potentially replacing highly inefficient existing homes.

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Thank you for considering our concerns. I believe a more balanced approach that promotes long-term sustainability and energy savings without jeopardizing affordability is critical. I am available to discuss this matter further and would appreciate the opportunity to collaborate on finding an effective solution.

Sincerely,

Grace Keliher

Executive Vice President of the Builders Association of Minnesota

Dear Representatives,

I am writing to provide this written testimony in support of HF 4242 and similar efforts to drive greater energy efficiency in our homes. Minnesota's building codes have fallen far behind national and international standards, and prompt legislative action to remedy this is very important to remove confusion in the marketplace and help Minnesotans qualify for federal tax rebates, more favorable loans and a wide range of utility company rebates.

As a Minnesota resident, former real estate finance professor, and real estate professional with experience in commercial and residential building construction, renovation and investments, I have learned the importance of creating high-quality, energy-efficient structures. This helps our families, communities and the planet. And it has proven to be a wise financial decision.

The proposed bill would make significant progress toward aligning Minnesota's building codes with national and international standards. Current federal incentives under the Inflation Reduction Act, more favorable loans from a wide range of national lenders, and various utility company incentive programs are available if our residential structures achieve Energy Star or DOE Zero Energy Ready home certifications and other nationally recognized energy performance standards.

Let me touch first on the tax incentives topic:

- Our current energy codes are antiquated and create confusion for Minnesota homeowners and businesses when they are contemplating new home purchases or renovations. Minnesotans who complete a new home or home renovation and hope to benefit from Federal tax benefits, more favorable loans, and local utility incentives presume that if they build "to code" they have an opportunity to gain these significant financial benefits. Unfortunately, they more often hear, "sorry that's the lesser 'Minnesota code' and that isn't good enough." The current Federal standards are based on the 2021 International Energy Conservation Code (2021 IECC). Minnesota's standards are based on 2012 codes. When Minnesota homeowners learn of this discrepancy it is generally too late to do anything about it.

Next, let me comment on the broad range of loans available for energy efficient homes:

- Fannie Mae Green Rewards,
- Freddie Mac GreenCHOICE Mortgages,
- FHA's Energy Efficient Mortgage program,
- VA Energy Efficient Mortgages, and
- a wide range of private lenders provide higher loan proceeds, lower interest rates and other benefits vs. regular mortgages for "normal" homes.

Making new and existing homes more energy efficient creates opportunities for Minnesotans to secure more favorable terms on their mortgages, as well as access to loans to finance energy efficiency renovations. The Minnesota Housing Fix-Up Loan Program is an example of an existing state financing program promoting energy efficiency.

Finally, let me comment on existing utility incentives:

- Xcel Energy and Centerpoint's High Efficiency New Homes Program,
- Minnesota Power's various rebates and efficiency programs,
- Rochester Public Utility's Conserve & Save Rebates, and

- The majority of other utilities serving Minnesota residential customers are linked to higher than code energy efficiencies.

In summary, there are many reasons that Minnesota's codes should be modernized and aligned with national and international standards.

In an ideal world, Minnesota would shift to a 3-year adoption schedule and seek to maintain alignment with the International Energy Conservation Code ("IECC") shortly after each internationally vetted and recognized version is enacted.

And also in an ideal world, if the government is to reimburse the cost of ratings reports, as is proposed in this bill, then it seems appropriate that those seeking rebates be required to provide a copy of the rating report to the Commissioner, and that the Commissioner be obligated to provide summary reports each year so the public and policy makers can monitor the actual performance of new structures, and track progress. Please consider this as a minor text amendment to the existing bill language.

Some less experienced builders assert that stronger codes and more stringent energy standards are a barrier to home construction or increase costs. I have not seen any evidence of this. In contrast, most reputable research says that sometimes modestly higher "first costs" are actually lower on a "net cost" basis when factoring in available tax and utility rebates. And "life cycle costs" are universally lower, and often much lower, for more energy efficient homes. This actually enhances affordability, because utility costs are a huge burden on all families, and especially low-income families. Even Habitat for Humanity, working with volunteer labor, is able to achieve higher building performance aligned with national standards. Please review the performance of Habitat homes before giving any credence to homebuilder association assertions that it is "too hard" or "too expensive" to build more energy efficient homes.

The majority of homes on the popular Parade of Homes home show (248 of the 386 homes in this year's show) already achieve the standards set forth in HF 4242 and many even achieve HERS ratings of 50 or below and ACH metrics below 2.0. Said differently, our homebuilders know how to do this and already know how to deliver high-quality, energy-efficient homes cost effectively.

I hope it is self-evident that adopting uniform standards also aligns Minnesota homebuilding with practices elsewhere and helps create broader markets, leading to greater competition, greater efficiencies and lower costs. Finally, it should also be self-evident that modern energy codes and the drive toward net zero energy use in buildings better mitigate the causes and effects of climate change.

Thank you for supporting and passing HF 4242. Please consider amendments shifting to a 3-year code adoption cycle and requiring energy ratings reports be submitted to the Commissioner as part of the proposed rebate program. Thank you.

Jamie

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