



Strong energy codes keep Minnesota homes safe, comfortable, and affordable to live in

Oppose higher energy bills: Oppose SF 3683.

In 2023 and 2024, Minnesota lawmakers promised residents higher comfort at lower costs in all new buildings by gradually requiring more efficiency in the energy code over the next 15 years. It will always be cheaper to sip energy than to guzzle energy. Better walls, roofs, windows, and equipment add comfort, safety, and resilience in extreme weather, while helping Minnesota with our climate goals and reducing grid strain.

A group of deep-pocketed, mostly national builders want to undo Minnesota’s commitment to long-term energy affordability. Cutting corners to save money once and raise energy bills permanently is penny-wise pound-foolish—and there’s no guarantee companies would pass on any savings to home buyers.

Safety

Energy codes protect more than energy affordability. They are also invaluable safety requirements. Minnesotans know that extreme temperatures are more than uncomfortable. They can be deadly. But more efficient buildings also offer more protection from these extremes. “Hours of safety” is a framework for comparing different buildings based on how long they maintain safe indoor temperatures under extreme conditions during a power outage. In a simulated December power outage in Duluth, a code-compliant 2009 home (similar to current code) should maintain indoor temperatures above 40 degrees for 45 hours. A certified Passive House, similar to what will be required in 2038, offers more than triple: 152 hours of safety! By advancing our energy codes, Minnesota is guaranteeing more hours of safety in emergency situations.

Time to Fall Below 40°F in a Power Outage

House model	Number of hours
Typical 1950s home	8
Typical 1980s home	23
Code-compliant 2009 home	45
Net-zero energy ready home	61
Passive House	152

Besides the safety benefits to individual residents, efficiency helps us all breathe easier, significantly reducing air pollution thanks to less fuel burned in homes and power plants.

What is energy code acceleration? A Home Performance Promise for MN.

By 2040, Minnesotans will be guaranteed “near zero” energy fortresses in all new construction, benefiting renters and homeowners alike.

Specifically, the law requires energy codes to achieve:

- 80% less energy by 2036 in Commercial (vs 2004 baseline)
- 70% less energy by 2038 in Residential (vs 2006 baseline)

Affordability

Energy codes permanently reduce monthly housing costs. Minnesota must protect residents from rising energy prices. Nationally, electricity prices rose 6.6%² in the past year, and methane gas prices are on track to double in 2026 from 2024 levels³ just as Minnesotans are dealing with a very cold 2026 winter.

Requiring better insulation, air sealing, windows, and other improvements through energy codes is a commonsense way to permanently protect homes from shocking energy bills.

Sample Monthly Budget Impact of Stronger Energy Code in Minnesota

Single family home built to 2021 IECC vs current code (weakened 2012 IECC)

Monthly budget	Climate Zone 6 (Southern MN)	Climate Zone 7 (Northern MN)
Mortgage increase	\$10	\$16
Energy bill decrease	\$18	\$31
Down payment and first cost increase	\$351	\$556
30 year savings (at historic energy prices—higher energy costs will dramatically increase 30 year savings)	\$2,539	\$4,508

Pacific Northwest National Laboratory compares construction costs and energy savings for model codes. They consistently find that energy codes reduce energy bills more than they raise mortgage payments. They estimated the 2021 model code in Minnesota would raise monthly mortgage payments by \$10-16 and reduce monthly energy bills by \$18-31. Considering added down payment and other first costs of \$351-\$556, 30 year total savings would be \$2,539-4,508.⁴

Energy codes are one of the few regulations on construction that reduce the cost of ownership or rental. Utility bills matter so much to housing affordability that people are less likely to default on their mortgage if living in an energy efficient home.⁵

What actually drives up housing costs?

- Energy costs. High utility bills make housing unaffordable.
- Labor shortages—from lack of investment in education and training, or from policies that drive workers out of the labor force or out of the country
- Interest rates
- Land value
- Insurance rates—which are ballooning as climate change increases extreme weather events.
- Tariffs on building materials
- Zoning restrictions
- Luxury finishes & fancy countertops
- Complex or oversized floorplans



Efficient Buildings keep our grid working better at lower costs.

The primary drivers of electricity and gas bill increases are peak demand periods and constrained electric distribution. Efficient homes don't just reduce total energy consumption—they lower peak demand, which reduces the most expensive kilowatt-hours and gas therms on residents' bills. In the medium and long term, building homes to modern codes mean fewer expensive distribution upgrades, making utility infrastructure investments go farther with less.

Minnesota's Performance Promise puts the energy code on a predictable path.

Minnesota's residential energy code efficiency requirement for 2038 creates a predictable path for builders, code officials, product manufacturers, residents, policymakers, and other stakeholders. Using HERS scores, which can demonstrate energy code compliance under the ERI (Energy Rating Index) compliance pathway, Minnesota residential energy code requirements will roughly be:

- 2029: 48 HERS score (47 for Northern Minnesota)
- 2032: 42 HERS score
- 2035: 36 HERS score
- 2038: 30 HERS score

SF 3683 proposes an experiment that has already failed. Slowing energy code advancement does not make homes cheaper.

Minnesota has not updated its residential energy code since 2015, when builders associations successfully weakened the 2012 model codes down to 2009 exterior wall requirements. If slowing energy code advancements reduced the cost of housing, this was a natural experiment. However, the average home price increased over 75% between 2015 and 2025.⁶ Let's preserve the affordability measure that we know lowers monthly bills: efficiency.

Learn more about energy codes!

Join us or learn more by contacting **Brynn Kirsling**, Director, Legislative and Grassroots Advocacy, Fresh Energy at kirsling@fresh-energy.org or 218 590 3457 or **Eric Fowler**, Director, Building Performance, Fresh Energy at fowler@fresh-energy.org or 651 374 1315.



1. Sneha Ayyagari et al., Hours of Safety in Cold Weather: A Framework For Considering Resilience In Building Envelope Design And Construction (RMI, 2020), <https://rmi.org/insight/hours-of-safety-in-cold-weather/>.
2. Residential electricity rates up 6.6% over last year as gas prices rise | Utility Dive, <https://www.utilitydive.com/news/electricity-rates-bills-affordability-cap/759977/>.
3. Rising natural gas prices expected to drive up electricity costs: IEEFA | Utility Dive, <https://www.utilitydive.com/news/electric-prices-natural-gas-Ing-jeefa/759085/>.
4. V. Mendon et al., National Cost-Effectiveness of the Residential Provisions of the 2024 IECC, PNNL-35986 (2025), PNNL- Victor R Salcido et al., Cost-Effectiveness of the 2021 IECC for Residential Buildings in Minnesota (Pacific Northwest National Laboratory, 2021), https://www.energycodes.gov/sites/default/files/2021-07/MinnesotaResidentialCostEffectiveness_2021_0.pdf.
5. Roberto Quercia et al., Home Energy Efficiency and Mortgage Risks (The UNC Center for Community Capital; Institute for Market Transformation, 2013), https://imt.org/wp-content/uploads/2018/02/IMT_UNC_HomeEEMortgageRisksfinal.pdf
6. FHFA House Price Index, <https://www.fhfa.gov/data/hpi>.