



September 21, 2023

RE: Support for Multi-State Building Decarbonization Actions

Dear Member Governors of the U.S. Climate Alliance:

As businesses, investors, building owners and operators committed to climate action, we write to express support for collective state action to decarbonize the building sector and accelerate market adoption of heat pumps. Building decarbonization will save businesses and households money, while reducing emissions, spurring innovation in building design, and improving public health.

Climate change poses a significant risk to our long-term economic success, impacts the health and livelihood of our communities, and disrupts the value chains on which we rely. We see the effects of climate change in more frequent and intense heat waves, wildfires, storms, droughts, and hazardous air quality. As a result, we have made significant commitments to reduce our greenhouse gas (GHG) emissions and improve our air quality to protect the health and economic well-being of the communities in which we all live and operate.¹ State adoption of more robust building decarbonization policies and programs will help us meet both business and state goals faster and more cost-effectively, all while reducing climate-related health and safety risks.

Despite significant increases in investment and innovation through technology and new construction, total building sector energy consumption and CO₂ emissions have continued to increase past pre-pandemic levels.² In the United States, residential and commercial buildings

¹ Nearly early half of all Fortune 500 companies have set goals to reduce greenhouse gas emissions, procure renewable energy, and invest in energy efficiency, see: <https://www.ceres.org/resources/reports/power-forward-3>; Health systems in the U.S. have committed to increasing climate resilience and reducing greenhouse gas emissions, see: <https://noharm-uscanada.org/healthcareclimatechallenge>; and Colleges and universities are making bold commitments to address climate change and resilience, integrating these into their curriculum, research, and campus operations, see: <https://secondnature.org/signatory-handbook/climate-leadership-network-map/>.

² <https://www.unep.org/resources/publication/2022-global-status-report-buildings-and-construction>

made up 40% of energy consumption in 2022, with approximately 600 million metric tons of GHG emissions coming from fossil fuel appliances each year.³

The building sector plays a major role in overall public health. In the Northeast specifically, buildings are the second largest source of GHG emissions.⁴ The most recent data indicates that negative health impacts associated with air quality have cost states in the Northeast more than \$50 billion.⁵ The same Harvard study found that nearly half of all states saw significant negative public health effects associated with exposure to stationary fossil fuel combustion.⁶ With energy demand, GHG emissions, and threats to air quality on the rise, it is more vital than ever to decarbonize the building sector.

This is a crucial moment for states to strengthen their commitments to achieving building decarbonization. As a result of the Inflation Reduction Act, states will be updating their Climate Action Plans using EPA (Environmental Protection Agency) Climate Pollution Reduction Grant (CPRG) funding. We see this as a key opportunity for states to identify high-priority policies to tackle GHG emissions in both residential and commercial buildings and pursue competitive CRPG implementation grants to accelerate implementation of building decarbonization actions.

We support state efforts to incorporate specific building sector actions in their state Climate Action Plans and implementation strategies including: building decarbonization and gas transition planning; expansion of voluntary energy efficiency and electrification programs, incentives, and market supports; accelerated market adoption of heat pumps, with lead-by-example initiatives for state buildings; and adoption of new state policies such as more specific energy codes geared toward decarbonization, equipment standards, and building performance standards.

By joining together on multi-state building decarbonization strategies, states can benefit from collaboration and greater access to research and model program designs. We hope states will partner to expand the voices providing input, and to coordinate and align implementation efforts to ensure that policies and programs are designed to support market growth.

Bold action by state leaders is urgently needed to send clear, long-term economic signals to manufacturers, developers, building and business owners, and residents alike. Building decarbonization is essential to our ambitious climate goals and overall air quality and public health. We strongly support the execution of multi-state collaborative approaches to develop and implement market-enabling initiatives that unlock the long-term savings, and climate and clean air benefits of building decarbonization.

Sincerely,

³ <https://rmi.org/health-air-quality-impacts-of-buildings-emissions/>

⁴ <https://atlasbuildingshub.com/2022/05/25/northeast-leads-the-charge-to-electrify-the-built-environment/#:~:text=May%2025%2C%202022&text=Buildings%20are%20the%20second%2Dlargest,cas%20in%20New%20York%20City>. Citing <https://www.nyc.gov/site/sustainablebuildings/1197/local-law-97.page>

⁵ <https://rmi.org/health-air-quality-impacts-of-buildings-emissions/#MA> citing <https://iopscience.iop.org/article/10.1088/1748-9326/abe74c>


⁶ Ibid.

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This letter was organized by  **Ceres**
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