

*Background:* A desire to transition to carbon-neutral sources of energy is driving federal agencies, state governments and localities to consider policies to fully electrify the built environment, which would severely limit the use of natural gas utility connections, gas appliances, and delivered fuels in residential and commercial construction. Building electrification is further incentivized through energy efficiency rebates and tax credits/deductions via the Inflation Reduction Act.

*Why is it important?* Restrictions and outright prohibitions on the use of natural gas and delivered fuels are costly for consumers, limit the choices available to home and building owners to power their dwellings, and promote investment in electric appliances which are often not the ideal solution for building comfort and efficiency. Prioritizing the use of electric appliances such as heat pump heating, ventilation, and air conditioning (HVAC) systems and water heaters will further strain the energy grid as demand surges.

*What is PHCC's solution?* The plumbing and HVAC contractors of PHCC understand their responsibility as stewards of the environment and the need to reduce carbon emissions in the built environment. Our customers live and work in buildings of various sizes, age, energy sources, and construction materials across a variety of climates, all of which are critical factors in determining the best appliances to provide indoor health and comfort. Based on those factors, the most reliable and efficient products are often powered by natural gas and delivered fuels, especially in older homes in colder climates. Policies must focus on reliability over electrification; recognize the efficiency of gas appliances in delivering hot water, steam, and indoor air; and the substantial developments in biofuel technology used for home heating, all of which could be traced to a decline in U.S. carbon emissions in the residential and construction sectors since the mid-2000s<sup>1</sup> even as energy consumption remains steady.<sup>2</sup>

### **Building Electrification is Costly**

- Electrifying existing construction requires substantial investment in new appliances that use more electricity to offset gas use. This requires additional investment such as a new electric panel to handle increased load, and upgrades to building envelope to ensure peak energy efficiency. The costs of these upgrades are well into the tens of thousands of dollars for most buildings.
- Increased construction and renovation in the residential and commercial sectors where requirements demand fully electrified buildings will substantially increase demand for electricity, adding further strain to an already stressed energy grid while driving up energy costs.

### **Inflation Reduction Act Energy Efficiency Rebates and Tax Incentives Require Contractor Input**

- Grant applications currently being submitted to the Department of Energy by state energy offices are not readily available to the public. Plumbing, heating, and cooling contractors will be expected to perform installations of products eligible for these benefits and must be privy to these outlines to better understand and prepare for how they will work and thus allow customers to benefit.

### **Consumers Deserve Choices**

- Many customers prefer gas utilities because it keeps utility, appliance, and maintenance costs low while providing desired home comfort.
- Restricting gas use and imposing exceptionally high efficiency standards on products reduces product selection to more expensive appliances that may not be the best fit for certain residential and commercial applications.

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<sup>1</sup> U.S. Energy Information Administration. *Monthly Energy Review*. (April 2024). <https://www.eia.gov/totalenergy/data/monthly/pdf/mer.pdf>. Page 214, Section 11.2 Carbon Dioxide Emissions from Energy Consumption By Sector, Total by End-Use Sector 1973-2023.

<sup>2</sup> Ibid. Page 2, Figure 1.1 Primary Energy Overview 1949-2023.