



October 1, 2024

Jim O'Connor, Chairman  
Lea Márquez Peterson, Commissioner  
Anna Tovar, Commissioner  
Kevin Thompson, Commissioner  
Nick Meyers, Commissioner  
Arizona Corporation Commission  
1300 W. Washington Street  
Phoenix, AZ 85007-2996

Subject: Comments of the Building Performance Association and Local Contractor Businesses in Support of Energy Efficiency Programs *In the Matter of the Proposed Modifications to the Electric Energy Efficiency Standards Rules – Article 24 (Docket RE-00000A-24-0025)*

Dear Chairman O'Connor and Members of the Arizona Corporation Commission:

The Building Performance Association (BPA) and the 21 undersigned Arizona energy efficiency contractors, stakeholders, and business owners respectfully urge the Arizona Corporation Commission ("the Commission") to **reject** the proposed changes to the electric energy efficiency programs proposed by the Commission staff in docket RE-00000A-24-0025. The energy efficiency programs established under Article 24 represent a critical resource that benefits Arizona households, businesses, workers, and ratepayers, and a Commission decision to abolish these programs would have direct negative impacts on our businesses, our customers, our employees, and all Arizonans.

BPA is a 501(c)6 industry association with three decades of experience working to advance a thriving industry delivering improved energy efficiency, health, and performance of buildings, and we have the honor of working with many residential energy efficiency contractors in Arizona. The 21 undersigned contractors also represent local businesses across the energy efficiency, insulation, heating, ventilation, and air conditioning (HVAC), building performance, and home improvement industries, including participants in the Arizona Public Service and Tucson Electric Power energy efficiency programs.

The electric energy efficiency programs provide the following critical benefits to Arizona businesses and residents:

- **Energy and Cost Savings:** Energy efficiency upgrades save money for households and businesses. According to National Renewable Energy Laboratory modeling, improvements such as duct sealing and insulation would be cost effective for over 65% of Arizona households, with annual savings of \$86 per year, for total statewide savings potential \$98 million per year.<sup>1</sup> Improvements such as heat pumps to replace old air conditioners or electric baseboard heating can yield even higher savings, but customers

often must overcome the upfront costs, which makes the utility energy efficiency incentives a critical component in unlocking these potential savings.

- **Cost Effective:** Per R14-2-2412, Cost effectiveness, these programs are already required to be cost effective, meaning they generate greater benefits for Arizonans than their overall program costs. In fact, these programs have been shown to be highly cost effective, with benefit-to-cost ratios of more than two-to-one. At a time of rising utility rates, the Commission should be working to expand all cost effective energy savings options, not repealing them.
- **Leverage Federal Benefits:** The energy efficiency programs also bring in federal benefits, supporting the Arizona economy through increased federal tax credits and grants. Over 46,000 Arizonans received the 25C energy efficiency home improvement tax credit in 2023, representing \$41 million in federal tax credits returned to the Arizona economy.<sup>2</sup> The utility energy efficiency programs will also support Arizonans in taking advantage of the over \$150 million in Home Energy Rebates authorized for Arizona by the Inflation Reduction Act. The Article 24 energy efficiency programs help Arizonans to take advantage of these federal incentives, supporting the Arizona economy.
- **Benefits to Local Small Businesses:** The electric energy efficiency programs provide critical support the local energy efficiency industry, which is primarily composed of small businesses. Over 88% of plumbing, heating, and air-conditioning contractors and 79% of drywall and insulation contractors in Arizona have fewer than 20 employees.<sup>3</sup> We strongly disagree with the economic impact statement filed by the Commission staff could claim that “no private non-regulated small businesses will be impacted by the proposed elimination of the rules beyond the impacts stated above for electric utility customers,”<sup>4</sup> and such a claim – without any justification – calls into question the validity of the entire impact statement.
- **Support for Local Jobs:** Energy efficiency is the largest energy sector in Arizona, employing over 44,000 workers across every county in 2023, and has the potential to create even more local jobs and economic activity.<sup>5</sup> This represents 15% of Arizona’s construction workforce.<sup>6</sup> As demonstrated by the “Faces of EE” campaign, these job are not just statistics – they represent the livelihoods of real Arizonans across the state, people interested in making our state a better place to live.<sup>7</sup>
- **Support Equity:** Energy efficiency programs help protect the most vulnerable in our society, including seniors, low-income households, and those living in disproportionately impacted communities. These households face the greatest risks from extreme heat, while also facing the highest energy burdens. Energy efficiency programs can achieve significant improvements in resilience and health for the most vulnerable among us, and represent a critical pathway to supporting equity in the energy sector.

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Advancing building energy efficiency is a critical strategy to support resilience and energy affordability for Arizona families, while providing direct economic stimulus and local job creation. We urge the commission to reject the proposed changes to the energy efficiency programs and to issue clear Commission support for extending such programs far into the future on behalf of all Arizonans.

Sincerely,

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Enclosures/Citations:

<sup>1</sup> National Renewable Energy Laboratory, “Residential Energy Efficiency Potential – Arizona,” based upon ResStock model, <https://resstock.nrel.gov/factsheets/AZ>

<sup>2</sup> “SOI tax stats - Clean energy tax credit statistics,” Internal Revenue Service, <https://www.irs.gov/statistics/soi-tax-stats-clean-energy-tax-credit-statistics>

<sup>3</sup> 2021 Statistics of U.S. Businesses Annual Data Tables by Establishment Industry, U.S. Census Bureau, December 2023, <https://www.census.gov/data/tables/2021/econ/susb/2021-susb-annual.html>

<sup>4</sup> EXHIBIT B RE-00000A-24-0025, Economic, Small Business and Consumer Impact Statement: Electric Energy Efficiency Rules, July 31, 2024, <https://docket.images.azcc.gov/E000037505.pdf?i=1724279551531>

<sup>5</sup> Energy Employment By State 2024, United States Energy & Employment Report 2024, U.S. Department of Energy, [https://www.energy.gov/sites/default/files/2024-09/USEER%202024%20States\\_0913.pdf](https://www.energy.gov/sites/default/files/2024-09/USEER%202024%20States_0913.pdf)

<sup>6</sup> Arizona Energy Efficiency Jobs in America, E4TheFuture, <https://e4thefuture.org/wp-content/uploads/2023/10/Arizona.pdf>

<sup>7</sup> Faces of EE, Arizona, E4TheFuture, [https://e4thefuture.org/wp-content/uploads/2023/10/Faces-of-EE\\_AZ.pdf](https://e4thefuture.org/wp-content/uploads/2023/10/Faces-of-EE_AZ.pdf)