



May 5, 2022

The Honorable Nancy Skinner
Chair, Senate Committee on Budget
1020 N Street, Room 502
Sacramento, CA 95814

The Honorable Phil Ting
Chair, Assembly Committee on Budget
1021 O Street, Suite 8230
Sacramento, CA 95814

The Honorable Bob Wieckowski
Chair, Senate Budget Subcommittee #2
1021 O St. Ste. 6530
Sacramento, CA 95814

The Honorable Richard Bloom
Chair, Assembly Budget Subcommittee #3
1021 O St. Ste. 8130
Sacramento, CA 95814

Dear Senators Skinner, Wieckowski, Assemblymembers Bloom, and Ting,

The Council, a statewide trade association representing more than 70 companies that design, implement, maintain and evaluate energy efficiency and demand response and employs thousands of people who play an important role in California's economy, and a coalition of contractors, distributors, manufacturers, clean energy program implementers, and environmental advocacy organizations would like to express our strong support for California's building decarbonization goals. These goals include achieving carbon-free homes by 2045, installing 6 million heat pumps by 2030, and the Governor's Proposed \$1 billion Equitable Building Decarbonization budget.

We write to express the urgent need for additional incentive funding for the TECH Clean California program. To maintain the state's momentum in rapid clean technology adoption, we urge the Legislature to extend TECH's incentive budget by deploying **at least \$100 million** of the proposed \$300 million of "consumer rebates" in the Governor's proposed Equitable Building Decarbonization budget.

TECH Clean California is accelerating heat pump demand

TECH has proved to be critical in catalyzing heat pump adoption across the state since incentives were launched in December 2021. In just 5 months, TECH has:

- Enrolled over 750 contractors statewide,
- Processed more than \$20 million of incentives going to over 8,500 projects across California,
- Stayed on target to deliver at least 40% of program benefits to disadvantaged communities or low-income households, and
- Initiated trainings, pilot programs, and grants.

This rapid uptake demonstrates the supply chain is ready to support scaling up further and the demand for heat pumps across the state far exceeds the current TECH incentive budget. Additional incentive funding is necessary to avoid winding down incentives much earlier than anticipated which could create gaps in incentives, slowing down clean technology adoption.

TECH can quickly and efficiently deploy consumer rebate funding. We strongly support Governor Newsom's proposed budget, including \$962.4 million in funding for Equitable Building Decarbonization activities with over \$600 million focused on low-income direct install and \$300 million for consumer rebates. We believe at least \$100 million of the proposed \$300 million for consumer rebate funding should be directed to enhance existing TECH incentives. Additional funding through this mechanism will continue immediate market deployment, avoiding slowdowns through an additional funding mechanism.

The time for investment is now. Achieving California's decarbonization goals requires immediate investment. TECH is the only statewide program we are aware of that has the scale, implementation budget, market interest, and capacity to quickly deploy heat pump funding into the market within months (if not weeks) of budget approval. Rapid investment in and deployment of TECH funding will continue the State's momentum towards achieving its decarbonization goals and avoid gaps in funding which would prove detrimental to decarbonization progress.

We, the undersigned, are dedicated to being partners in supporting California's building decarbonization efforts, and we look forward to continued collaboration to reduce greenhouse gas emissions and make progress towards California's climate goals.

Sincerely,

California Efficiency + Demand Management Council
Trane Technologies Inc.
Natural Resources Defense Council
RMI
Lennox International Inc.
Mitsubishi Electric Corporation
Eco Performance Builders
Daikin Industries, Ltd.
CLEARresult
Howard Industries

Energy Solutions
Resource Innovations
A-1 Guaranteed Heating & Air, Inc
Advanced Energy Economy
Franklin Energy Services, LLC
Sierra Club
Center for Sustainable Energy
Earthjustice
Environmental Defense Fund
Bright Power, Inc.

Cc:

Secretary Wade Crowfoot, California Natural Resources Agency
State Senator Josh Becker, 13th Senate District
State Assemblymember Laura Friedman, 43rd District
State Senator Henry Stern, 27th Senate District
Commissioner David Hochschild, Chair, California Energy Commission
Commissioner Andrew McAllister, California Energy Commission