



20 N. Wacker Drive, Suite 1301
Chicago, Illinois 60606

312.587.8390 Main Line

312.587.8391 Fax

www.mwalliance.org

February 28, 2023

State Government Committee
Iowa State Senate
1007 East Grand Avenue
Des Moines, Iowa 50319

Re: MEEA's comments on the removal of energy efficiency standards for new dwellings

Dear Chairman Schultz and Members of the State Government Committee,

Thank you for the opportunity to speak on the proposal to remove the energy efficiency requirements for new residential single-family homes in Iowa. The Midwest Energy Efficiency Alliance (MEEA) is a member-based, non-profit organization promoting energy efficiency to optimize energy generation, reduce consumption, create jobs and decrease carbon emissions in all Midwest communities. MEEA has worked in Iowa and other states to provide technical assistance and education on energy efficient building policies since 2009. We currently provide a residential energy code compliance education and training program in Iowa that includes a circuit rider and is supported by the state.

MEEA promotes building energy code adoption, implementation and compliance. Limiting or removing energy code requirements for new Iowa homes will lead to less efficient and resilient homes, higher utility bills for occupants, lowered indoor air quality and reduced workforce development. Removal of the residential energy code could also limit or eliminate access to one billion dollars of funding under the Bipartisan Infrastructure Law and Inflation Reduction Act.

1. Energy efficiency is the most cost-effective way to ensure lower utility bills for homeowners.

Energy efficiency simply means using less energy to get the same job done. By lowering energy use, energy efficiency also reduces monthly energy bills and makes energy more affordable. Encouraging adoption and implementation of the most up-to-date model energy code standards presents a cost-effective way to reduce the energy consumption of homes in Iowa and save residents money. For example, if Iowa updated to the 2021 International Energy Conservation Code (IECC) for residential buildings, the state would see first year energy cost savings of over 12%, which equates to \$336 of annual utility bill savings for the average Iowa household.¹ This would result in a net annual consumer cash flow in year one of \$174 and a life-cycle cost savings of \$5,991.² The easiest and most cost-effective time to make these long-lasting improvements is during initial construction, making energy codes a significant driver of cost savings in the state and generating energy savings for the life of the home. Between 2009 and 2019, Iowa's energy code

¹ Cost-Effectiveness of the 2021 IECC for Residential Buildings in Iowa (https://www.energycodes.gov/sites/default/files/2021-07/IowaResidentialCostEffectiveness_2021_0.pdf); See U.S. DOE's Determination of Efficiency, <https://www.energycodes.gov/determinations>

² Cost-Effectiveness of the 2021 IECC for Residential Buildings in Iowa (https://www.energycodes.gov/sites/default/files/2021-07/IowaResidentialCostEffectiveness_2021_0.pdf)

saved the state \$398,715,683 and 2,605,064 tons of CO_{2e}.³ Removing energy efficiency requirements would mean Iowa would lose out on these savings going forward.

Energy codes are the only building codes with a monetary payback over time. Each code development cycle takes cost-effectiveness into consideration. The upcoming 2024 IECC (which improves energy efficiency but does not require full electrification nor ban fossil fuels) has created a cost-effectiveness tool for new measures. All new measures must use this cost-effectiveness tool and be voted through a rigorous consensus development process.

2. Energy codes are crucial for ensuring construction of energy efficient and resilient homes.

Building energy efficiency policies establish a baseline minimum standard for new homes. Limiting and prohibiting energy efficiency requirements in buildings will hurt Iowa residents. Homeowners expect new homes to be built following leading construction practices which include energy code provisions like proper insulation, air sealing and ventilation. As an example, home insulation provides resistance to heat flow which lowers heating and cooling costs.⁴ In general, heat flows from warmer to cooler areas. When a home is properly and sufficiently insulated, the overall heat flow is decreased, and less energy is needed.

Energy codes also help increase building resilience. Continuing with the example above, when buildings have better insulation, residents can shelter in place more comfortably and for longer periods during extreme weather events such as tornadoes and during power outages. Evidence shows that energy efficient construction techniques and products best protect homes in extreme weather events, especially when utility services are disrupted.⁵

3. Energy codes result in healthier and safer buildings for residents and health cost savings for the state of Iowa.

The state of Iowa has a responsibility to protect the health and safety of its residents. This includes adopting and enforcing energy codes, which are critical to ensuring that buildings operate as intended. They integrate electrical, heating, cooling, ventilation and building envelope components to provide a safe, healthy and comfortable place to live.⁶ One way energy codes do this is by ensuring good indoor air quality. Energy codes require that homes be well sealed to keep pollutants out and properly ventilated to control incoming air. Insulation and ventilation are important, and only energy codes contain requirements that dictate the proper balance between these components. Another way energy codes protect health and safety is through moisture management. When moisture infiltrates a building, it can lead to rotting construction materials and harmful mold growth. A well-sealed envelope and proper insulation, as required in energy codes, help keep old outside air from the warm interior, reducing condensation and ice

³ Building Energy Code Impacts in the Midwest: Cumulative Savings 2009-2019

(https://www.mwalliance.org/sites/default/files/meea-research/codes_infographic_2009-2019.pdf)

⁴ U.S. Department of Energy, Insulation, <https://www.energy.gov/energysaver/insulation>

⁵ The Important Role of Energy Codes in Achieving Resilience (https://www.iccsafe.org/wp-content/uploads/19-18078_GR_ANCR_IECC_Resilience_White_Paper_BRO_Final_midres.pdf)

⁶ Energy Codes are Life-Safety Codes (<https://www.mwalliance.org/sites/default/files/meea-research/codes-life-safety.pdf>)

damming.⁷ Removing energy efficiency requirements for homes will have negative health effects on Iowa residents.

Energy codes also result in health cost savings. Due to the cost-effective efficiency improvements made in each model code, states that adopt the latest energy code will reap the greatest benefits. To understand the impact of delayed residential energy code adoption and amendments to the adopted code, MEEA calculated the lost energy savings and corresponding monetized health impacts for Iowa. According to this analysis, between 2009 and 2019, **Iowa lost \$2,848,878 in health care savings and \$6,270,889 in energy savings** by not regularly adopting the latest residential model energy code.⁸ Getting rid of energy efficiency requirements altogether will result in significantly more lost savings.

4. Limiting and prohibiting energy code adoption will hurt the Iowa workforce.

Prohibiting jurisdictions from requiring energy efficiency measures in buildings effectively rolls back building practices across the entire state. Iowa is currently on the 2012 IECC, an energy code already over a decade old. Municipalities and the building industry have worked incredibly hard to conduct the research, outreach, and education necessary to understand and achieve code compliance. As an organization that provides energy code information and training in Iowa, MEEA has seen the benefits and accomplishments of complying with the energy code. To effectively “roll back” the results of this hard work would be to wash away years of dedication, energy and cost savings and progress in Iowa’s building market.

Updated energy codes provide jurisdictions with a great opportunity to build up their workforce. The building industry is constantly evolving, and industry professionals understandably want to remain ahead of the curve. Updated energy codes give them that chance. By continuing to adopt and implement updated building energy efficiency standards, Iowa will see increased economic development and technical innovation within the construction industry. In supporting lower or no standards, the state will have an undertrained workforce that falls behind neighboring jurisdictions and an out-of-date building stock that wastes energy and money.

Currently, the clean energy sector supports more than 30,000 jobs in Iowa.⁹ Of those jobs, 62% are in the energy efficiency sector, and the vast majority in the building industry, whether it be in HVAC, insulation or lighting. These are good-quality jobs in a vital, growing sector of Iowa’s economy. In fact, the clean energy sector grew at a rate of 5% from 2020 to 2021 in Iowa – over two times faster than the overall state economy.¹⁰ Since over 40% of energy is consumed by the building sector, energy codes are the foundation upon which most clean energy jobs are built.

⁷ Energy Codes are Life-Safety Codes (<https://www.mwalliance.org/sites/default/files/meea-research/codes-life-safety.pdf>)

⁸ Documenting the Expanding Benefits of Strong Energy Codes: How Energy Codes Impact Community Health (https://www.mwalliance.org/sites/default/files/meea-research/documenting_the_expanding_benefits_of_strong_energy_codes.pdf)

⁹ Clean Energy Trust, Clean Jobs Midwest, <https://www.cleanjobsmidwest.com/state/iowa>

¹⁰ Clean Energy Trust, Clean Jobs Midwest, <https://www.cleanjobsmidwest.com/state/iowa>



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5. Energy conservation efforts must be made if Iowa wants to access upcoming federal funding.

More than one billion dollars will be made available through the Bipartisan Infrastructure Law and the Inflation Reduction Act for advancements in building energy efficiency. By prohibiting the adoption of energy efficiency requirements for residential buildings, the state of Iowa would be denying its local jurisdictions and residents the opportunity to receive that federal funding. This would be detrimental to the state's overall economy.

If you have any questions about this testimony, references or general impact and analysis of building energy codes, please contact Corie Anderson, Senior Building Policy Associate at MEEA at canderson@mwalliance.org. Thank you for your consideration.

Sincerely,

Stacey Paradis

Executive Director