

Impact of Three California Bills on Online HVAC Permitting

Summary

This memo summarizes three recent California legislative bills – AB 802, SB 350 and SB 1414 – in terms of their potential positive and negative impact on the implementation of an online permitting system for mechanical HVAC change-outs in residences.

Finalized: April 19, 2017

Use of this document

This information can be used to further an understanding of whether an online permitting system can exist within the current California legislative environment or whether additional legislative action will be required in order to fully realize a common statewide online permitting system.

This is part of a series of deliverables from the WHPA Compliance Committee and its Working Groups to support improved compliance

This document is based on an official [WHPA Work Product](#) of April 19, 2017 titled “Legislative and Regulatory Policy Issues Affecting Online Permitting Memo” and was developed by the WHPA Compliance Committee’s Legislative and Regulatory Policy Issues Working Group.

This document, and also the WHPA Work Product, may be used in part or whole at no charge. Attribution to the Western HVAC Performance Alliance is requested.

We would also ask that you inform the WHPA through info@performancealliance.org if you have made use of either document, so that we can inform and encourage the hundreds of volunteers who donate their time to providing expert HVAC advice in order to support energy efficiency objectives.

Background

California Energy Efficiency Strategic Plan

The issue of permitting and code compliance for Heating, Ventilating and Air Conditioning (HVAC) systems has been the subject of discussion within the regulatory policy arena for many years. The California Energy Efficiency Strategic Plan (Strategic Plan) originally released in 2008 (and updated in 2011) identified that “less than 10 percent of HVAC systems obtain legally

required pre-installation local building permits.”¹ The Strategic Plan established specific goals to facilitate the “consistent and effective compliance, enforcement, and verification of HVAC-related building and appliance standards”. One of these goals was to streamline the local government permitting system. This document is one of many deliverables from the WHPA Compliance Committee to support these goals.

Goals of the WHPA Compliance Committee

The Western HVAC Performance Alliance (WHPA) Executive Committee approved three goals for the WHPA Compliance Committee for 2016 and 2017. They all focused on achieving consistent and effective compliance, enforcement, and verification of applicable building and appliance standards.

This activity is in support of Compliance Committee Goal 1-1: Develop streamlined local government HVAC permitting systems, including on-line HVAC replacement permitting. The development of this deliverable will improve understanding of how existing California legislative and regulatory policy could impact a future online permitting system.

Benefits of the Deliverable

This deliverable provides an overview of the positive and negative impacts that three recent California legislative actions may have on the implementation of an online permitting system for mechanical HVAC change-outs. This information can be used to further an understanding of whether an online permitting system can exist within the current legislative environment or whether additional legislative action will be required in order to fully realize a common statewide online permitting system.

The Deliverable - “Legislative and Regulatory Policy Issues Affecting Online Permitting”

The Legislative and Regulatory Policy Issues Working Group was established to identify legislative and regulatory policy issues relevant to online permitting. The specific legislative measures that were reviewed included:

- a. [AB 802](#) – Normalized Metered Energy Consumption and tracking thereof
- b. [SB 350](#) – Doubling energy efficiency by 2030
- c. [SB 1414](#) – HVAC permit closure; certification and proof of permitted installation

¹ California Energy Efficiency Strategic Plan, January 2011, page 54.

Table 1 provides a high-level summary of these three legislative actions including their positive and negative impacts on the implementation of an online permitting system for mechanical HVAC change-outs.

Table 1. Online Permitting Legislative Summary

	PURPOSE	POSITIVE IMPACTS	NEGATIVE IMPACTS
AB 802	<ul style="list-style-type: none"> • Authorizes pilot program for access to multifamily and commercial utilities data • Makes whole building energy usage available to building owners • Facilitates statewide benchmarking of commercial buildings through ENERGY STAR Portfolio Manager • Collects consumer-level data to inform energy forecast models 	<ul style="list-style-type: none"> • Energy usage data will be reported, gathered and streamlined in ENERGY STAR Portfolio Manager by utilities • Energy usage levels can help determine where change-outs have (or have not) occurred 	<ul style="list-style-type: none"> • Energy usage does not directly correlate with HVAC permits issued (e.g., does not specifically address compliance issues) • Does not specify that the public will have access to the ENERGY STAR Portfolio Manager data to export or view
SB 350	<ul style="list-style-type: none"> • Establishes goal to double energy savings by 2030 • Promotes high-quality retrofits and consumer protection guidelines • Focuses on increasing efficiency savings in disadvantaged communities • Increases tracking of energy savings 	<ul style="list-style-type: none"> • Provides programs and techniques, such as building benchmarking, energy rating, cost-effective improvements, green workforce training, etc. to assist contractors with compliance • Documents energy retailers and product quantity through 2030 	<ul style="list-style-type: none"> • No indication of public access to tracking methods and results, unless published by the commission • No designation specifically for HVAC permits – all energy and renewables will be tracked
SB 1414	<ul style="list-style-type: none"> • Directs CEC to develop a plan for AC and heat pump code compliance • Emphasizes improvements to permitting process – applying and reducing paperwork • Identifies need for systems to verify proper installations 	<ul style="list-style-type: none"> • Specific to central AC and heat pumps. • Increases compliance by providing an incentive for energy savings only when the customer or contractor can provide proof of permit closure 	<ul style="list-style-type: none"> • Includes “data collection” but does not explain methodology, access, etc. • Does not take streamlining into account. • Permit issuance accessibility and level of difficulty varies by jurisdiction.

Based on our review of these measures, only SB 1414 pertains specifically to HVAC data tracking through permit closure. AB 802 tracks whole building energy usage and SB 350 documents energy product retailers, but neither provide information based on permits issued by California jurisdictions.

While AB 802 is the only measure to promote the access of energy data through a web-based system, there is no indication that such access would be granted to the public. Neither SB 350

nor SB 1414 focus on the streamlining of building permits across jurisdictions and they are largely silent on who will have access to any data that results or how that data will be used.

Our group has observed that permitting and compliance are typically treated as secondary issues in existing legislation with the possible exception of SB 1414, which treats several aspects of compliance more directly. However, in order to achieve the significant improvement to compliance rates envisioned by the California Energy Efficiency Strategic Plan, a more concerted legislative effort will likely be required. Such an effort will need to focus on the many barriers discussed within the Compliance Committee and WHPA at large.