

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200

Hartford, CT 06106 ◇ (860) 240-0200

<http://www.cga.ct.gov/ofa>

sSB-292

AN ACT CONCERNING HEATING EFFICIENCY IN NEW
CONSTRUCTION AND MAJOR ALTERATIONS OF RESIDENTIAL
BUILDINGS.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill requires the building inspector to prohibit certain heating and cooling systems in new residential constructions or major residential alterations when revising the state building code. There is no fiscal impact for the state building inspector to revise residential building codes.

The bill also requires the Department of Energy and Environmental Protection (DEEP) to, within available appropriations, develop a program to train and educate people on the mechanics and application of certain thermal space and water heating systems. Also, the bill allows DEEP to apply for available federal or private funding to support the program.

These requirements are not expected to result in a fiscal impact to the state, municipalities or ratepayers, as DEEP currently performs some of this work in conjunction with the Energy Efficiency Board through the Conservation and Load Management (CL&M) Program. Further, DEEP is anticipated to pursue all relevant Infrastructure Investment and Jobs Act (IIJA) funding that may be available to supplement these programs.

The C&LM currently includes funding for efficient residential new

construction projects, including specific offerings for all-electric new construction. In 2022, the Residential New Construction program has a budget of over \$6 million, supported by a variety of funding sources, including: (1) a six-mill Conservation Adjustment Mechanism (CAM) on electric bills; (2) contributions from gas customers (on firm rates) through the natural gas CAM; (3) and proceeds from the Regional Greenhouse Gas Initiative (RGGI); (4) and the Independent System Operator-New England's Forward Capacity Market.

Additionally, the Residential New Construction program currently provides rebates based on a home's overall efficiency, with bonuses available for all-electric homes or homes that meet a high efficiency standard. The presence of a heat pump in a new construction project helps to maximize the possible rebate. The C&LM Plan also includes programs for training and workforce development. In 2022, the budget for these programs is over \$1.3 million.

Ratepayer Impact Statement

The bill mandates installation of heat pumps in future residential construction or major alterations. Heat pumps are used for both heating and cooling. The mandate primarily would shift certain residential heating from oil or gas furnaces to heat pumps, which are run on electricity. Electricity usage would thereby increase, resulting in greater costs for electricity during times when heating is needed.

The Out Years

State Impact: None

Municipal Impact: None