

Chairman's statement on electrification hearing

September 22, 2021

Mr. Vice Chairman,

Climate change is a threat not only to our planet and our health but also to our economy. It is a crisis that becomes more deadly and costly every year. Just this past month, we witnessed catastrophic weather events from fires in the West to hurricanes in the South to flooding in the Northeast—events that devastated communities. But it isn't just homes in the path of this extreme weather that are susceptible to the negative consequences of climate change. We know that every American household feels its effects, and that low-income families and marginalized communities are disproportionately impacted.

To limit global warming and the expensive and life-threatening extreme weather events that come with it, we, as a nation, must act now to aggressively move towards a zero-carbon economy. To achieve our climate goals, we must look at a multitude of solutions.

Electrifying homes and buildings is an important component of addressing the existential threat of climate change. The benefits of electrification go beyond the environmental and health benefits of lower global temperatures. Electric devices are safer and cheaper to operate than alternatives. These technologies help reduce residential energy costs, which boosts household disposable income—a boon to local businesses across the country—and improves public health outcomes.

Unfortunately, the upfront cost of investing in residential electrification technologies and appliances can be a significant obstacle for many families. Economic barriers and a lack of financing options may stand between homeowners and long-term investments in lower-cost electric appliances. We know that many households lack the financial capacity to spend upfront on improvements that will

generate future savings. Research tells us that more than 1/3 of American families would struggle to afford a \$400 emergency, and most of these upgrades are precisely that type of emergency.

Another challenge consumers face in investing in residential electrification is that many older homes and buildings in the United States were not built to accommodate complete household electrification. Older housing stock often requires building upgrades to handle modern electric devices. Additionally, the ideal time to upgrade to the latest technology is often when an in-service device fails; however, coordinating more involved upgrades takes time that owners may not have when a furnace dies on a freezing winter evening. Furthermore, many of the skilled trade workers who install household appliances lack the time and resources to become trained on new technologies, creating additional supply chain barriers.

A number of market failures also stand in the way of broad adoption of electrification technologies. For example, landlords and homebuilders, who purchase many of the appliances families use, do not pay the operating costs of these units or breathe the air they operate in, creating incentives to underinvest in technology, safety and efficiency.

Market failures disproportionately impact low-income households, which spend the largest share of rent on utilities. This is particularly true in rural areas where many houses are connected to the electric grid, but are forced to pay high heating bills because HVAC systems have locked them into using high-cost fuels like propane or oil-fired heat. This mismatch can be even more acute with manufactured and mobile homes, a key source of affordable housing. Mobile homes use more energy per square foot than traditional construction and often rely on high-cost fuels, especially in rural settings.

Well-designed policies can help overcome a number of economic barriers and market failures that stand in the way of the adoption of electrification technologies.

This is why I, along with my colleague Rep. Earl Blumenauer of Oregon, recently introduced the Energy Efficient Commercial Buildings Act, which helps building owners with the costs of installing energy-efficient technology. Electrifying buildings puts businesses in a position to leverage investments in clean electricity

into reduced emissions and lower energy bills. We must make these opportunities available to families and residential building owners as well.

We must also implement policies that make it easier for all families to upgrade to the latest zero-emissions technology to ensure that the gains from building electrification are broadly shared. Policies, such as point of sale rebates, would help families capitalize on opportunities to replace outdated and inefficient appliances, save money on energy bills and live in safer homes with less indoor pollution.

The scale of the challenges our planet is facing as a result of climate change is great. We must take this opportunity to deploy every tool at our disposal to meet the moment. Investments in electrification technologies can—and should—be part of that solution.