



COLORADO

Governor Jared Polis

Clean Air Building Investments Fact Sheet

Summary

- \$22M GF in FY 2022-23
- This investment will help individuals, small businesses and communities with improvements that will both reduce energy use and pollution and improve indoor air quality by supporting adoption of both energy efficiency and renewable energy improvements and high efficiency electric heat pumps and heat pump water heaters. Funding will provide incentives for schools and local governments to incorporate heat pumps in energy performance contracts, and support for local government/utility partnerships for neighborhood scale electrification pilots.

Opportunity

Colorado's Greenhouse Gas Pollution Reduction Roadmap ("Roadmap") calls for a just and equitable transition to decarbonizing the state's economy. The Roadmap identifies fossil gas use in buildings as one of the five largest sources of GHG pollution in the state and shows that meeting Colorado's climate goals requires reducing GHG emissions from homes and businesses. Buildings are a significant source of pollution, largely through the combustion of fuel for space and water heating, and are one of the five largest sources of greenhouse gas pollution. In addition, indoor air pollution levels can be significant, particularly in lower income communities.

Reducing these emissions requires using clean heat measures including increasing building efficiency, using cleaner fuels, and expanding use of high efficiency electric heating. The investments from this funding will focus on expanding the use of high efficiency electric heating in public projects, and at the neighborhood scale, with a focus on disproportionately impacted communities and low income residents.

Proposal

This proposal has two major elements. The first is \$10 million in support for adding building electrification to Energy Performance Contracts for public buildings (schools, local government, higher education). Energy Performance Contracting is a financing tool in which public buildings can finance energy upgrades, paying back the financing through utility and operational cost savings. This funding will be used to help jurisdictions move towards deeper energy reductions, combining energy efficiency improvements with high efficiency electric heat pumps and renewable energy to dramatically cut energy costs and emissions. As part of this program, the Energy Office will require reporting on the outcomes of electrification projects in dual fuel buildings, to gain more data on the emissions, energy, and cost impacts of projects which add high efficiency heat pumps while retaining gas heating as cold weather backup systems.

The other major focus is \$12 million supporting neighborhood-scale efforts to improve efficiency and switch to high efficiency electric heating and appliances. Doing this at a neighborhood scale may bring significant economies of scale, and will allow communities to focus electrification in areas that would otherwise need expensive upgrades to the gas



COLORADO

Governor Jared Polis

distribution system. A competitive grant program will support efforts by community groups and local governments, and will support partnerships with utilities.

In both of these programs, at least 25% of the funding will be dedicated to low income, disproportionately impacted, or just transition communities. In these communities, there will also be an extra emphasis on improving indoor air quality. Typically, building electrification projects are difficult to finance for local governments and school districts in the state. The offering of targeted funds from the beginning of this process allows CEO to recommend these projects and will drive greater interest in the inclusion of electrification measures that reduce the carbon emissions in local and state buildings. Example investments into EPC projects that the grant offering would enable include the addition of high efficiency electric water and space heating to existing buildings.