



FACT SHEET

AB 1559 (O'Donnell)

Innovative Renewable Energy for Buildings Act of 2021

SUMMARY

AB 1559 would establish a program to provide financial incentives to producers of renewable propane, including blends with renewable hydrogen or renewable dimethyl ether, for use in the building sector.

BACKGROUND

Over the past 15 years, California has enacted a number of laws and directives that set ambitious goals to reduce greenhouse gas (GHG) emissions—the primary source of air pollution linked to climate change. The California Global Warming Solutions Act (Senate Bill 32) established greenhouse gas (GHG) reduction goals, including reducing GHG to 40 percent below 1990 levels by 2030 and to 80 percent below 1990 levels by 2050.

NEED FOR THE BILL

Currently there are approximately 600,000 households who are not connected to California's electrical grid and are reliant on direct-use energy solutions. Despite utility providers moving to cleaner power sources with reduced GHG emissions, for many of these unconnected households the effort to transition to renewable electricity will go unsatisfied as other renewable solutions are either unaffordable or not practical due to cold climate.

Renewable propane, derived entirely from sustainable sources, is a non-methane energy source that can play a unique role in helping decarbonize California's existing and future building stock. In rural and low-income communities where other renewable options are either not feasible or cost-effective, renewable propane can provide an affordable and resilient renewable energy solution that can complement other sustainable energy

options or provide a structures' total energy needs with renewable energy. With proper incentives and state support, renewable propane can fill the gaps left by our existing renewable energy options.

SOLUTION

AB 1559, the *Innovative Renewable Energy for Buildings Act of 2021*, would require the California Energy Commission to establish and implement a program to provide financial incentives for the production of renewable propane, renewable hydrogen, or renewable dimethyl ether that is used as an energy source for buildings in California.

The incentive would be based on the volumetric amount of renewable fuels produced, starting at \$1.50 per gallon for the first 25,000,000 gallons and \$1.25 per gallon for any amount above 25,000,000 gallons.

The established *Innovative Renewable Energy for Buildings Fund* would appropriate \$50,000,000 per year for three years, totaling \$150,000,000, from the Greenhouse Gas Reduction Fund. The appropriated funds would be available to producers of the renewable fuels until December 31, 2030.

Unless extended, the program would sunset on January 1, 2031.

SUPPORT

- Western Propane Gas Association (Sponsor)
- California Association of REALTORS®

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