

FACT SHEET

# All-Electric Construction: A Good Deal for Texas

All-electric building codes lead to lower construction costs in Texas by encouraging developers to bypass the cost and complexity of installing new gas lines. These homes have roughly the same utility bills as mixed-fuel homes, which use both gas and electricity. Those savings are projected to improve over time as gas prices rise.

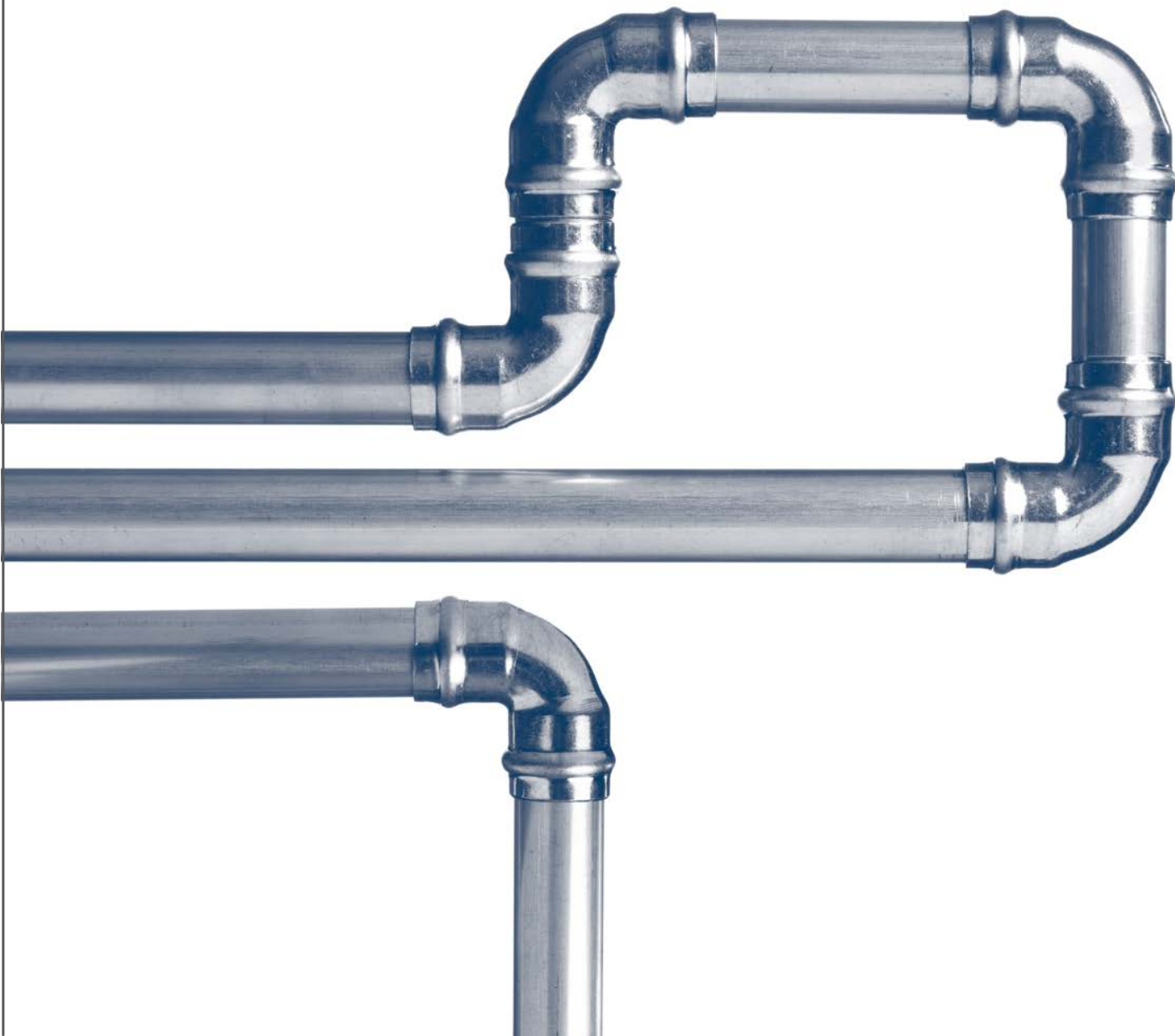
## Building all-electric reduces upfront costs.

All-electric, single-family homes cost **\$1,325 less to construct in Texas** than mixed-fuel homes, which use both gas and electricity.<sup>1</sup> Adopting an all-electric building code will reduce construction costs while allowing these homes to emit less carbon over time as more renewables power our electric grid.

### “What about building electric-ready?”

While wiring new buildings to support electrical upgrades can reduce future costs of replacing gas equipment, it misses the opportunity to eliminate gas piping entirely. This approach ultimately costs more than building all-electric from the start.

Gas piping increases the cost to construct a typical single-family home in Texas by **\$2,310<sup>2</sup>**.



AUSTIN, TEXAS

**\$1,325**

savings from building all-electric instead of mixed fuel

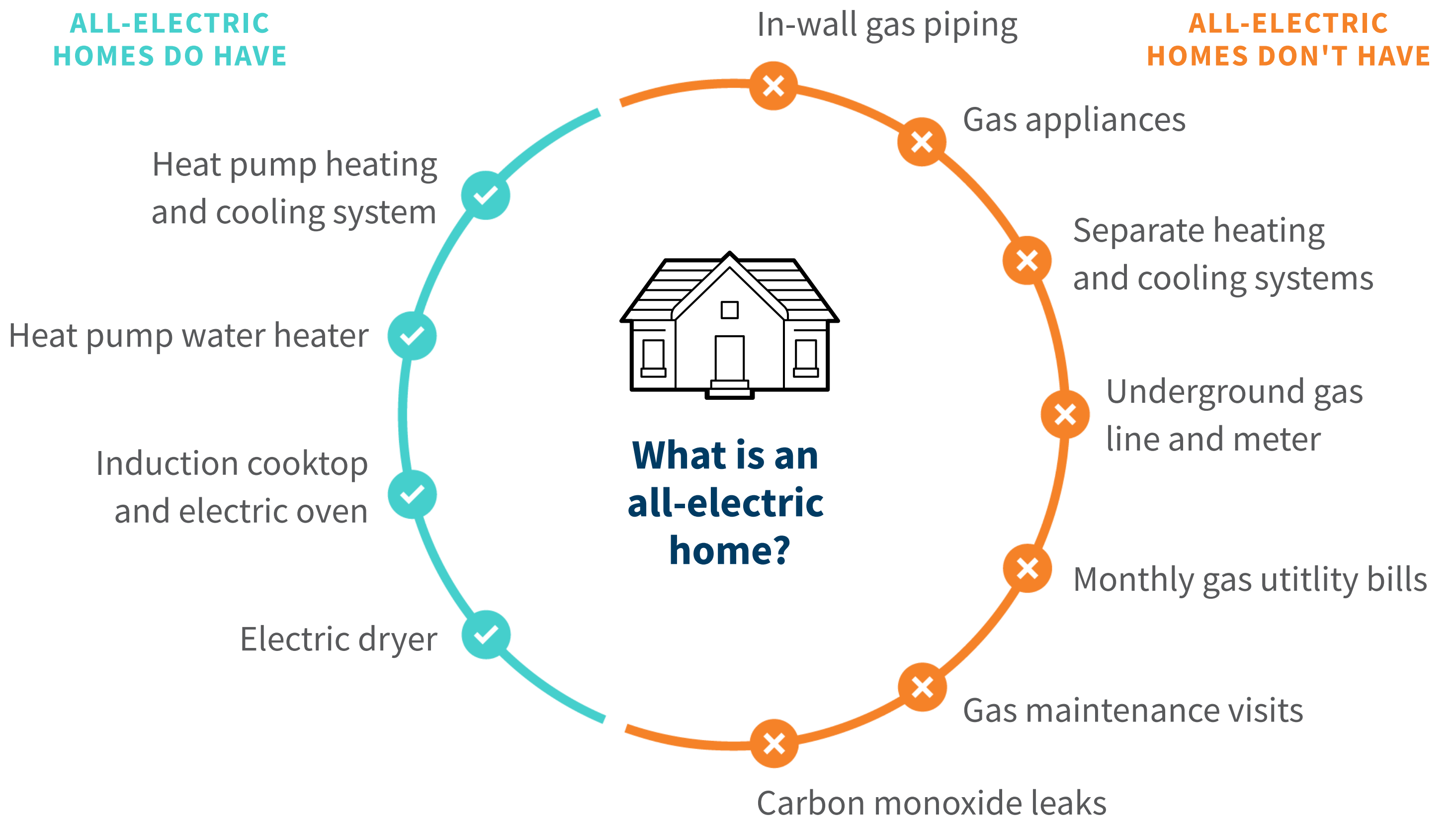
TEXAS STATEWIDE

**\$1,320–\$1,365**

savings in other locations

## Simpler construction saves money.

All-electric homes cut out unnecessary materials and equipment. Constructing homes with gas requires a new underground extension from the gas main, a gas meter, and piping throughout the home to gas-powered appliances — an added cost of \$2,310 per home. These homes also typically have separate heating and air conditioning systems. All-electric homes operate without gas infrastructure and use a single efficient heat pump for heating and cooling.





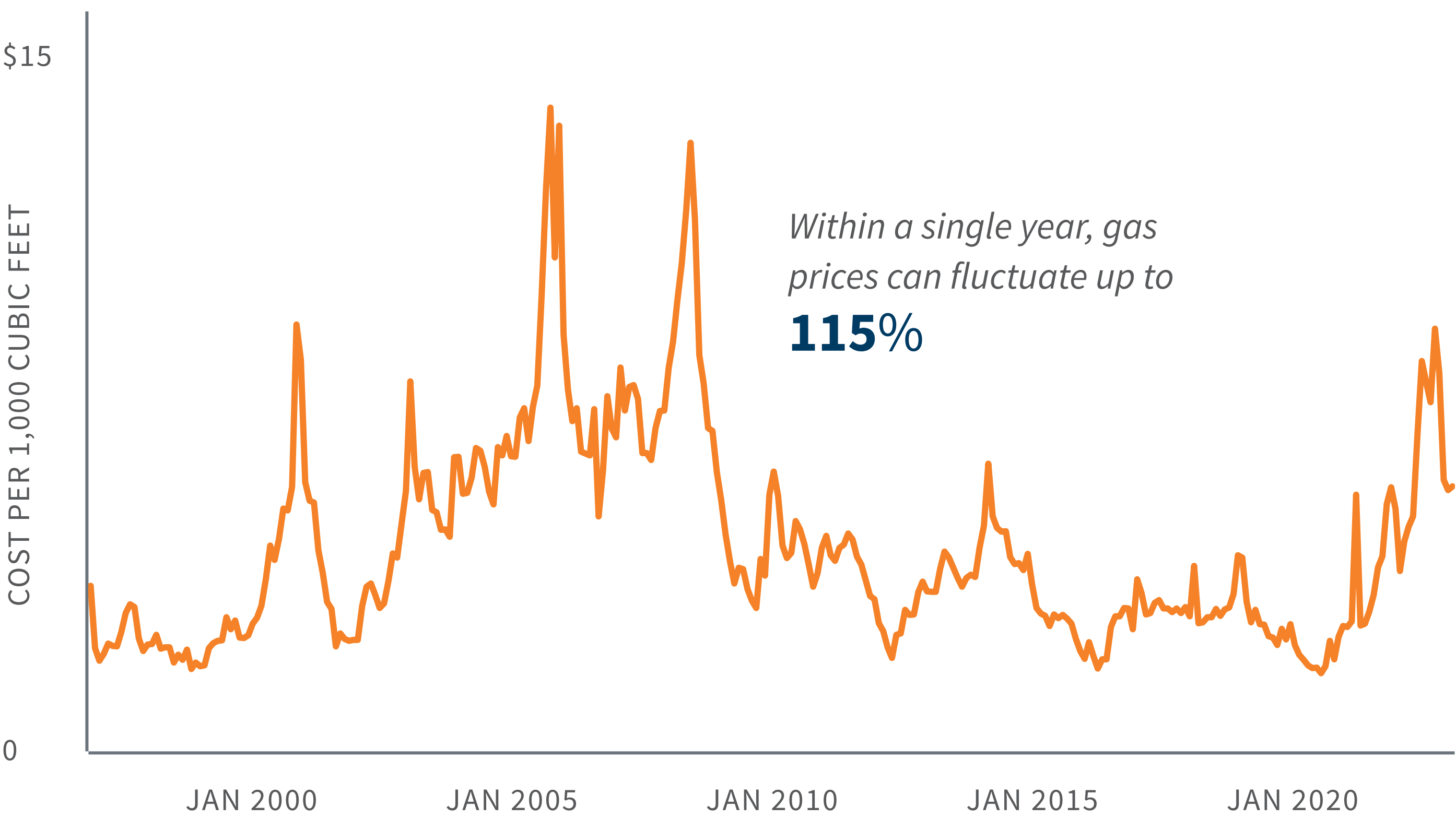
# New all-electric homes reduce utility bills.

A typical all-electric, single-family home constructed in Austin, Texas will save \$360 per year on utility bills. That’s 18% less than the annual utility bills for an Austin household living in a new home with gas.<sup>3</sup> These savings largely come from utilizing heat pumps, which are 2–4 times more efficient than comparable gas appliances, for space heating and water heating.

**These savings are expected to increase over time** as gas prices continue to rise and utilities reform electric rate structures.<sup>4</sup>

This analysis incorporates rates from one of the largest municipally-owned utility in the state, covering 4% of residents. Rates in other parts of the state are often even more favorable for all-electric homes.

## Volatile gas prices can unexpectedly strain budgets in mixed-fuel households.<sup>7</sup>



A typical all-electric home in Texas will save **\$360** on utilities each year.



By 2030, gas prices are expected to increase as much as **130%**<sup>5</sup>



All-electric new homes in Austin built with rooftop solar see **35% lower bills.**<sup>6</sup>

## Take action

Texas policymakers can advance the economic benefits of all-electric homes in several ways:

- ▶ **Educate households and business owners** about incentives available for all-electric new buildings, including federal tax credits offered through the Inflation Reduction Act.
- ▶ **Support climate-aligned utility rate reform** that promotes all-electric buildings, including shifting toward higher fixed costs or a tiered time-of-use structure.
- ▶ **Establish a timeline and phasing plan** for adopting all-electric codes by 2030.
- ▶ **Phase out gas line extension allowances** to prevent the cost of new gas lines from being subsidized by ratepayers.

## Learn more

- The Economics of Electrifying Buildings: Residential New Construction**, RMI, 2022, <https://rb.gy/8jqtq>
- Overextended: It's Time to Rethink Subsidized Gas Line Extensions**, RMI, 2021, [bit.ly/3DTdNBV](http://bit.ly/3DTdNBV)
- Federal Income Tax Credits and Incentives for Energy Efficiency**, Energy Star, 2022, [bit.ly/3QyLsZ6](http://bit.ly/3QyLsZ6)

### NOTES

1. RMI analysis; methodology from prior analysis, updated using IECC 2018 building standards, current rates, RSMeans regional construction data; RMI, 2022, [rb.gy/8jqtq](http://rb.gy/8jqtq)
2. Base gas connection costs from RMI study, adjusted using RSMeans regional construction data; RMI, 2022, [rb.gy/8jqtq](http://rb.gy/8jqtq)
3. Updated RMI analysis; RMI, 2022, [rb.gy/8jqtq](http://rb.gy/8jqtq)
4. Energy Systems Integration Group, 2023, [bit.ly/451Ay2o](http://bit.ly/451Ay2o)
5. American Council for an Energy-Efficient Economy, 2023, [bit.ly/3s5gT34](http://bit.ly/3s5gT34)
6. RMI analysis based on the National Renewable Energy Laboratory REOpt tool, 2023, [bit.ly/3Yy9g1g](http://bit.ly/3Yy9g1g)
7. Henry Hub natural gas spot price, US Energy Information Administration, 2023, [bit.ly/3KA5OgE](http://bit.ly/3KA5OgE)