



AN EXELON COMPANY

Position Statement

Oppose
Environment and Transportation
3/6/2024

House Bill 1279- Maryland Building Performance Standards - Fossil Fuel Use, Energy Conservation, and Electric- and Solar-Ready Standards (Better Buildings Act of 2024)

Baltimore Gas and Electric Company (BGE) opposes *House Bill 1279- Maryland Building Performance Standards - Fossil Fuel Use, Energy Conservation, and Electric- and Solar-Ready Standards (Better Buildings Act of 2024)*. *House Bill 1279* requires the Maryland Department of Labor to adopt a requirement that new buildings, 20,000 sq. ft or more or 20 stories or less in height above grade plane, meet all water and space heating demands without the use of fossils. Additionally, *House Bill 1279* requires buildings undergoing significant repair or improvements costing equal or exceeding 50% of the replacement cost of the structure before the improvements or repair started.

Currently, the Department of Environment (MDE) is promulgating regulations to implement the building performance standards (BEPS) for buildings of a specific size as required by the 2022 Climate Solutions Now Act (CSNA). MDE is still reviewing feedback received during the comment period ending on January 18 and making necessary revisions to the proposed regulations based on the numerous stakeholder responses received. MDE indicated that the BEPS regulations would not be finalized until May of this year. But once finalized and implemented, building owners must benchmark energy data and meet interim net direct GHG emissions reductions by 2030. BGE supports the deliberate approach currently undertaken by the State to implement building performance standards to align with Maryland's ambitious climate goals.

There are ongoing processes holistically addressing this topic, which *House Bill 1279* does not consider and, if passed, could delay the progress of existing efforts, including:

- The CSNA required that the Maryland Department of Labor's Building Codes Administration to study options for developing an all-electric building code and that Maryland adopt the 2018 International Green Construction Code (IGCC). State building codes were updated in May 2023 based on the 2021 International Energy Conservation Code (IECC). Model energy and building codes may aid in reaching the State's goals of adopting low or zero-carbon construction standards by 2031.

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's largest energy delivery company.

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- The Green and Healthy Task Force of 2023-2026 is tasked with and will recommend how to deliver green housing for limited-income households throughout the State.
- The Maryland Green Building Council guides Maryland's High-Performance Building Program, which applies to new and renovated State-funded buildings.
- The Air Quality Control Advisory Council advises on draft air quality rules and regulations proposed by MDE, including BEPS.

BGE supports building decarbonization in our service territory in a way that takes customer choice and costs to our customers seriously and helps ensure the safe, reliable, and resilient provision of energy to them. Electrification will require significant incremental investments in our electric infrastructure to serve the resulting load reliably and with resilience in mind. However, such a meaningful shift to the State's building standards as the one contemplated in *House Bill 1279* requires time for planning and implementation. The BGE territory serves 54% of Maryland's residential gas customers and 55% of commercial and industrial gas customers. These customers represent nearly half of statewide natural gas use in Maryland's buildings and industry. Of this natural gas use, approximately 25% is associated with harder-to-electrify large commercial and industrial users. *House Bill 1279* does not provide the tools necessary to expedite the planning, siting, permitting, and construction of such electric system infrastructure, and fails to address the significant potential costs associated with electrification. Without the required time and tools, the grid may be unable to serve new loads during times of peak energy usage.

Further, BGE engaged Energy + Environmental Economics (E3) to analyze viable pathways that achieve the State's net zero goals and identify potential implications for BGE's customers and service area. E3 analyzed three key decarbonization scenario pathways that built on prior work E3 performed for the State: 1) Limited Gas; 2) Hybrid; and 3) Diverse. Each of the pathways could achieve Maryland's net-zero GHG emission targets and all require significant electrification – including building and transportation electrification. The most important finding by E3 is that the Hybrid and Diverse pathways, both of which leverage the combined capabilities of electric and gas delivery systems, achieve Maryland's goals at lower cost and less risk for customers and the State's economy. These Integrated Energy System (IES) pathways also deliver greater resiliency, fuel diversity, more realistic constructability and less disruption to customers and the State's economy¹. And again, the

¹ [BGE_PathToClean_Final_090623.pdf \(contentstack.com\)](#)

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Integrated Energy System pathways meet Maryland's goal of achieving net zero greenhouse gas emissions by 2045.

BGE opposes *House Bill 1279* as it forces a rapid shift without appreciating the current ongoing work, costs, and the impacts of such a rapid change on all energy customers in Maryland. BGE respectfully requests that the Committee issue an unfavorable committee report.

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