

MARYLAND RETAILERS ALLIANCE

The Voice of Retailing in Maryland



SB256 Environment - Building Energy Performance Standards - Compliance and Reporting **Education, Energy, and the Environment Committee** **February 13th, 2025**

Position: Unfavorable

Background: SB256 would impose additional fees on businesses that are unable to reach the building energy performance standards requirements established in the Climate Solutions Now Act.

Comments: The Maryland Retailers Alliance (MRA) strongly opposes **SB256 Environment - Building Energy Performance Standards - Compliance and Reporting**, which would impose additional fees for energy use on businesses that are unable to meet the emissions reductions requirements established as a result of the Climate Solutions Now Act as passed in 2022. Testimony provided on that bill and throughout the regulatory process for Building Energy Performance Standards (BEPS) cautioned repeatedly that the standards set by the State are unattainable and will dramatically increase costs for businesses.

Retail business owners are making efforts to upgrade their stores to meet the standards set by the State but are hampered by the availability and cost of equipment. Not only does it cost millions of dollars to remodel, for example, a large-scale grocery store, but the lighting and refrigeration equipment that is available for businesses today cannot achieve the long-term greenhouse gas emissions reductions required by BEPS. In addition to the costs of upgrading in-store equipment in an attempt to achieve compliance, businesses are also facing the highest energy costs in five years as a result of both rate increases which were authorized by the State and the passage of SB1 in 2024 which has resulted in many competitive energy suppliers ceasing to operate in Maryland.

At the same time that businesses are preparing to comply with BEPS reductions requirements, they now must also implement the Heat Stress Illness Prevention Standard regulations promulgated by the Maryland Department of Labor in 2024. These Heat Stress standards set strict requirements for any and all indoor or outdoor workplace setting that could reach a heat index of 80 degrees Fahrenheit. One obvious solution to meet or avoid these requirements is to ensure that workplaces are maintained at a comfortable temperature for both employees and customers, yet this is at odds with the necessity to scale back the use of systems like large-scale air conditioning units in order to achieve BEPS compliance.

The Climate Solutions Now Act and BEPS regulations include an “alternative compliance pathway” consisting of a fee schedule based on the amount of greenhouse gas

emissions that a business continues to produce over the reduction requirements set by the law. “Alternative compliance” implies that businesses are voluntarily choosing to pay to offset their emissions rather than change any aspect of their operations. This does not take into account the fact that a business owner may have already taken every possible step to comply with BEPS but has still failed because the reductions standards set by the State are not achievable. To now revise those regulations not to set more realistic standards but to add an additional punitive fee for energy use for failing to meet requirements that are unattainable with existing technology and equipment options would be a slap in the face of businesses owners who are making a serious and extremely costly effort to comply with the law.

While MRA understands the need for the legislature to consider every possible source of revenue in light of the existing budget deficit, we would strongly urge the Committee to reject this proposal to impose an additional fee on businesses that cannot meet these incredibly high emissions reductions goals. Thank you for your consideration.