



## Written Testimony in support of SB0256

### Environment and Transportation Committee

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Thank you, Chairman Feldman and members of the Committee, for the opportunity to testify in strong support of Maryland's Building Energy Performance Standard (BEPS) and SB0256.

My name is Cliff Majersik. I'm a Senior Advisor to the Institute for Market Transformation. IMT is a national, non-partisan, nonprofit organization. We partner with government, business, and community to improve the efficiency and performance of the buildings for the people inside them and the communities around them. **IMT advises all 14 states and localities in the United States that have adopted a building performance standard (BPS) as well as 34 others that have committed to do so.** With philanthropic support, IMT has also supported the Maryland Department of the Environment with technical assistance, best practices, and stakeholder engagement.

The Building Energy Performance Standard is the cornerstone of the Climate Solutions Now Act of 2022. It is critical to Maryland achieving its climate commitments and protecting Marylanders from chronic air pollution-induced health illnesses, including asthma.

The Maryland Department of the Environment has done great work to engage with building owners and other stakeholders to design SB0256. It will provide additional flexibility for building owners to comply with BEPS and provide much needed resources for BEPS implementation. SB0256 incorporates best practices from other states and cities that adopted BPS before Maryland and from the IMT Model BPS Law, which serves as the starting point for most new BPS laws. The bill includes many elements sought by both building owners and advocates.

BEPS improves energy efficiency and reduces on-site combustion of fossil fuels at the same time. There are tremendous benefits from both the direct pollution reduction and the efficiency gains, and doing both at the same time is important.

Maryland's [electricity demand has declined over the past twenty years](#), despite a growing economy and a growing population. This has been possible because the state invested in energy efficiency over this time period.

The near-term building targets for BEPS are designed so that buildings can comply simply by investing in energy efficiency. These investments will benefit building owners by reducing energy bills, and Maryland communities by reducing the need for power plants and creating jobs at every skill level from roofers to engineers. Many buildings, especially those that have already invested in efficiency, will not have to make any changes to comply with the 2030 target.



IMT has [catalogued several academic studies](#) which have all found that higher performing commercial buildings not only save money on their energy bills, but have higher occupancies and sales prices. In short, building improvements typically yield excellent financial returns.

**As BEPS legislation is discussed, we ask lawmakers to respect these four redlines:**

**1. Protect Emission Reduction Requirements**

These requirements are the bedrock of BEPS and should be protected to fulfill Maryland's climate commitments and protect Marylanders' health.

**2. Protect Energy Use Intensity (EUI) Standard**

The energy efficiency or "energy use intensity (EUI)" standards are critical to maintaining energy affordability. If a building replaces its gas furnace, it can either electrify with an efficient heat pump or with inefficient resistance heat. Resistance heat uses about three times more electricity than a heat pump.

For the owner of a multifamily building that is replacing a gas furnace to comply with BEPS, resistance heating is typically cheaper to install, but it will result in higher electricity bills for the tenants compared to a heat pump—bills that the building owner often won't have to pay. An Energy Use Intensity Standard ensures that buildings will be decarbonized with efficient heat pumps, which lower bills and reduce energy demand on the grid, reducing the need to build new transmission lines or build new power generation.

SB0256 gives building owners the option to pay alternative compliance fees in lieu of meeting BEPS energy efficiency standards. This provides greater certainty and flexibility to building owners.

**3. Do NOT Exempt Large Groups of Buildings**

Maryland should ensure that no entire category of buildings or owners, such as affordable multifamily buildings, or condominiums, is exempted from BEPS. The Alternative Compliance Payment improved by SB0256 sets an upper bound on how much any building owner will have to pay. Any needed exceptions or adjustments should be made on a building-by-building basis through an application process to MDE. These adjustments should be specific, and not allow for loopholes that will jeopardize the overall value of this program.

**4. No Credits for Offsite Renewables**

Allowing buildings to "offset" onsite emissions by buying credits from offsite renewable energy will undermine the entire BEPS program. Opening this door would allow building owners to purchase Renewable Energy Credits instead of improving their buildings. Maryland already has policies in place to incentivize the building of renewable energy. BEPS is Maryland's path forward to decarbonizing our buildings, and it should stay that way.

**We request a favorable report from the Committee on SB0256.**