

**Wednesday, February 12, 2025**

**TO:** Brian Feldman, Chair of the Senate Education, Energy and the Environment Committee; and Committee Members

**FROM:** Cait Kerr, The Nature Conservancy, State Policy Manager; and Michelle Dietz, The Nature Conservancy, Director of Government Relations

**POSITION:** Support SB 256 Environment - Building Energy Performance Standards - Compliance and Reporting

The Nature Conservancy (TNC) supports SB 256 requested by the Maryland Department of the Environment (MDE). SB 256 seeks to increase MDE's administrative capacity to support building owners, gives some flexibility to building owners who need it, and sets upper limits on how much any building owner will be required to pay with regard to Building Energy Performance Standards (BEPS). BEPS were first established in the Climate Solutions Now Act of 2022, with the intent of promoting buildings' energy efficiency and electrification, in order to reduce emissions and improve air quality.

TNC is a member of the Mitigation Working Group and the Buildings Sub-Group and provided funding for the Maryland Building Decarbonization Study, which supported the Maryland Commission on Climate Change's (MCCC) Building Energy Transition Plan. This study modeled three potential building decarbonization scenarios and made recommendations for Maryland to achieve deep decarbonization of building end-uses by mid-century, while also analyzing the costs and benefits of each potential pathway. The High Electrification scenario demonstrated the largest reduction in existing loads due to higher levels of efficiency from building shell improvement and efficient electric device adoption. Both the Building Energy Transition Plan and Maryland's Climate Pollution Reduction Plan recognize the need for increasing buildings' energy efficiency in order to meet our emission reduction commitments as well as reduce energy demand.

BEPS improve energy efficiency and simultaneously reduce on-site fossil fuel combustion, which result in air quality and health benefits. Reducing electricity demand through efficiency is the most cost-effective way to meet energy needs. At a time of projected energy demand growth in Maryland, the BEPS Energy Use Intensity (EUI) provisions will lower electricity demand on the grid. The near-term building targets for BEPS are designed so that buildings can comply by investing in energy efficiency. These investments will result in reduced energy bills. MDE has coordinated with building owners and other interested parties to design SB 256 in a way which is intended to make it easier for some buildings to comply with BEPS, while still maintaining the program's emission reductions and health benefits.

SB 256 creates a specific adjustment to alternative compliance pathways in order to allow building owners to select an alternative compliance method for energy use attributable to a building's failure to meet energy use intensity targets. The Alternative Compliance Payment sets an upper bound on how much any building owner will have to pay. This will allow for more flexibility in the program, while also contributing to our state's Strategic Energy Investment Fund.

TNC would like to thank MDE for designing SB 256 alongside building owners and other interested parties in order to ease compliance with the BEPS program. We strongly support BEPS and appreciate MDE's efforts to continue improving the program.

**Therefore, we urge a favorable report on SB 256.**