

Oppose
Education, Energy, and Environment
Committee
2/27/2025

Senate Bill 804 – Maryland Building Performance Standards – Fossil Fuels Use, Energy Conservation and Electricity- and Solar-Ready Standards (Better Buildings Act of 2025)

Baltimore Gas and Electric Company (BGE) opposes *Senate Bill 804 – Maryland Building Performance Standards – Fossil Fuels Use, Energy Conservation and Electricity- and Solar-Ready Standards (Better Buildings Act of 2025)*. Senate Bill 804 would modify the Maryland Building Performance Standards to require by October 1, 2025, that new buildings and significant improvements meet all energy demands without using fossil fuels, meet certain energy conservation requirements, and adopt an electric- and solar-ready standard.

The grid currently is not equipped to support an expansion of electrification of this magnitude. BGE urges caution in considering any legislation that limits or restricts an available fuel source, especially while the State faces an electricity shortfall due to retiring generating facilities and increases in demand. In June of 2025, ratepayers will be faced with increased costs for electricity due to capacity market pricing that is driven by higher demand and less dispatchable generation. Additionally, the Reliability-Must-Run (RMR) agreement, which is a premium rate paid to Talen Energy to keep the Brandon Shores power plant in operation until a transmission mitigation project is completed, will go into effect at this same time. Senate Bill 804 would require new buildings and buildings undergoing significant improvements to not be dependent upon fossil fuels, such as natural gas, beginning October 1, 2025. However, while less fossil fuels would be used with new buildings, 74% of electric generation in our transmission region is already powered by fossil fuels—this bill will actually increase the overall use of fossil fuels needed to generate electricity.

In addition, Senate Bill 804 will eliminate choice for Marylanders. Nationally more than one new residential customer signs up for natural gas service every minute, and approximately 60 businesses begin new natural gas service every day. Marylanders will not have the ability to weigh the options for the lowest cost energy source nor to make the choice that what best fits their needs. Customers continue to choose natural gas, as demonstrated by the nearly 20,000 customers that have joined BGE's gas system over the last five years. While performing pipeline work, when asked if they want to electrify, existing customers continue to choose to stay on natural gas.

Finally, BGE engaged Energy + Environmental Economics (E3) to analyze viable pathways that achieve the State's net zero goals and to identify potential impacts to BGE's customers and service area. E3 analyzed the following 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 greenhouse gas (GHG) emissions targets and all require significant electrification – including building and transportation electrification. **It is essential that**

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.

the Maryland General Assembly is informed that the Limited Gas scenario is the most costly option for ratepayers, with a projected net incremental cost of \$36 billion. It is also important to note that immense grid expansion would be necessary over the next twenty years under the limited gas approach, including constructing more than 200 new or expanded substations in a densely populated state, which in addition to being very costly, is also not feasible.

Importantly, the E3 study found that the Hybrid and Diverse pathways, both of which leverage the combined capabilities of electric and gas delivery systems, achieve Maryland's net zero greenhouse gas 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 economy.¹ And again, the IES pathways meet Maryland's goal of achieving net zero GHG emissions by 2045.

Such a meaningful shift to the State's building standards as the one contemplated in Senate Bill 804 requires time for planning and implementation. BGE opposes Senate Bill 804 as it forces a drastic shift without appreciating the current ongoing work, costs, and impacts of such a rapid change on all energy customers in Maryland. BGE respectfully requests that the Committee issue an unfavorable report.

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

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