



UNFAVORABLE – House Bill 973
Maryland Building Performance Standards – Fossil Fuel Use Energy Conservation and
Electric- and Solar-Ready Standards
House Environment and Transportation Committee

Columbia Gas of Maryland, Inc. opposes House Bill 973, which requires the Department of Labor to adopt as part of the Maryland Building Performance Standards, a requirement that new buildings and buildings that undertake significant improvements meet all laundry, water and space heating demands of the building without the use of fossil fuels. The legislation also requires electric – and solar-ready standards for certain buildings and mandates energy conservation standards, including Energy Use Intensity (EUI) standards for buildings.

Mandating building electrification and increasing electricity demand at a time when Maryland is struggling to meet its current and future demands for electricity is not appropriate public policy.

Electrifying buildings does not necessarily lead to decarbonization. A significant percentage of electricity provided to Maryland today is supplied by fossil fuels. Mandated building electrification just shifts the point source of emissions from a new building to a base load electric generation facility. House Bill 973 fails to address the need for a diverse and robust energy portfolio, necessary to maintain grid stability and reasonable, affordable utility rates for residential homes and commercial buildings in Maryland.

As the members of the Committee know, the July 30, 2024, PJM Interconnection power market auction produced a more than 800% increase in prices for electricity in Maryland and the PJM footprint. Any alleged energy costs savings estimates by mandating building electrification will be even less with increasing electricity costs, and the public and Maryland General Assembly should be aware of the new economic impact to building owners.

Based on a recent study by Columbia Gas examining annual operating costs for customers in our service territory that compared current electric rates with our natural gas rates, natural gas is a lower cost heating fuel. A customer using a natural gas furnace can save more than 60%, compared to a similar customer using an electric resistance furnace. Customers using a modern gas furnace can save 10% - 34% compared to similar electric heat pumps. Prohibiting energy choice and mandating electrification in new buildings and buildings undertaking significant alterations will increase costs to Marylanders.

The legislation prevents the use of new technologies like renewable natural gas and hydrogen which is expected to provide cost-effective heat and energy to homes and businesses. In addition to the cost-effectiveness, these technologies can produce meaningful greenhouse emission reductions over other conventional energy sources in the short and long term and thus should not be barred from use.

While the proposed legislation allows a local jurisdiction to grant a waiver from the requirement for emergency back-up power systems and buildings designated for use by five types of business, it ultimately prevents customer choice for those building or modifying their own homes or building or modifying commercial business space in the future. Under the bill, financial considerations are not a sufficient basis to pursue a local waiver of the requirement. To the contrary, Columbia Gas respectfully submits that financial considerations are the major consideration when building or modifying a home or business.

It should be noted, the federal Energy Policy and Conservation Act (EPCA) preempts state regulations or laws that effectively ban EPCA-regulated products from accessing necessary energy sources. See, e.g., 42 U.S.C. § 6297(c). HB 973 is expressly intended to reduce greenhouse gas emissions by mandating electric only buildings and preventing the use of fossil fuel appliances. In most buildings, appliances like natural gas furnaces and water heaters are “covered products” under EPCA and EPCA preempts efforts by states to establish “energy conservation standards” relevant to these products, particularly where state legislation functionally ban the use of the products. Accordingly, Columbia Gas believes this legislation is preempted by federal law.

Furthermore, the Speaker of the House and the President of the Senate recently stated Maryland needs to pursue “an all of the above” approach to energy. House Bill 973 and its prohibition on the use of fossil fuels in buildings runs counter to that approach.

The requirements of HB 973 limit energy choice by Marylanders and increase costs on them. Consequently, Columbia Gas cannot support HB 973 as appropriately crafted policy on greenhouse gas emission reductions and therefore urges an unfavorable report.

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