

Position Statement

OPPOSE
Environment and Transportation
Economic Matters
2/26/2025

House Bill 212- Maryland Building Performance Standards - Fossil Fuel Use and Electric-Ready Standards

Baltimore Gas and Electric Company (BGE) opposes *House Bill 212-Maryland Building Performance Standards - Fossil Fuel Use and Electric-Ready Standards*. This bill mandates that by January 1, 2026, the Maryland Department of Labor must adopt standards requiring new buildings to meet all water and space heating demands without fossil fuels and to be electric-ready.

BGE opposes *House Bill 212* for several reasons. First and most importantly, 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.

Maryland's transmission grid is already constrained, making electricity imports expensive for customers. The retirement of power plants like Brandon Shores and Wagner further jeopardizes Maryland's energy security, necessitating power imports from other regions. Additionally, capacity market pricing for electricity is set to increase by 8% in June 2025 due to a drop in generation resources and rising electricity demand. BGE cautions against policies requiring widespread building electrification while the state grapples with serious regional resource adequacy challenges. Furthermore, 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. Policies should enhance Maryland's energy infrastructure by strategically and responsibly planning a transition to building electrification and aligning with ongoing energy resiliency projects.

Second, widescale electrification will require significant investments in electric infrastructure to ensure safe, reliable, and resilient service. 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 the Maryland General Assembly is informed that the Limited Gas scenario is the costliest option for ratepayers, with a projected net incremental cost of \$36 billion.** 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 goals at

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.

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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.

In addition, there are ongoing processes holistically addressing this topic, which *House Bill 212* does not consider. Currently, the State has promulgated regulations to implement the building performance standards (BEPS) for buildings of a specific size as required by the 2022 Climate Solutions Now Act. Building owners working with utilities are in the process of tracking energy data to meet reporting and benchmark energy requirements. With the recent implementation of the regulations, BGE cautions against requiring new buildings to be fully electrified without having full appreciation of the financial and technical challenges being worked out. The expansion of electrification must be done in a measured way, understanding the impacts to customers and current energy infrastructure, while considering the State's electric resource adequacy concerns.

House Bill 212 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. *House Bill 212* would remove the ability for many Maryland residents to choose the most cost-effective energy source or the one that best meets their needs. Customers continue to choose natural gas, as evident 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. In fact, seventy percent of Marylanders oppose a ban on natural gas, which the bill would represent for new buildings. This bill does not contemplate potential innovations that provide alternate paths to net-zero emissions that would still allow the use of fossil fuels.

BGE remains committed to supporting Maryland's climate goals and supports policies that keep resiliency and reliability a priority. However, BGE opposes *House Bill 212* as it forces a rapid shift without appreciating the current ongoing energy ecosystem and the impacts of such a rapid change on all energy customers in Maryland.

BGE respectfully requests that the Committee issue an unfavorable committee report for *House Bill 212*.

¹ [BGE PathToClean Final 090623.pdf \(contentstack.com\)](#)

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Commented [DR1]: Thank you all for your comments! I think we are good to now.