

February 23, 2022

The Honorable Kumar P. Barve  
Environment and Transportation Committee  
Room 251  
House Office Building  
Annapolis, MD 21401

Re: HB 831-Reducing Greenhouse Gas Emissions-Commercial and Residential Buildings  
Letter of Opposition

Dear Chairman Barve and Committee Members:

On behalf of the Commissioners for Somerset County, this is written to express our respectful, but strong, opposition to certain provisions within HB 831. First and foremost, Somerset County has a long history of taking actions to reduce the effects of climate change. And although there are many provisions within HB 831 (*e.g.*, electrifying the state vehicle fleet) we favor, we oppose the provisions in the bill that would: (1) ban natural gas in all new buildings on or before January 1, 2023; and (2) impose strict emission limitations on certain existing commercial and multi-family residential buildings that ratchet down over the next several years and impose severe fees on the owners of those buildings if they cannot convert off of gas service.

As you may know, a natural gas company recently completed the construction of a line that will bring natural gas service to the University of Maryland – Eastern Shore, the Eastern Correctional Institution and the US 13 corridor. This gas line has been a priority of Somerset County for decades and we greatly appreciate the help the State provided in making this happen. For years, potential employers have been hesitant to locate in Somerset County due to its lack of natural gas service. Now that the line is finished, employers and property owners (including certain agri-businesses, the Princess Anne Industrial Park and home builders) are counting on the ability to connect to natural gas.

This natural gas line will lower overall CO2 emissions in the County (by replacing dirtier fuels like propane and fuel oil) and will serve as a driver for economic development. Accordingly, the Somerset County Commissioners are extremely concerned about the negative impact certain provisions of HB 831 would have in our County. According to the Maryland Commission on Climate Change (“MCCC”), building direct use emissions account for 13% of economy-wide GHG emissions in Maryland. In an attempt to achieve this purported 13% reduction, the MCCC estimated that implementing a natural gas ban on new and existing buildings would result in significant compliance costs for building owners and require billions of dollars of upgrades to the electric grid that serves Maryland. All of these costs will be borne by Maryland residents.


Among other things, HB 831 requires the Maryland Department of Labor to adopt regulations that ban the use of natural gas in **all new buildings (NO exceptions) on or before January 1, 2023**. In addition, the bill requires the Maryland Department of the Environment to adopt strict building emissions standards applicable to “covered buildings” (*i.e.*, all commercial and multi-family residential buildings with a gross floor area of 25,000 square feet or more) phased in over several years until the buildings achieve a net-zero energy balance. We are aware of only two other states (Colorado and Washington) that have enacted similar legislation – but those laws apply only to buildings 50,000 square feet or larger.

HB 831 authorizes local governments to grant a variance from the natural gas ban for a new building - but only if the new building can pass a “cost-effectiveness” test and demonstrate that cost to comply with the gas ban is greater than the “social cost of the greenhouse gases that would be reduced by complying with the requirements.” The bill dictates the requirements of this “cost-effectiveness” to include certain “projections” that skew the results in a way that make it difficult (if not impossible) for any building to pass. For example, HB 831 requires the “cost-effectiveness” test to “account for *projected* utility cost rates and emissions rates” as adopted by MDE or the U.S. EPA, whichever is greater. We understand that the reliability of many of the assumptions that support the calculation of “projected” increases in utility rates and emission rates are subject to significant debate by experts. In practice, we believe this “cost-effectiveness” test is illusory and we have real concerns about this variance process.

Finally, the Maryland Commission on Climate Change (“MCCC”) recently approved a Building Energy Transition Plan. This Plan’s recommendations are quite similar to the natural gas ban and existing building emissions standards proposed by HB 831. The MCCC’s Building Energy Transition Plan estimates that the costs for its recommendations are in the multiple billion-dollar range annually (ranging from \$1.5 to \$4 billion annually just in electric transmission and capacity upgrades, \$3 billion in alternative compliance payments; higher electric and gas rates, *etc.*). Moreover, we understand the basis for these cost estimates are questionable and therefore these costs could be much *higher*.

In summary, we are extremely concerned about the above-mentioned provisions within HB 831. Respectfully, we believe that artificially choking off the ability of customers to choose natural gas will defeat all of the hard work the Somerset County has expended over the last several years to bring the natural gas line to the County. We ask that you please consider our serious concerns as you review and debate Reducing Greenhouse Gas Emissions-Commercial and Residential Buildings . Most certainly, please do not adopt any natural gas ban or existing building emission standards until they are subject to much more scrutiny and study.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Craig N. Mathies, Sr.', with a long horizontal flourish extending to the right.

Craig N. Mathies, Sr.  
President

Cc: Senator Carozza  
Delegate Otto