

HB0831 - Reducing Greenhouse Gas Emissions - Commercial and Residential Buildings

Date: February 25, 2022

Committee: House Environment & Transportation Committee

Position: Favorable with amendments

Victoria Venable, Maryland Director - Chesapeake Climate Action Network Action Fund

On behalf of the Chesapeake Climate Action Network Action Fund, I urge a favorable report from the committee on **HB0831 - Reducing Greenhouse Gas Emissions - Commercial and Residential Buildings**. While CCAN Action Fund strongly supports this bill, we concur with several amendments introduced with the Climate Partners testimony to strengthen it.

The CCAN Action Fund is the advocacy arm of Chesapeake Climate Action Network, a grassroots organization dedicated exclusively to fighting for bold and just solutions to climate change in the Chesapeake region of Maryland, Virginia, and Washington, DC. We have worked hard with members of this body to increase clean energy deployment, pass greenhouse gas reduction goals, and combat climate change at the state level. We must pass legislation this year to address the way our building sector contributes to climate change and put our built infrastructure on a greener pathway.

The latest report from the Intergovernmental Panel on Climate Change, issued in August of 2021, has declared a “code red for humanity” due to rapidly worsening climate change. The report declared that nations have delayed curbing their fossil-fuel emissions for so long that they can no longer [stop global warming from intensifying](#) over the next 30 years. However, there is still a short window to prevent the most harrowing future. In order to adequately respond to the climate crisis, we must take meaningful steps to cut emissions across the economy. Buildings contribute 40% of the greenhouse gasses that are produced in Maryland (18% from onsite fossil fuel combustion and the remainder from the power they use from the grid, which contains fossil fuels) because they rely heavily on fossil fuel infrastructure. Therefore, in order to reach our climate commitments, we must reduce emissions in our building sector.

In November of 2021, the Maryland Commission on Climate Change released its [annual report and Building Energy Transition Plan](#), recommending the adoption of Building Emission Standards and an “all-electric new construction code.” HB831 introduces versions of both of these recommendations. While we believe that new construction should adhere to a true all-electric standard, we appreciate the introduction of an electric standard for water and space heating. Based on current trends, Maryland is on track to have [12% more residential gas customers in 10 years](#) than today. Much of this infrastructure will be obsolete in a matter of decades as we transition to clean energy. In order to reduce emissions from our building sector, we must not invest in new fossil fuel infrastructure. Electrifying our new buildings will help us shift this trend while ensuring that ratepayers are not paying the costs of ill-thought-out energy investments of investor-owned utilities.

Building electrification is particularly important for residential buildings due to the cost and health benefits associated with shifting from gas to electric energy systems. [According to Rewiring America](#), 99% of households in Maryland—2.2 million homes—could save money on energy bills if they converted an existing appliance to a high-efficiency electric appliance. Rewiring America also found

that the average household in Maryland will save **\$393 on their energy bills** by switching to modern, electric appliances.

The Maryland Department of the Environment worked with Energy + Environmental Economics (E3) to model the costs of construction of all-electric new buildings. E3's [Maryland Buildings Decarbonization Study](#) found that:

- For single-family homes, all-electric homes **cost less to construct** than new mixed-fuel homes.
- For multifamily buildings, all-electric **costs about the same to construct** as mixed-fuel buildings.
- At current utility rates, **annual energy costs are comparable** between homes with electric heat pumps and homes with gas furnaces. [Gas rates are expected to increase this winter.](#)
- **Annual energy costs are lower** for homes with electric heat pumps than homes heated by electric resistance, oil, or propane.
- As Maryland moves toward a net-zero-emissions goal, all-electric new buildings of any type—residential and commercial—will have the **lowest total annual costs** (including equipment, maintenance, and energy costs).

These cost savings are more relevant than ever, as fuel prices across the country continue to rise. The [U.S. Energy Information Administration predicts](#) that utility bills will continue to increase through this winter, largely due to the volatility of fossil fuel prices. Households with electric heat pumps will feel this impact significantly less than homes using natural gas, propane, or fuel oil. In fact, households using fracked gas for heat should expect to pay on average \$161 more this winter compared to last year, and households using delivered fuels (propane and fuel oil) will see even greater increases (\$582 and \$524, respectively), while households with electric heat pumps can expect to pay only \$21 more. Electrifying our homes can help provide Maryland families with more energy cost stability while helping reduce emissions.

Another critical aspect of the bill is the creation of a Building Energy Transition Implementation Task Force. This Task Force will be charged with recommending complementary policies, programs, and incentives to support this transition, including the creation of tax credits and direct subsidies; new financial incentives that will help low- and moderate-income residents through the EmPOWER program; and low-interest financing to spread out the upfront costs of electrification. Additionally, the Task Force will recommend a plan to fund the retrofit of existing buildings.

Climate change is a complex and intersecting issue, which will require comprehensive and iterative solutions. With 3,000 miles of tidal shoreline, Maryland is one of the [most climate-vulnerable states in America](#)—just from sea-level rise. HB831 takes the first step to ensure our buildings are part of the solution and to protect Maryland ratepayers from the financial, environmental, and health costs of continued fossil fuel use.

Thank you for your consideration of HB831. For all the reasons stated above, we urge a favorable vote from the committee.

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