



## Environment Committee

**Committee: Environment and Transportation**

**Testimony on: HB831 – Reducing Greenhouse Gas Emissions – Commercial and Residential Buildings**

**Organization: Takoma Park Mobilization Environment Committee**

**Submitting: Laurie McGilvray, Co-Chair**

**Position: Favorable**

**Hearing Date: February 25, 2022**

Dear Chair and Committee Members:

We are pleased to submit testimony favorable with amendments for HB831 – Reducing Greenhouse Gas Emissions – Commercial and Residential Buildings. The Takoma Park Mobilization Environment Committee is a grassroots organization focused on State and County level climate action. We strongly urge you to vote favorably on HB831 and to include the suggested amendments described below.

HB831 would require all new commercial and residential buildings to be constructed to a modified all-electric standard for water and space heating. It also would require the development of Building Emissions Standards for greenhouse gas emissions from large commercial and residential buildings (> 25,000 sq. ft.) with a plan to achieve net zero emissions by 2040. The bill includes a Building Energy Transition Implementation Task Force to help plan for building transition to all-electric and retrofitting existing buildings, including financing and incentives to cover costs.

### **Buildings Must be Part of the Climate Solution**

Buildings emit 40% of Maryland’s greenhouse gases (13% of which are direct emissions from the combustion of gas, oil, and propane) and account for 90% of Maryland’s electricity use. First, we must stop digging the climate pollution and ratepayer cost hole deeper and stop constructing new buildings heated with fossil fuels. In fact, it now costs the same or less to construct all-electric buildings. The cost of operating electric buildings will only get better in the future, because the cost of gas is projected to rise 2-5 times in the coming years as fixed utility costs are spread among fewer and fewer ratepayers. In fact, the three gas utilities (BGE, Washington Gas and Columbia Gas) project the cost of STRIDE-related surcharges for gas infrastructure replacement to rise from approximately \$150 million annually to \$450 million annually in 2044. These are exorbitant surcharges gas customers – like homeowners and businesses – will be expected to pay. These costs will rise just as Maryland should be getting off gas entirely to meet its climate goals, and this does not even include the climate and human health impacts of methane leaks from gas infrastructure.

Second, we must put existing large commercial and residential buildings on an “energy diet” by reducing emissions and improving energy efficiency. The best kilowatt hour is one that doesn’t get

used. Building Emissions Standards must require monitoring and reporting so buildings owners know how much energy they are using. As energy use is reduced, building owners save money on utility bills and buildings are healthier for occupants and residents.

Third, energy efficiency is a gift to the electric grid. Energy efficiency retrofits in existing buildings and construction of energy efficient new buildings will help lower electricity demand and allow for a smoother transition to electrification of both buildings and the transportation system. In fact, in an August 27, 2021 letter from Pepco to the DC Public Service Commission they noted that, “Moreover, EE [energy efficiency] and load flexibility can significantly reduce future increases in peak demand and can be scaled up as electrification initiatives gain traction. Indeed, with an achievable portfolio of EE and load flexibility measures, the annual peak demand growth rate can be reduced from a projected 1.4% down to 0.9% between 2021 and 2050. Finally, heating electrification is expected to shift the Pepco DC system peak to the winter season, which is currently lower than its summer peak demand. As a result, heating load will have “room to grow” before it begins to contribute to new capacity needs.”

### **HB831 Can be Strengthened**

While HB831 can achieve much of the elements described above for new and existing buildings, we recommend amendments to ensure the bill addresses all of the elements for a robust climate solution.

1. **Energy Efficiency** – the bill appears to only include direct emissions from burning fossil fuels onsite (e.g., space and water heating, clothes drying, cooking). We recommend adding a requirement to reduce site electricity use through improved energy efficiency in existing buildings. The necessary first step must be a requirement to monitor and report energy use in buildings (“benchmarking”). According to the Environmental Protection Agency, building benchmarking alone can achieve a 2.4% decrease in energy use (i.e., you need to get on a scale for the energy diet to work.) This recommendation is also consistent with those of the MD Commission on Climate Change’s Building Energy Transition Plan (see p. 23).
2. **New Construction** – the bill should be strengthened to add energy efficiency requirements for new buildings by adopting the “stretch code” similar to Montgomery County and Baltimore City. Additionally, major retrofits and new buildings should have energy efficiency targets including: 1) 40% reduction in modeled energy use consumption over the 2018 International Energy Conservation Code (IeCC) for permit applications received between Jan 1 2025 and Dec 31 2027, and 2) 60% reduction in modeled energy use consumption over the 2018 IeCC for permit applications received on or after Dec 31, 2027.
3. **Climate Catalytic Capital Fund (C3 Fund):** We recommend adding the establishment of a Fund similar to SB528. Such a fund would add money to the Maryland Clean Energy Center’s Green Bank to achieve the objectives of the bill Green Banks leverage public monies with private capital and for every \$1 of public investment they generate \$4 - \$10 of private capital. With existing sources of funding and financing plus a C3 Fund and any other incentives developed by the Building Energy Transition Implementation Task Force, building owners will get help with the upfront costs of energy retrofits.
4. **Affordable Housing/Low Income Households:** The bill should address the particular needs of Affordable Housing by: providing flexibility and allowing an alternative compliance pathway to accommodate refinancing and recapitalization

timelines; ensuring the Building Energy Transition Implementation Task Force includes a tenant representative; directing the Task Force to identify policies and programs that provide tenant protections and funding support for affordable housing retrofits; and creating a role for the Task Force in advising the Department on the development of regulations to ensure that input from community members is considered.

HB831, with the proposed amendments, will help the City of Takoma Park and Montgomery County reach their climate goals. In 2017, Montgomery County adopted climate emergency goals to reduce greenhouse gas emissions by 80% by 2027 and 100% by 2035. Similarly, the City of Takoma Park passed a climate emergency resolution in 2020 with strategies to achieve net zero emissions city-wide by 2035 and to be fossil fuel-free by 2045. Reducing climate pollution from buildings must be part of the climate solution, for our City, County and State, and for the benefit of Maryland energy consumers.

We strongly urge a **FAVORABLE WITH AMENDMENTS** vote on HB831.