Environment and Transportation Committee
2/12/2025

On behalf of the organizations listed above we urge a favorable report on HB0049

ACQ (Ask the Climate Question)
AIA Maryland
CASA
Cedar Lane Unitarian Universalist Environmental Justice Ministry
Center for Progressive Reform
Ceres
Chesapeake Climate Action Network
Climate Reality Greater Maryland
Earthjustice
Elders Climate Action Maryland Chapter
Environment Maryland
Green Sanctuary, Unitarian Universalist Church of Silver Spring
HoCo Climate Action
Indivisible HoCoMD Environmental Action
Institute for Market Transformation (IMT)
Interfaith Power & Light (DC.MD.NoVa)
Maryland League of Conservation Voters
Maryland Legislative Coalition
Maryland Legislative Coalition- Climate Justice Wing
Maryland PIRG
Mediation Matters
Mont Co Faith Alliance for Climate Solutions
Progressive Maryland
Sierra Club Maryland Chapter
The Climate Mobilization Montgomery County
Unitarian Universalist Legislative Ministry of Maryland

The Climate Solutions Now Act of 2022, Maryland's landmark climate policy, created the Building Energy Performance Standard (BEPS), which will, if fully implemented, reduce roughly one million metric tons of greenhouse gas emissions annually. The combustion of fossil fuels in buildings contributes three times more outdoor air pollution than all the power plants in Maryland combined. By reducing this pollution, BEPS is improving the air quality in Maryland and improving health outcomes. Thanks to BEPS and the General Assembly, fewer Marylanders will suffer from chronic air pollution-induced health illnesses, including asthma.

BEPS improves energy efficiency and reduces on-site combustion of fossil fuels at the same time. There are tremendous benefits from both the direct pollution reduction and the efficiency gains, and doing both at the same time is important.

Maryland's electricity demand has declined over the past twenty years, despite a growing economy and a growing population. This has been possible because the state invested in energy efficiency over this time period. The most cost-effective way to 'generate' electricity is by reducing electricity demand through efficiency. At a time of projected energy demand growth in Maryland, the BEPS Energy Use Intensity (EUI) provisions will lower electricity demand on the grid, reducing the need to build new transmission lines and build new power generation sources.

The near-term building targets for BEPS are designed so that buildings can comply simply by investing in energy efficiency. These investments will create benefits for the building owners in the form of reduced energy bills. Many buildings, especially those that have already invested in efficiency, will not have to make any changes to comply with the 2030 target.

In the long term, to address the climate crisis and to comply with existing law, Maryland must electrify everything. Thankfully, the technology is available for the state to move to clean, electric heating; we need only choose to adopt those technologies. Heat pumps are essentially air conditioners that can also be run in reverse. They can heat a building more efficiently than a gas furnace or boiler, while emitting no onsite particulate pollution. The transition from a gas furnace to a heat pump is most cost-effective if it is made at the point at which the furnace would otherwise have to be replaced. Gas furnaces tend to last 15-20 years.[1] Maryland enacted BEPS into law in 2022, and as a result, most gas furnaces will reach the end of their expected lifetime within the timespan of BEPS.

HB0049 effectively makes it easier for some buildings to comply with BEPS while maintaining the climate and health benefits of the program. The Maryland Department of the Environment has done great work to engage with building owners and other stakeholders to design this policy. HB0049 increases MDE's administrative capacity to support building owners, gives some flexibility to building owners who need it, and sets upper limits on how much any building owner will be required to pay. These measures improve the BEPS policy and we urge a favorable report.

As BEPS regulations are discussed, we ask lawmakers to respect these four redlines:

Protect Emission Reduction Requirements

Under current law, buildings that are 35,000 square feet and larger must benchmark their energy performance and report it to MDE. By 2030 every qualified building over 35,000 square feet must emit 20% fewer emissions than the average building of its type. So, to ensure fairness, office buildings will be compared to other office buildings, warehouses to other warehouses, etc. This means that high performing buildings are already in compliance with the

[1] https://www.carrier.com/residential/en/us/products/furnaces/how-long-does-a-furnace-last/

2030 standards. Every building 35,000 square feet and larger must have net-zero direct greenhouse gas emissions by 2040.

These emission requirements are the bedrock of BEPS and should not be weakened.

Protect Energy Use Intensity Standard

Energy Use Intensity (EUI) just means energy efficiency, and it is important for buildings to decarbonize efficiently. If a building is replacing its gas boiler, it can either electrify with an efficient heat pump or with inefficient resistance heat. To over simplify, resistance heat is just running electricity through wires that have a lot of resistance. It is how a toaster heats up and how baseboard heating works, and it uses about three times more electricity than a heat pump.

For the owner of a multifamily building that is replacing a gas boiler to comply with BEPS, resistance heating might be cheaper to install, but it will result in higher electricity bills for the tenants compared to a heat pump—bills that the building owner won't have to pay. An Energy Use Intensity Standard ensures that buildings will be decarbonized with efficient heat pumps, which lower bills and reduce energy demand on the grid.

Do NOT Exempt Large Groups of Buildings

Maryland should ensure that no entire category of building, such as multifamily buildings, is exempted from BEPS. The Alternative Compliance Payment sets an upper bound on how much any building owner will have to pay. Any needed exceptions or adjustments should be made on a building-by-building basis through an application process to MDE. These adjustments should be specific, and not allow for loopholes that buildings can exploit on masse. This is exactly what HB0049 does.

No Credits for Offsite Renewables

Allowing buildings to "offset" onsite emissions by buying credits from offsite renewable energy will undermine the entire BEPS program. Opening this door would allow building owners to not improve their property, but simply purchase Renewable Energy Credits instead. Maryland already has policies in place to incentivize the building of renewable energy. BEPS is Maryland's policy for decarbonizing our buildings, and it should stay that way.