



**The Maryland Department of the Environment
Secretary Serena McIlwain**

***House Bill 49
Environment – Environment - Building Energy Performance Standards - Compliance and
Reporting***

Position: Support with Amendments
Committee: Environment and Transportation Committee
Date: February 12, 2025
From: Jeremy D. Baker, Director of Government Relations

The Maryland Department of the Environment (MDE) **SUPPORTS HB 49 WITH AMENDMENTS.**

The Climate Solutions Now Act (CSNA) of 2022 required MDE to adopt Building Energy Performance Standards (BEPS) regulations including net direct emissions (GHG) and energy use intensity (EUI) targets for covered buildings. In December 2024, MDE adopted BEPS regulations, including reporting requirements and emissions standards. The Department would like to add more flexibility to address stakeholder concerns while still upholding the goals established in CSNA. As such, MDE is confident the following departmental amendments will create more flexibility and tailored solutions for key industries.

Amendments in Summary

1. Give credit for on-site renewable energy - to promote on-site renewables and reduce the cost of achieving Energy Use Intensity standards;
2. Set a low Alternative Compliance Payment rate for Energy Use Intensity standards (5 cents per kbtu for energy use over target levels) - to reduce the cost of compliance with Energy Use Intensity standards through a cost cap, and provide cost certainty to building owners;
3. Allow waivers from making any Alternative Compliance Payments for five years in the 2030-2039 timeframe for buildings that submit alternative compliance plans - to reduce the cost of compliance and accommodate building owners who need additional time to comply with interim standards;
4. Allow waivers from making any Alternative Compliance Payments for excess emissions or energy use associated with reduction measures that are economically infeasible (do not achieve simple payback within a certain amount of time, accounting for incentives and avoided payments). This change would reduce the cost of compliance by excusing building owners from paying for the least cost-effective building improvement projects. This exemption could be renewed every 5 years as technology changes;
5. Provide a training course for engineering and other contractors, and require waiver applications to be prepared by engineering who have completed the training - to provide some quality assurance of the contractors used by building owners;
6. Include a \$100 annual reporting fee - to help MDE provide more support to covered building owners;

7. Excuse a building from making both Energy Use Intensity and Greenhouse Gas Alternative Compliance Payments if both are due - to reduce the cost of compliance by paying only the higher of the two fees if both are due;
8. Deposit all Alternative Compliance Payment revenue in SEIF and direct MEA to redistribute it to the covered building community to help them comply with BEPS - to provide additional financial support to covered buildings; and
9. Allow buildings to comply with a county or city BEPS program instead of the statewide BEPS program if the county/city program is at least as stringent as the statewide program - to simplify compliance for covered buildings in counties or cities with their own BEPS.

MDE appreciates your consideration of this important legislation that will not only reduce emissions, but encourage energy efficiency, spur economic growth, and provide flexibility for Maryland's diverse building stock.

Accordingly, MDE asks for a **FAVORABLE WITH AMENDMENTS** report for HB 49.