



House Bill 1415

Date: March 5, 2025

Committee: House Environment and Transportation

Position: Favorable

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 7,000 members and federated partners working to develop and promote strong public policy that ensures sustained economic health and growth for Maryland businesses, employees, and families.

House Bill 1415 (HB 1415) would allow for the delay of compliance with the state's building energy performance standards (BEPS) until a covered building's major components, such as lighting, HVAC, or other systems, need replacement due to failure or end of life.

HB 1415 provides a balanced and practical approach to achieving Maryland's ambitious energy and climate goals while recognizing the economic realities faced by businesses and property owners. As drafted, the recently finalized and published BEPS regulation will impose significant financial burdens on commercial and multifamily property owners by requiring costly retrofits to meet stringent emissions and energy efficiency standards. Many Maryland businesses – especially small businesses and tenants – will bear the cost of compliance, creating new financial challenges at a time when economic conditions are already strained.

According to a 2023 study by the U.S. Department of Energy's Lawrence Berkeley and Pacific Northwest National Laboratories, the total cost of implementing BEPS (2025-2040) exceeds \$15 billion, which includes \$8.8 billion for efficiency measures and \$6.4 billion for electrification¹. Additionally, we urge the legislature to consider rising electricity costs and the potential impact on grid reliability. Rising electricity costs, such as the 800% increase seen in the July 30, 2024, PJM market capacity auction, place additional financial strain on businesses and consumers. These cost escalations, combined with the substantial investment required for BEPS compliance, raise concerns about affordability, economic competitiveness, and the feasibility of achieving the intended energy savings.

HB 1415 ensures that compliance with BEPS is phased in responsibly, allowing buildings that received a use and occupancy permit before June 1, 2022, to meet these requirements only when major systems reach the end of their useful life. This approach strikes a reasonable balance between Maryland's environmental goals and the financial feasibility of implementation.

While Maryland businesses support feasible emissions reductions efforts, mandating costly electrification retrofits without consideration of cost impacts, technological advancements, grid reliability, or economic impact is not practicable or sustainable. A measured approach, as presented in HB 1415, allows market-driven innovation and strategic investment to guide the transition toward decarbonization. This bill aims to reduce the significant costs applied to covered building owners related to compliance with the BEPS regulations and extend the equipment's lifespan.

For these reasons, the Maryland Chamber of Commerce respectfully requests a **favorable report** on HB 1415.

