



Maryland Energy Administration

TO: Chair Korman, Vice Chair Boyce, and Members of the Environment and Transportation Committee
FROM: MEA
SUBJECT: HB 49 - Environment - Building Energy Performance Standards - Compliance and Reporting
DATE: February 12, 2025

MEA Position: FAVORABLE WITH AMENDMENTS

This bill proposes several common sense amendments to the Building Energy Performance Standards (BEPS) that was enacted as part of the Climate Solutions Now Act of 2022. The amendments - including additions and clarifications on the scope and use of alternative compliance payments (ACP) and a modest fee to bolster the Department of Environment (MDE)'s administrative capacity - will help create more regulatory certainty and streamline implementation. Further amendments, as proposed by MDE after sustained conversations with industry stakeholders, would provide pathways for compliance without compromising the legislative objective of reducing emissions from covered buildings.

Notably, the bill would give MDE the authority to collect a modest ACP for energy use intensity and clarifies that any ACP revenue collected by MDE would be deposited into the Strategic Energy Investment Fund (SEIF), which is managed by the Maryland Energy Administration (MEA). A proposed MDE amendment would further clarify that MEA will use this revenue to design and deliver programs to help buildings covered by the BEPS policy with compliance, which could include grants or loans to help defray some of the upfront costs of energy efficiency and electrification, or technical assistance to chart pathways for compliance. This mirrors the long-standing approach that the State has chosen for ACPs generated from the Renewable Portfolio Standard. MEA would invest BEPS ACP revenue in cost-effective, low-overhead programs to help covered buildings reduce their energy use intensity and direct greenhouse gas emissions.

Additional amendments proposed by MDE include giving credit for on-site renewable energy to help offset the policy's Energy Use Intensity standards, as well as an ACP waiver if a building submits a retrofit plan to MDE. MEA is supportive of this added flexibility.

MEA urges the committee to issue a report of **favorable as amended**, including the amendments being proposed by MDE.

Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Landon Fahrig, Legislative Liaison, directly (landon.fahrig@maryland.gov, 410.931.1537).