

The Honorable Marc Korman.
Chairman, House Environment and Transportation Committee
250 Taylor House Office Building
Annapolis, Maryland 21401

February 10, 2025

RE: House Bill 49 (Environment – Building Energy Performance Standards – Compliance and Reporting) Favorable with Amendments

Dear Chairman Korman,

The Climate Solutions Now Act required the Department of Environment to include “*special provisions or exceptions to account for ... the unique needs of ... military buildings [and] critical infrastructure*”¹. Despite that clear direction from the General Assembly, the Building Energy Performance Standards made no provisions for these buildings. The attached amendment implements the original legislative intent to exempt military buildings that house national security assets and missions from energy use intensity (EUI) standards and provides that owners are not required to disclose information which these tenants withhold concerning their assets and missions.

COPT Defense, an S&P MidCap 400 Company, is a self-managed REIT focused on owning, operating and developing properties in locations proximate to, or sometimes containing, key U.S. Government (“USG”) defense installations and missions (referred to as its Defense/IT Portfolio). COPT Defense's tenants include the USG and their contractors, who are primarily engaged in priority national security activities, and who generally require mission-critical and high security property enhancements. As of December 31, 2024, the Company’s Defense/IT Portfolio of 195 properties, including 24 owned through unconsolidated joint ventures, encompassed 22.4 million square feet and was 96.8% leased. Over half of the Company's portfolio is in Maryland, 115 buildings containing approximately 12 million square feet.

According to the [Maryland Manual On-Line](#), Fort George G. Meade is the largest employer in Maryland with over 50,000 employees, the third largest workforce of the Army's facilities. The military industry generates more than \$57 billion in Maryland and constitutes 17% of Maryland's total economic output. Maryland is home to 15 of the nation's top 20 aerospace and defense firms. More than 10,000 aerospace and defense contractors in Maryland generate over \$39 billion each

¹ Environment Article 2-1602 (C)(2)(ii)(3)

year. As of 2020, Maryland ranked first for research and development (R&D) federal obligations worth over \$24.5 billion.

Among COPT Defense's many tenants are USG agencies and contractors involved in sensitive national security. The work performed by these tenants requires a significant amount of computing power and often the tenants are using the buildings beyond the traditional 9-5 work-week. In many instances, COPT Defense does not have access to those leased properties nor the ability to control the crucial national security activities that tenants perform in the leased spaces. Despite those limitations, the Department of the Environment's regulations would require COPT Defense and other similar property owners, to "benchmark" all energy used by the tenants and disclose that information to the Department. The initial benchmark report is due in September 2025.

Once the benchmarking is completed, the regulations require COPT Defense to force tenants to make changes to energy usage on the property including, potentially, changes to electricity used within "sensitive compartmented information facilities" specified in federal and state law. However, given the nature of the work being performed in these buildings, including large and small data centers, the tenants will not be able to curtail the energy needed to perform their respective missions.

COPT Defense supports House Bill 49 if amendments are adopted to implement the requirement in the Climate Solutions Now Act that the Maryland Department of the Environment exempt certain buildings as provided in the attached amendment.

For further information:

Jason Weintraub

jweintraub@gfrlaw.com

Amendment to House Bill 49 to address military buildings – offered by COPT Defense:

On Page 3, after line 2 and on page 4, after line 17, insert:

“(V) EXEMPT FROM ENERGY USE INTENSITY REQUIREMENTS A BUILDING THAT:

(1) CONTAINS AN AREA DESIGNED AND BUILT TO MEET THE STANDARDS
FOR:

(i) A SENSITIVE COMPARTMENTED INFORMATION FACILITY
MEETING THE SPECIFICATIONS ESTABLISHED BY THE NATIONAL COUNTERINTELLIGENCE
AND SECURITY CENTER, OR ITS SUCCESSOR AGENCIES; OR

(ii) A SIMILAR CLASSIFICATION FOR A SECURE AREA UNDER THE
LAWS AND REGULATIONS PROMULGATED BY THE STATE OF MARYLAND OR THE UNITED
STATES GOVERNMENT; AND

(2) IS LEASED TO A TENANT OR USED BY AN OCCUPANT THAT IS:

(i) AN AGENCY OF THE U.S. DEPARTMENT OF DEFENSE, NATIONAL
SECURITY AND U.S. INTELLIGENCE AGENCIES, OR HOMELAND SECURITY; OR

(ii) A BUSINESS THAT IS PERFORMING A CONTRACT IN SUPPORT OF
AN AGENCY IN SUBPARAGRAPH (I) OF THIS PARAGRAPH; AND

(VI) EXEMPT AN OWNER OF A BUILDING FROM AN ENERGY USE INTENSITY
REPORTING REQUIREMENT IF:

(1) THE BUILDING MEETS THE REQUIREMENTS IN SUBSECTION (V) OF THIS
SECTION; AND

(2) THE TENANT DOES NOT PROVIDE ENERGY USE INFORMATION TO THE
OWNER DUE TO CONCERNS ABOUT THE CONFIDENTIALITY OF THE FACILITY’S SECURE
AREA.”;

And on page 3, in lines 3, 9, and 11, and on page 4, in lines 16, 18, and 24, in each instance, strike “(v)”, “(vi)” and “(vii)” and substitute “(VII)”, “(VIII)”, and “(IX)”.