



Bill: HB 1415- Environment - Building Energy Performance Standards and Energy Use Intensity Targets - Exemptions

Position: SUPPORT

Dear Chair, Vice-Chair and Members of the Committee:

The Maryland Coalition for Inclusive Energy Solutions, Inc. (MCIES) is a coalition of diverse stakeholders, including representatives from organized labor, manufacturing, energy production, transportation, and public utilities. Together, we are advocating for the inclusivity of all energy types, including natural gas, renewable natural gas, hydrogen, propane, and nuclear power. We support HB 1415.

This bill ensures that Maryland's efforts to reduce greenhouse gas emissions do not impose unmanageable financial burdens on building owners, tenants, businesses, and others. The BEPS regulations, as currently structured, will effectively prohibit the use of natural gas and fossil fuel equipment, forcing covered building owners to incur extreme costs to retrofit their properties with electric alternatives. The Maryland Department of the Environment's (MDE's) own economic impact analysis indicates that:

- Covered building owners will need to spend more than \$5.7 billion on efficiency and electrification measures to achieve only \$1.2 billion in energy cost savings.
- With the addition of Energy Use Intensity (EUI) standards, these costs rise to more than \$15 billion, with an estimated \$9 billion in energy savings.

Additionally, MDE's cost estimates were conducted before the July 30, 2024, PJM Interconnection power market auction, which resulted in an 800% increase in electricity capacity costs. This dramatic rise in power prices further calls into question the feasibility of BEPS and whether the projected energy savings will ever materialize.

Rather than forcing costly, premature electrification retrofits, Maryland should pursue an "all-of-the-above" approach, allowing for innovation, technological advancements, and cost-effective emission reductions.

House Bill 1415 provides a common-sense solution by allowing compliance to occur when equipment naturally reaches the end of its useful life, which reduces financial hardship while still advancing sustainability goals. For these reasons, we respectfully request a favorable report.

Sincerely,

Sarah Peters, Executive Director