



March 3, 2026

The Honorable Brian J. Feldman, Chair
Senate Education, Energy, and the Environment Committee
2 West Senate Office Building
Annapolis, Maryland 21401

INFO: SB 598 – Electric Companies Cost Containment

Dear Chair, Feldman, and Committee Members:

The NAIOP Maryland Chapters represent approximately 700 companies involved in all aspects of commercial, industrial, and mixed-use real estate. On behalf of our member companies, I am writing to offer informational testimony on SB 598.

Senate Bill 598 requires electric companies to develop cost containment plans that reduce peak electric system load by 20% from 2025 levels by 2030. The strategies that must be considered include alterations to commercial building mechanical equipment and operations by encouraging the adoption of energy-efficient electric equipment and participation in demand management programs. We request the committee consider the following points:

- The bill promotes "Grid Flexibility-Enabled Building Electrification and Efficiency," which involves replacing end-use equipment (e.g., for water heating, space heating, laundry, and industrial processes). Alteration of building mechanical equipment described in the bill may also require alteration of the building shell, air sealing, and insulation upgrades to be effective. The scope of building alterations may take longer than would be necessary for these strategies to meaningfully contribute to a 20% peak load reduction by 2030.
- The peak load reduction target would require historically high levels of participation in demand management programs and interruptible tariffs which reduce electricity consumption during peak demand hours by limiting energy use in ways that do not often align with the operational needs of commercial, industrial, and residential tenants.
- The bill does not require that the utility peak load containment will result in net cost reductions for customers after accounting for capital investments and utility costs.

Thank you for considering NAIOP's point of view on SB 598.

Sincerely,

A handwritten signature in blue ink, appearing to read "T.M. Ballentine".

Tom Ballentine, Vice President for Policy
NAIOP – Maryland Chapters, *The Association for Commercial Real Estate*

cc: Education, Energy, and the Environment Committee Members
Nick Manis – Manis, Canning Assoc.