



UNFAVORABLE – House Bill 870
Maryland Building Performance Standards – Energy Conservation Requirements
Large Buildings for Tomorrow Act
House Environment and Transportation Committee

Columbia Gas of Maryland, Inc. opposes House Bill 870, which requires the Department of Labor to adopt by October 1, 2028, as part of the Maryland Building Performance Standards, energy conservation requirements for the construction of new buildings that are subject to the Building Energy Performance Standards (BEPS) mandated for 2040.

We interpret the legislation to mandate buildings 35,000 square feet or larger built in the Fall of 2028 and after must meet 2040 BEPS standards of net-zero direct Green House Gas (GHG) emissions as well as energy use intensity (EUI) standards that have not yet been developed. This legislation is a fossil fuel prohibition in new large buildings more than a decade before the net-zero GHG emissions BEPS requirements are in effect. Mandating new large building electrification and increasing electricity demand at a time when Maryland is struggling to meet its current and future demands for electricity is not appropriate public policy.

Other concerning provisions in House Bill 870 include the allowance of local jurisdictions to adopt energy conservation requirements more stringent than those established by the Maryland Department of Labor and the requirement that new buildings must meet a more stringent local requirement rather than a statewide requirement. This will cause confusion and likely lead to numerous different new large building requirements throughout Maryland.

Electrifying buildings does not necessarily lead to decarbonization. A significant percentage of electricity provided to Maryland today is supplied by fossil fuels. Mandated new building electrification just shifts the point source of emissions from a new building to a base load electric generation facility. House Bill 870 fails to address the need for a diverse and robust energy portfolio, necessary to maintain grid stability and reasonable, affordable utility rates for large commercial buildings in Maryland.

As the members of the Committee know, the last two PJM Interconnection power market auctions produced a reported 1,000% increase in prices for electricity in Maryland and the PJM footprint. Any alleged energy costs savings estimates resulting from mandating building electrification will be even less as a result of these increasing electricity costs.

In Maryland, according to data from the American Gas Association (AGA), natural gas is a more cost-effective energy source than electricity, with residents saving an average of 32% on energy bills. By using natural gas, a yearly average cost is approximately \$850 per year

compared to \$1,250 for electricity. Prohibiting energy choice and mandating electrification only in new buildings will increase costs to Marylanders.

The legislation prevents the use of new technologies like renewable natural gas and hydrogen which is expected to provide cost-effective heat and energy to homes and businesses. In addition to the cost-effectiveness, these technologies can produce meaningful greenhouse emission reductions over other conventional energy sources in the short and long term and thus should not be barred from use.

It should be noted, the federal Energy Policy and Conservation Act (EPCA) preempts state regulations or laws that effectively ban EPCA-regulated products from accessing necessary energy sources. See, e.g., 42 U.S.C. § 6297(c). House Bill 870 is expressly intended to reduce greenhouse gas emissions by mandating new electric only buildings and preventing the use of fossil fuel appliances. In most buildings, appliances like natural gas furnaces and water heaters are “covered products” under EPCA and EPCA preempts efforts by states to establish “energy conservation standards” relevant to these products, particularly where state legislation functionally ban the use of the products. Accordingly, Columbia Gas believes this legislation is preempted by federal law.

Furthermore, the Governor and the President of the Senate have stated Maryland needs to pursue “an all of the above” policy to achieve energy resource adequacy. House Bill 870 and its prohibition on the use of fossil fuels in new buildings runs counter to that policy.

The requirements of House Bill 870 limit energy choice by Marylanders and increase utility costs on them. Consequently, Columbia Gas cannot support House Bill 870 as appropriately crafted policy on greenhouse gas emission reductions and therefore urges an unfavorable report.

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