



February 25, 2026

HOUSE ENVIRONMENT & TRANSPORTATION COMMITTEE
HB 870 – Maryland Building Performance Standards – Energy Conservation Requirements
(Large Buildings for Tomorrow Act)

Statement in Opposition

Chesapeake Utilities of Maryland, Inc. (“Chesapeake”) provides natural gas local distribution service to approximately 33,000 customers across Maryland's Eastern Shore (including Cecil, Dorchester, Caroline, Wicomico, Worcester, and Somerset counties). Chesapeake respectfully **OPPOSES** HB 870. While Chesapeake shares the State’s goals for cost-effective energy efficiency and lower emissions, this bill would prematurely layer new construction mandates for “covered” commercial and multifamily buildings into the Maryland Building Performance Standards before the State completes its own comprehensive review of the Building Energy Performance Standards (BEPS) program and its cost and reliability implications, which is due later this year.

HB 870 prematurely imposes additional requirements before reporting is reviewed. In 2025, the General Assembly enacted the Next Generation Energy Act (HB 1035) which (among other things) required the Maryland Department of the Environment (MDE) to conduct a broad study of BEPS costs, benefits, emissions reductions, and implementation impacts and report back by December 1, 2026. Those findings are intended to inform whether the BEPS program should be redesigned to reduce costs for building owners and agencies. Advancing HB 870’s additional construction requirements now risk getting ahead of that evidence-based process and cementing design choices that may need be revised as a result of the pending MDE study. Since the BEPS requirements were enacted in 2022, Maryland builders, property developers and commercial and multi-family residential building owners have expressed significant concerns with the GHG reduction goals and costs of the current program. Just last year, the General Assembly recognized these concerns and directed MDE to prepare the BEPS study. Prudence dictates that the General Assembly be informed by the pending BEPS study prior to imposing (or accelerating) the additional requirements contained in HB 870.

HB 870 is simply an arbitrary and indirect ban on natural gas. While purporting to be fuel-neutral, HB 870 would in fact ban natural gas service in new large buildings, forcing electrification to ease BEPS compliance and suppressing future gas demand before the State even reviews current BEPS targets or exemptions. If enacted, HB 870 would result in the following negative impacts:



- Create additional strain on an already over-burdened electric grid: Maryland’s electric grid is already suffering from a significant generation supply imbalance. Maryland currently imports 40% of its electricity from out-of-state. Since 2018, 6,000 MW of Maryland-based generation resources have retired; only to be replaced by 1,600 MW over that same time period. Natural gas use in buildings offsets the need for electricity – especially during peak usage periods (multiple days of cold temperatures). The large building electrification mandate in HB 870 would only exacerbate the supply/demand problem and risk further straining Maryland’s grid.
- Maryland needs an “all-of-the-above” approach to meet its energy needs and support economic development. Since the passage of the Climate Solutions Now Act in 2022 – the number of natural gas customers in the State has increased (not decreased). Moreover, no customer is *required* to choose natural gas. This demonstrates that Maryland businesses and residents continue to want (and need) natural gas service. Banning natural gas use in new large buildings will simply encourage businesses to locate in other states without gas bans – further hampering economic growth in Maryland.
- Stranded investment and rate pressure: Gas distribution utilities plan infrastructure based on growth forecasts. If gas loads are discouraged now but policy shifts later, utilities may face under-recovered investments or costly re-expansion, both of which could drive up utility rates for current customers.
- Reliability and system optimization: Abruptly limiting fuel choices without BEPS cost-benefit data hampers prudent planning for winter reliability and critical facilities that depend on gas for heat and backup power.

HB 870 is a duplicative policy and produces uncertainty. HB 870 directs the Department of Labor to adopt new energy-conservation requirements for the construction of BEPS-covered buildings by October 1, 2028, and to integrate them into the Maryland Building Performance Standards. But BEPS compliance for large buildings is already governed by MDE’s regulations and will be re-examined per the 2026 report. Setting a second set of prescriptive construction requirements now, before the State decides whether to redesign BEPS, invites conflicting signals, redesign costs for design teams, and avoidable price impacts for tenants and ratepayers. HB 870 pre-judges key BEPS design questions and risks unintended impacts on the local gas distribution system, customer affordability, and reliable winter operations. With the BEPS cost-benefit report due by December 1, 2026, the prudent course is to pause on new construction mandates, review the data, and then enact a coordinated framework that furthers the State’s climate goals without imposing unnecessary and avoidable costs on Maryland families and businesses.

On behalf of Chesapeake and our thousands of employees and their families who contribute every day to the communities where they live, work, and serve, we respectfully request an unfavorable report on HB 870.

Chesapeake Utilities Corporation
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