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**COMMITTEE:** ENVIRONMENT AND TRANSPORTATION

**TESTIMONY ON:** HB 870 - LARGE BUILDINGS FOR TOMORROW ACT

**POSITION:** OPPOSE

**HEARING DATE:** FEBRUARY 25 AT 1:00 PM

WASHINGTON GAS RESPECTFULLY SUBMITS THIS STATEMENT IN **OPPOSITION** TO **HOUSE BILL 870 – MARYLAND BUILDING PERFORMANCE STANDARDS – ENERGY CONSERVATION REQUIREMENTS**

### **Purpose of HB 870**

The bill would impose a net zero greenhouse gas emission mandate to new construction and would also apply energy use intensity requirements that have not yet been promulgated by the Maryland Department of Environment (MDE). Together the requirements would forbid natural gas, propane or heating oil connections in new covered buildings.

### **Background**

In 2022, Maryland enacted the Climate Solutions Now Act setting the most ambitious greenhouse gas reduction goals in the Country. In furtherance of those ambitious goals, the Act required MDE to phase in new restrictions on certain large “covered buildings” - including multi-family and condominium residential structures as well as commercial buildings. In response, the Department proposed an ambitious schedule for reductions in “net greenhouse gas emissions” from the onsite use of fossil fuels as well as “energy use intensity” (EUI) standards that reduce all energy use by buildings. Both standards were designed to be phased in between 2025 and 2040.

In 2025, the General Assembly enacted a number of exemptions from the net greenhouse gas requirements – including an exemption for hospitals and buildings in Montgomery County. The legislature also required MDE to withdraw the proposed EUI standards and submit a study in December 2026 concerning those standards and appropriate provisions for waivers and exemptions. MDE has contracted with an outside agency for that study, and it is ongoing.

### **Bill Analysis**

A net zero greenhouse gas emission mandate cannot be achieved using existing technology in a building that uses natural gas, oil or propane for onsite heating. This would forbid new construction using these technologies. Switching these buildings to full electrification will increase demand on the electric grid and require the purchase of electricity at rapidly increasing

rates. These mandates will also require many large multi-family, condominium and affordable housing projects to utilize electric heating options even if alternatives are less expensive.

The bill also requires new construction to adopt “predicted annual site energy use intensity performance targets” that have not yet been promulgated by MDE and, in fact, are subject to a General Assembly mandated study due in December 2026.

In 2025, the General Assembly exempted Montgomery County from the MDE net greenhouse gas emission requirements and, instead, grandfathered the County’s preexisting program. The bill would require new construction to meet the MDE standards rather than the Montgomery County requirements.

The combined impact of these changes will be to increase the capital cost of new construction in the state. The additional costs would also apply to large multi-family, condominium and affordable housing projects. These new buildings would be required to install full electrification systems for heating and water heating even if natural gas was a less expensive alternative.

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### **About Washington Gas**

Washington Gas Light Company provides safe, reliable natural gas service to more than 1.2 million customers in Maryland, Virginia, and the District of Columbia. WGL has been providing energy to residential, commercial, government, and industrial customers for more than 177 years, and currently serves nearly 520,000 Maryland customers in Montgomery, Prince George’s, Charles, St. Mary’s, Frederick, and Calvert Counties. The Company employs over 600 employees in Maryland, and hundreds of outside contractors, plumbers, union workers, and other skilled tradespeople. The Company strives to improve the quality of life in our communities by maintaining a locally-based workforce, working with suppliers that represent and reflect the communities we serve, and giving back through its charitable contributions and employee volunteer activities. The Company, together with other natural gas distribution utilities, are responsible for delivering the primary source of heat to Maryland residential energy consumers, serving approximately one half of all Maryland households while providing critical energy services to residential, commercial, and industrial customers at one-third the cost of electricity on a per unit basis.

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