

**FAVORABLE – House Bill 988**  
**Environment – Building Energy Performance Standards – Repeal**  
**Environment and Transportation Committee**

Columbia Gas of Maryland, Inc. (Columbia) supports House Bill 988. The legislation repeals the Maryland Department of the Environment's (MDE's) building energy performance standards (BEPS) regulations.

Since May of 2023, Columbia has been significantly engaged on and concerned with the financial impact of the BEPS regulations to our customers who own or operate buildings that are 35,000 square feet or larger in Maryland. The estimated costs are staggering.

The BEPS regulations will effectively prohibit the use of natural gas or fossil fuel equipment and force covered building owners to incur major costs to replace such appliances with electric alternatives. On a statewide basis, electrification retrofits are expected to cost covered Maryland building owners billions of dollars.

The MDE's own estimate of economic impact in the final regulations calculated covered building owners will spend more than \$5.7 billion on efficiency and electrification measures to achieve \$1.2 billion in energy cost savings without an Energy Use Intensity (EUI) standard. Those estimates climb to more than \$15 billion spent on efficiency and electrification measures to provide approximately \$9 billion in energy savings with the addition of EUI standards.

Furthermore, and perhaps most importantly, the economic impact study MDE used to base projections and provide their analysis of "energy savings" was completed prior to the last two PJM Interconnection power market auctions, which are reported to have produced a 1,000% increase in electric capacity prices. We are confident the MDE energy costs savings estimates are now overstated as a result of these increasing electricity costs.

The significant costs of the BEPS regulation will ultimately be paid for by all Marylanders, such as residential rental tenants, small business owners who rent space, college students and parents, medical patients at offices, parents with children enrolled in pre-school or daycare facilities, senior citizens in a senior living community or care facility, owners of condominium units and Marylanders who buy groceries – just to name some of those impacted by the billions of dollars in new costs that will be incurred due to the BEPS.

During an October 9, 2024, public hearing on the BEPS regulations a condominium organization testified it would cost their association an estimated \$5 million to \$8 million just to replace gas stoves currently in use. Another condominium organization estimated it would cost their association \$54 million in order to attempt to comply, and that even if they complete these renovations, there is no guarantee they will meet the strict compliance targets set by the BEPS.

Columbia understands Maryland's ambitious goals to reduce greenhouse gas emissions and the requirements of the CSNA. However, the final BEPS regulations represent major changes to the state's building and energy standards, while adversely affecting many Marylanders with the imposition of serious financial burdens. These added financial burdens are coming hard at Marylanders during challenging economic times, and regular Marylanders genuinely cannot afford additional regulatory burdens that will not achieve savings or provide additional efficiencies. Lawmakers should take this opportunity to lift this burden and spare our overloaded residents.

Columbia continues to believe the BEPS regulations significantly exceed what is authorized by the CSNA, and are not justified, feasible or economically realistic. 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). The BEPS regulation is expressly intended to reduce greenhouse gas emissions by mandating electric only large 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 the BEPS regulation is preempted by federal law and there is currently litigation pending in federal court challenging Maryland’s BEPS regulation as a violation of EPCA.

Furthermore, the Governor and the President of the Senate have stated Maryland needs to pursue “an all of the above” approach to energy. The BEPS regulation and its prohibition on the use of fossil fuels in new buildings runs counter to that approach. House Bill 988 would correct that issue.

Columbia believes House Bill 988 is an appropriately and reasonably crafted policy to reduce the significant costs to covered building owners related to the BEPS regulations. We request a favorable report on House Bill 988.

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