

**Committee:** Environment and Transportation  
**Testimony on:** HB0049 – Environment – Building Energy Performance Standards Compliance and Reporting  
**Submitting:** Deborah A. Cohn  
**Position:** Favorable  
**Hearing Date:** February 12, 2025

Dear Chair and Committee Members:

Thank you for allowing my testimony today in support of HB0049. I have lived in Montgomery County since 1986. I am concerned about reducing greenhouse gas emissions because of the costs of climate change on current and subsequent generations of Marylanders.

The buildings sector is responsible for 13 percent of Maryland’s greenhouse gas emissions.<sup>1</sup> While Maryland has seen a small reduction in emissions from the residential sector, as of 2022 the commercial buildings sector saw a 23 percent rise in emissions, with the majority of those emissions coming from burning fossil fuels for space and water heating.<sup>2</sup>

Building Energy Performance Standards (BEPS), required by the Climate Solutions Now Act, can promote meaningful greenhouse gas emissions reductions in the commercial buildings sector. The standards induce commercial building owners to select the most cost effective pathway to make their buildings more energy efficient, and thus less expensive to heat and cool. To the extent these investments result in air sealing, and electrifying space heating and cooling and water heating systems, they also improve air quality, thus reducing health costs.

Because of my concern to increase the energy efficiency of the commercial building sector while improving indoor health, I have been extensively involved in Montgomery County’s efforts to create building energy performance standards that would take into account benchmarking for different classes of building types, recognize the need for flexibility for some building owners regarding the timing of reaching various benchmarks, and recognize the importance in certain circumstances of setting upper limits on how much any building owner would be required to pay.

Several points became abundantly clear. First, the standards need to be designed both to increase site energy use intensity (EUI) and reduce greenhouse gas (GHG) emissions. But building owners need flexibility to decide how to achieve these goals. Second, no class of building should be exempted, but the cost effective increases in site EUI and GHG emissions reductions for a particular building within a building sector might result in lower achievement of these dual

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<sup>1</sup> Maryland Commission on Climate Change, <https://mde.maryland.gov/programs/air/ClimateChange/MCCC/Commission/Building%20Energy%20Transition%20Plan%20-%20MCCC%20approved.pdf>

<sup>2</sup> Maryland Matters reporting on a study by the Environment America Research & Policy Center, <https://marylandmatters.org/2024/11/15/some-good-climate-news-for-once-md-leads-in-carbon-emissions-reductions/#:~:text=As%20of%202022%2C%20Maryland%20saw%20only%20a,heat%20and%20hot%20water%20i n%20commercial%20buildings.>

goals. Finally, while it was important to credit building owners for onsite use of geothermal or photovoltaic solar energy generating systems, crediting offsite photovoltaic generating systems would not advance the dual purposes of BEPS regulations.

The last year has given the Maryland Department of the Environment (MDE) more time to work with building owners and other stakeholders to develop the policies included in HB0049. Because existing buildings vary in their current energy efficiency and usage, some flexibility and support is appropriate. HB0049 creates the needed flexibility and support. Specifically, the bill increases MDE's ability to work with building owners, sets upper limits on how much any building owners will be required to pay, and provides appropriate levels of flexibility to building owners in certain circumstances.

As a result of my experience with the development of the proposed Montgomery County BEPS regulations, I urge you to refrain from weakening HB0049, particularly in these four respects

1. **Protect Emission Reduction Requirements** – Building emission requirements are the foundation of BEPS. These should not be weakened. Under current law, buildings 35,000 square feet and larger must benchmark their energy performance and report it to MDE. By 2030, these building must emit 20% fewer emissions than the average building of its type and have net zero direct greenhouse gas emissions by 2040. Many high performing buildings are either already in compliance with the 2030 standards or well on their way, but other buildings have more work to do.
2. **Protect Energy Use Intensity Standard** - Energy Use Intensity (EUI) is the total energy consumed by a building in one year (gas and/or electric) divided by the size of the building (total gross floor area). Buildings with lower energy use per area have lower EUI, i.e., they are more energy efficient. EUI standards are agnostic about the steps the building owner takes to meet the building's EUI requirements. Energy efficiency is beneficial in itself as it reduces energy demand. But to meet Maryland's greenhouse gas emissions reduction targets, efficient buildings also need reduce greenhouse gas emissions.

Having an EUI Standard ensures that buildings will use efficient heat pumps, reducing the use of inefficient resistance heating. The initial cost of resistance heating equipment or an inefficient heat pump is significantly lower than that of a highly efficient cold weather heat pump. The operating space and water heating costs of a highly efficient heat pump, however, are much lower given the much reduced dependence on expensive to operate resistance heating. Highly efficient cold weather heat pumps will also lower utility bills and reduce energy demand on the grid.

3. **Do Not Exempt Certain Types of Buildings** –No entire category of building, particularly multifamily buildings, hospitals or research labs, should be exempted from BEPS. Indeed, one point that became abundantly clear in the Montgomery County process was that multifamily housing, particularly lower cost multi-family housing, should not be exempted. Owners of these buildings may need additional financial support

and time to achieve the BEPS standards, but attaining BEPS targets in these buildings may facilitate the greatest improvements in health and reductions in utility costs.

4. The Alternative Compliance Payment (ACP) sets an upper limit on how much any building owner will have to pay for failure to meet the targets. The ACP needs to be set high enough so that very few building owners will choose to pay that fee. Any needed exceptions or adjustments should be made on a building-by-building basis through an application process to MDE. This approach ensures that each building owner undertakes economically feasible efforts to increase energy efficiency, even if unable to meet the standards for that building type.
  
5. **No Credits for Offsite Renewables** – Buildings should receive credit for onsite renewable energy such as installing solar energy generating systems or geothermal where feasible. Purchasing credits from offsite renewable energy, however, defeats the purpose of lowering energy use in the particular building and thus should not be allowed.

I urge this Committee not to weaken HB0049 and to issue a FAVORABLE report in committee.

Thank you.