



Written Testimony in support of HB0049

Environment and Transportation Committee

Cliff Majersik - cliff@imt.org
Senior Advisor
The Institute for Market Transformation
February 12, 2025

Thank you, Chairman Roy and members of the Committee, for the opportunity to testify in strong support of the Maryland's Building Energy Performance Standard (BEPS) and HB0049.

My name is Cliff Majersik. I'm a Senior Advisor to the Institute for Market Transformation. IMT is a national nonprofit organization. We partner with government, business, and community to improve the efficiency and performance of the buildings where people live, work, and play. **IMT advises all 14 states and localities in the United States that have adopted BEPS.** With philanthropic support, IMT has also assisted the Maryland Department of the Environment with technical assistance, best practices, and stakeholder engagement.

The Building Energy Performance Standard is the cornerstone of the Climate Solutions Now Act of 2022. Keeping BEPS strong is critical to Maryland achieving its climate commitments and protecting Marylanders from chronic air pollution-induced health illnesses, including asthma.

The Maryland Department of the Environment has done great work to engage with building owners and other stakeholders to design HB0049. It will provide additional flexibility for building owners to comply with BEPS and provide much needed resources for BEPS implementation. HB0049 incorporates best practices from other states and cities that adopted BEPS before Maryland and from the IMT Model Law, which serves as the starting point for most new BEPS laws.

BEPS improves energy efficiency and reduces on-site combustion of fossil fuels at the same time. There are tremendous benefits from both the direct pollution reduction and the efficiency gains, and doing both at the same time is important.

Maryland's [electricity demand has declined over the past twenty years](#), despite a growing economy and a growing population. This has been possible because the state invested in energy efficiency over this time period. The most cost-effective way to 'generate' electricity is by reducing electricity demand through efficiency. At a time of projected energy demand growth

The near-term building targets for BEPS are designed so that buildings can comply simply by investing in energy efficiency. These investments will create benefits for the building owners in the form of reduced energy bills. Many buildings, especially those that have already invested in efficiency, will not have to make any changes to comply with the 2030 target.

IMT has [catalogued several academic studies](#) which have all found that higher performing commercial buildings not only save money on their energy bills, but have higher occupancies and sales prices. In short, building improvements typically yield excellent financial returns.



As BEPS legislation is discussed, we ask lawmakers to respect these four redlines:

Protect Emission Reduction Requirements

These requirements are the bedrock of BEPS and should be protected.

Protect Energy Use Intensity (EUI) Standard

Critically, HB0049 gives building owners the option to pay alternative compliance fees in lieu of meeting BEPS energy efficiency standards. This provides greater certainty and flexibility to building owners. The energy efficiency or “energy use intensity (EUI)” standards are critical to maintaining energy affordability. If a building replaces its gas furnace, it can either electrify with an efficient heat pump or with inefficient resistance heat. To over simplify, resistance heat is just running electricity through wires that have a lot of resistance. It is how a toaster heats up and how baseboard heating works, and it uses about three times more electricity than a heat pump.

For the owner of a multifamily building that is replacing a gas furnace to comply with BEPS, resistance heating is typically cheaper to install, but it will result in higher electricity bills for the tenants compared to a heat pump—bills that the building owner won’t have to pay. An Energy Use Intensity Standard ensures that buildings will be decarbonized with efficient heat pumps, which lower bills and reduces energy demand on the grid, reducing the need to build new transmission lines or build new power generation.

Do NOT Exempt Large Groups of Buildings

Maryland should ensure that no entire category of building, such as multifamily buildings, is exempted from BEPS. The Alternative Compliance Payment sets an upper bound on how much any building owner will have to pay. Any needed exceptions or adjustments should be made on a building-by-building basis through an application process to MDE. These adjustments should be specific, and not allow for loopholes that buildings can exploit on masse. This is exactly what HB0049 does.

No Credits for Offsite Renewables

Allowing buildings to “offset” onsite emissions by buying credits from offsite renewable energy will undermine the entire BEPS program. Opening this door would allow building owners to not improve their property, but simply purchase Renewable Energy Credits instead. Maryland already has policies in place to incentivize the building of renewable energy. BEPS is Maryland’s policy for decarbonizing our buildings, and it should stay that way.