

Montgomery County Council
July 23, 2021

Bill 16-21, Environmental Sustainability - Building Energy Use Benchmarking and Performance Standards – Amendments

Thank you, Council President Hucker and Members of the Council for the opportunity to comment on Bill 16-21. My name is Brian Smith and I manage Maryland Government Relations for WGL.

Washington Gas currently delivers energy to almost 60% of Montgomery County residents.

With over 11,000 commercial & industrial customers, almost 2,000 group-metered apartments, and 223,000 residential meters, we take pride in our role in the County.

We have over 400 employees working in five Maryland facilities with an annual payroll of ~\$35,000,000 and contribute ~\$80,000,000 in State corporate taxes annually.

As you all well know, County residents expect their government to reflect their values and set an example for taking on the biggest environmental and social issues.

We stand ready to collaborate with the County on implementing equitable decarbonization strategies that reduce emissions, while providing affordable and reliable energy to residents and businesses.

One section of the County's recent Climate Action Plan read "the County needs to reduce the greatest amount of GHG emissions from electricity generation, followed by transportation and followed by private building energy".

Bill 16-21 would focus on a portion of that third bucket.

Currently, natural gas consumption, in both single family and multifamily/ commercial buildings, produces 19% of County-wide GHG emissions.

As the region moves towards a cleaner-energy future, policy makers should ensure we utilize existing infrastructure in a way that won't require extensive and costly improvements to buildings, including owners of affordable housing, non-profits, hospitals and small businesses.

As drafted, the legislation states that the County shall have building energy performance standards (BEPS), but that the timeline, emissions targets, implementation and penalties will be determined by regulations developed by the Department of Environmental Protection.

As such, WGL cannot comment take a formal position on the County’s BEPS program at this time.

One piece of the bill we would like to raise to the Council is the issue of site vs. source energy. As drafted, the bill references EPA’s ENERGY STAR Portfolio Manager, which utilizes “Source Energy”, but then states that the performance standards will use “Site Energy”.

EPA is a strong advocate for measuring building energy use at the source.

“EPA has determined that source energy is the most equitable unit of evaluation for comparing different buildings to each other. Source energy represents the total amount of raw fuel that is required to operate the building. It incorporates all transmission, delivery, and production losses. By taking all energy use into account, the score provides a complete assessment of energy efficiency in a building.”

Site energy looks at energy and emissions only at the building, so if you had a fully electric building that was located 5 miles from a coal-fired power plant, that building would have zero emissions. Which we know is not true.

If the County wants to implement sound policy to address emissions reductions, they should take the lead of Boston and use a mixed approach on energy intensity grading.

One more consideration. The legislation would begin benchmarking 25,000+ square foot buildings in 2021. You only need to look at the virtual element of this hearing to know that society, and specifically large, commercial buildings, are not “back to normal”. No one can predict what the “new normal” will be for large buildings. The Council should consider delaying implementation of the BEPS program so that the benchmarking begins in a year that accounts for the shift of building utilization.

Again, WGL cannot take a formal position on this legislation because the current version does not contain enough details on the proposed BEPS program. We look forward to working with the Council as they discuss and debate the details of this piece of legislation.

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