

Dear Montgomery County Council,

July 19, 2021

I am writing to express my support for the Building Energy Performance Standard legislation submitted to the Council on April 1, 2021. I have worked in the field of energy management and HVAC for 20 years, utilizing my engineering expertise in building systems, automation technology, and energy efficiency to help Federal, Commercial Real Estate, Higher Education, and County Government clients design short- and long-term plans and projects to improve operation of their buildings, their bottom line, as well as meet energy mandates and goals. The case for energy efficiency for each building is different because all business owners have different goals; however, there is always a common thread – instead of handing a dollar to the utility company, the business owner gets to hand it back to themselves. If you consider an Energy Star scale, and that a “certified” building is “energy efficient,” that means 75% of buildings are inefficient and are therefore handing profit dollars to the utility company when they could invest back into their business – a new printer for their shop, a fitness center to attract tenants, a new chiller to replace the one that is unreliable. This can be changed with the passage of BEPS legislation.

I was disappointed to read the outcome of the “Economic Impact Statement Summary” on the first page of the document prepared by the Office of Legislative Oversight. If I were a busy Montgomery County business owner this is likely where I would have stopped reading, and I would therefore not want this legislation passed. The most important information our business owners want to see is what is buried in the attachments – the business case for energy efficiency. Throughout my career, when I presented the financial case to business owners and CFO’s, they understand the numbers, and (assuming the project meets their criteria, whether it is simple payback, hurdle rate, etc.), are eager to move forward.

In addition to the resources stating the financial case for energy efficiency from IMT and US EPA linked in the “Economic Impacts Categories” attachment to the “Economic Impact Statement,” there are a multitude of others. To reference the IMT document, *“Increased NOI means increased property value, according to a widely applied valuation method called income capitalization. The arithmetic is simple— NOI is divided by a capitalization rate, which is market based and commonly lies between 5 and 10 percent. Thus, an upgrade that reduces energy costs by \$10,000 per year, in turn raising NOI by the same amount, could increase the value of the property by \$100,000 to \$200,000. Considered through the lens of income capitalization, energy efficiency commonly yields incremental present value in the range of 1.5 to 4 times that of every dollar invested.”*

The majority of projects that I developed throughout my career range from 0-5 years for a simple payback. Here are a few more resources:

[Making the Business Case for Energy Efficiency in Commercial Buildings | Better Buildings Initiative](#)

[The Business Case for Operating an Energy-Efficient Portfolio of Buildings | ENERGY STAR Buildings and Plants | ENERGY STAR](#)

[Business Case for Energy Efficient Building Retrofit and Renovation](#)

Regarding the non-financial benefits of energy efficiency in buildings, I have the advantage of seeing many of them firsthand in our community. First, as a Montgomery County resident, my family and I have benefitted. I work at a Montgomery County based company that implements energy efficiency projects, and my salary pays for my family's needs as well as our taxes to the County. The projects I have been a part of have employed countless area workers with all ranges of skilled and unskilled labor. They require engineers, project managers, CAD and graphics designers, journeyman steamfitters, welders, warehouse employees, forklift drivers, accountants, administrative staff, IT professionals, and many more. These projects employ local area subcontractors ranging from professional engineering firms to equipment rental companies to electrical contractors. They purchase material from local area shops. And those of us who work on them eat at many many delicious area Montgomery County restaurants!

Our County has unique advantages over many of our area neighbors. Building owners can take advantage of the EmPOWER program to get rebates for energy efficiency projects, and we have financing resources (PACE, Montgomery County Green Bank) that can make projects cash neutral (or even cash flow positive).

As you all know from the "Economic Impact Categories" attachment referenced earlier in this letter, there are many other benefits to energy efficient buildings. I highlighted primarily financial ones since I assume that is what many area business owners will be concerned about. Bottom line, energy efficiency projects help business owners obtain the lowest life cycle cost of a building, higher asset value, support planned expenditures (it's in the budget – fewer surprises, lower risk), lower monthly operating costs, increased comfort and health for building occupants, improved reliability and ease of operating building systems, and contribute to the building and business's marketability.

I hope this letter shines a light on the fact that this legislation is a positive change financially for our County business owners – it ensures they are putting their dollars back into their businesses instead of giving them unnecessarily to utilities.

Thank you for your consideration.

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