

July 24, 2022

The Honorable Gabe Albornoz
President, Montgomery County Council
Council Office Building, Third Floor
100 Maryland Avenue
Rockville, MD

RE: Opposition Bill 13-22 – Buildings - Comprehensive Building Decarbonization

Dear President Albornoz and Councilmembers,

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion on Bill 13-22 – Buildings - Comprehensive Building Decarbonization in its current form. While MBIA supports initiatives to combat climate change and is committed to offering the most cost effective and efficient product through our members, we cannot support this bill in its current form given the timeline and requirements proposed.

The proposed January 1, 2024 timeline is overly aggressive given the unknowns from a grid, infrastructure, and level of service standpoint. When the Maryland General Assembly took this matter up with Senate Bill 528 just a few short months ago, it was conclusively determined that a Public Service Commission (PSC) study of grid resiliency should take place prior to any further examination of whether a full ban on fossil fuel connections was necessary or appropriate. We would implore the council to at the very least wait until the results of this statewide study are available prior to this legislation moving forward. The portion of the grid that provides power to Montgomery County cannot be examined in a bubble. Without the benefit of further study, moving forward with a County project while failing to examine the implications on the local and regional portions of the power grid could have the immediate adverse impacts caused by overloading.

Further, many projects, particularly large subdivisions, multifamily developments, and custom homes often take well over a year to design, permit and bid, and then it could be and then another year before the system is up and ready. Enacting a bill that causes major infrastructure to be redesigned on such a short timeline would ensnare current project, likely slowing progress of bringing more missing middle and lower income housing to the marketplace. The bill has a variety of unintended consequences that will negatively impact the residents of Montgomery County and disproportionately target lower income residents.

This bill proposes all water and space heating demands for all new buildings after January 1, 2024 must be met without the use of natural gas. Homeowners have a strong preference for natural gas because it is efficient, clean burning, cost effective and reliable. Carbon emissions notwithstanding, natural gas is absolutely the preferred fuel source for most residents. Gas heat is "instant heat" and blows hot quickly and comfortably. All electric systems will feature "heat pumps." Heat pumps are efficient, but by design they don't "blow hot." In fact, they tend to blow somewhat cool which is why most people really dislike heat pumps. It was common and still in some cases is for a "hybrid" system to be in place, the "main" furnace in the basement was gas, and the "attic system" was a heat pump. This was done for efficiency

and cost management. But, over time, consumers really pushed back and wanted two system natural gas furnaces. Also, it isn't a one size fits all approach when it comes to powering homes. It is very common for homeowners to utilize gas and electricity for different appliances (cook tops, dryers) and for space heating and cooling. Gas is also the preferred energy source for outdoor pools and grills, given burning coal is nearly 200 times dirtier than gas. Which is why we requested the outdoor usage of natural gas be exempted.

It is also important to note that given the ongoing supply chain issues the industry continues to face, most heat pumps and in some cases water heaters have increasingly long lead times for large projects. There is doubt that the electrical systems that could be put in place to meet the heating requirements for home will be inadequate to the task in Maryland's climate. Heat pumps become less efficient in cold weather and cannot meet the temperature requirements of individual resident once the temperature drops below a certain threshold. Since the bill make no provision for creating a backup heating system, consumers will be stuck with an apparatus that does not function properly when most needed and have no opportunity to install their own gas backups because building codes will prevent it. Backup power and emergency generators need to function on natural gas to provide an unlimited emergency power resource for occupants, food preservation, heating, cooling and safety, especially for the sick, handicapped and elderly. Emergency generators should be exempt from the natural gas ban.

I also want to note that Bill 13-22 in the absence of a grid study should have a very robust economic impact statement that addresses the County requirement to analyze the costs outside of the County government, as required by Bill 10-19, requiring each piece of legislation to have an economic impact study. Most statements seem to focus only on the fiscal impacts to County government which ignores the requirements added by Bill 10-19. In this case, the bill's economic impact statement should include a section on the cost of the utilities upgrades to the grid infrastructure, personnel and service increases, and the increased rates due to those costs. Because a grid study is not readily available a cost of \$0 can't be assumed.

The bill also creates cost increases for those consumers who remain on natural gas. As the number of consumers on gas decreases, basic supply and demand dictates that the utility companies who provide gas will be forced to exponentially raise costs to make up for the lack of new gas lines.

In addition to concerns about the efficiency and economic expense of requiring the installation of new heating systems, there are significant doubts that the current electrical infrastructure of not just Montgomery County but the state of Maryland can handle the load that would be created by dramatically increasing the usage of the electrical grid. The increased strain on an aged and out of date electrical grid will result in more brownouts for residents unless the infrastructure is put in place that can handle the additional load. Already we are seeing the curtailments being announced from PJM to prepare for the drastic load increases to the grid.

We appreciate the sponsors' intent and look forward to our continued work with the county in addressing climate change, but for the reasons stated above we ask the council to oppose Bill 13-22.

Thank you for your consideration, for more information about this position, please contact Griffin Benton at gbenton@marylandbuilders.org

cc: Montgomery County Council Members and staff