



Building Performance Improvement Board

12/18/2024

Learn more at <https://www.montgomerycountymd.gov/green/energy/beps.html>

Agenda

- **Administrative Items**
 - Meeting Minutes
 - Letter to CEX re: Board Vacancies
- **General Updates**
 - Energy Summit Exhibitor RFP
 - Maryland BEPS Regulations
- **Proposed Modifications to County BEPS Regulation**



Administrative Items

Actions

- Approve 11/20 meeting notes
- Review / vote on Letter to CEX re: Board Vacancies



General Updates

Energy Summit Exhibitor RFP

- Join us in Innovation Alley, where industry leaders connect directly with 300+ decision-makers in the commercial building sector. This dynamic exhibition space offers unique opportunities to demonstrate your cutting-edge solutions in energy efficiency, building performance, and sustainability.
- Setup: 7:00 – 8:00 AM, each day, April 8 – 9, 2025
- Exhibition hours:
 - April 8, from 8:00 AM – 4:00 PM
 - April 9 from 8:00 AM – 5:30 PM including networking reception
- Prime networking opportunities: during breakfast, lunch, and afternoon reception
- Priority will be given to interactive displays and activities.
- Cost to Exhibit:
 - Businesses: Exhibit tables are \$300, and include up to two 2-day passes to the Energy Summit
 - Government offices/Nonprofits: Exhibit tables are complimentary, and include up to two 2-day passes to the Energy Summit
- **Proposals for educational sessions are due Jan 3: <https://mcenergysummit.org/2025-exhibitors/>**

Maryland BEPS Regulations

- December 13, 2024, the Notice of Final Action for COMAR 26.28 Building Energy Performance Standards was printed in the Maryland Register.
- The regulations will be final effective on December 23, 2024.
 - Starting on December 23rd, the full regulation text will be available on Maryland's Division of State Documents website. To view the full text of the regulations, please click this [link](#) and type in 26.28 in the search bar.
- The Department has posted a Response to Comments from the October 9, 2024 hearing at the : <https://mde.maryland.gov/programs/regulations/air/Pages/reqcomments.aspx>
- If you have any questions, please contact the Building Decarbonization Team at beps.mde@maryland.gov.



Proposed Modifications to County BEPS Regulation

Key Potential Regulation Modifications

1. Modify site EUI standards for some building types
2. Create additional compliance path that caps savings requirements
3. Update parking adjustments / clarify EV charging deductions
4. Modify definitions of “cost effective” and “economic infeasibility” to be defined within the effective useful life of each measure, rather than 25 years.
5. Expand the definition of under-resourced buildings to include multifamily buildings that are subject to the County’s rent stabilization requirements. *(still vetting with DHCA)*
6. Allow an executive summary of the building performance improvement plan (BPIP), rather than the full BPIP, to be recorded as a covenant in the County land records.
7. Require that energy improvement measures with a simple payback of 5 years or less be implemented a subsequent BPIP is approved.

1. Modify site EUI standards for some building types

- **Change: Modify site EUI standards for some building types**
- **Council Listening Session Feedback:**
 - CMs heard from life sciences (laboratories, technology/science) and hospitals about technical infeasibility and costs to meet current standards
 - Requests from multifamily buildings to change standards, though this is not supported by data
- **Impacts:**
 - Reevaluation approach would apply to **~10% of buildings covered by law** but show good faith in updating with new/better data in a manner consistent with existing methodology
 - May sacrifice modest energy / GHG reductions from this small building set, but make EUI standards more realistic to achieve.
 - Likely to reduce the number of BPIPs filed which will take owner/staff effort to review and track.
 - As proposed, most site EUI targets aligned with MD BEPS first set of regulations. Alignment is now unclear as MDE will publish site EUI targets in 2027.

EUI Modification Approach

Recalculate Zero Net Carbon Compatible (ZNC) standard using latest (2023) County benchmarking data for those property types.

- ZNC standard was used previously in calculating the current EUI standards
- However, we now have more data because in the intervening years since regulations were proposed, multifamily buildings (apartments, condos, retirement communities) and smaller commercial buildings (25k – 50k sq ft) have begun reporting.
- If recalculated using the most recent 2023 data, EUI standards for several property types would increase

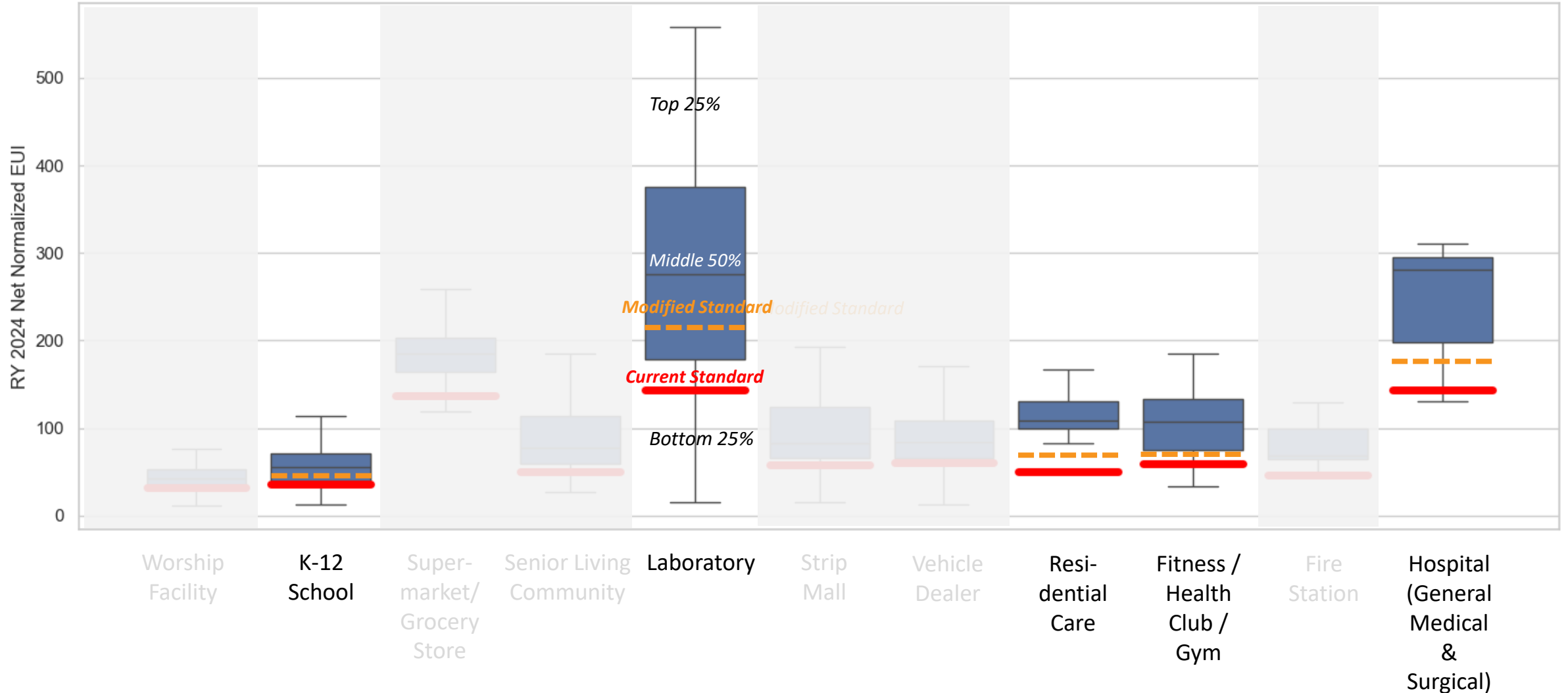
Update EUI standard for property types where:

1. Fewer than 25% of buildings are currently meeting the proposed EUI standard, AND
2. A newly calculated EUI standard is higher than the currently proposed standard.

Visual: Site EUI Standards, Potential Modifications

Recalculated standards shown for building types where fewer than 25% of buildings are currently meeting the proposed EUI standard, AND a newly calculated EUI standard is higher than the currently proposed standard. (only building types with at least 7 buildings)

Box-and-Whisker Plot of RY 2024 Net Normalized EUI by Primary Property Type



Site EUI Standards, Potential Modifications

- Updates to final EUI standards only proposed for property types with enough available local data (at least 5 buildings) and where the recalculated EUI standards ***increased***.

Building Type	Original Standard	Updated Standard
Data Center	145	206
Fitness Center / Gym	59	69
Hospital	144	173
K-12 School	36	38
Laboratory	144	212
Lifestyle Center	58	121
Manufacturing/Industrial Plant	n/a	95
Museum	29	40
Other – Specialty Hospital	144	165
Performing Arts	57	90
Residential Care Facility	50	69
Urgent Care	46	66
Ambulatory Surgical Center, Outpatient Rehabilitation/Physical Therapy, Veterinary Office	46	63
Casino, Indoor Arena, Racetrack, Zoo	41	75

2. Create additional compliance path with a 30% savings cap

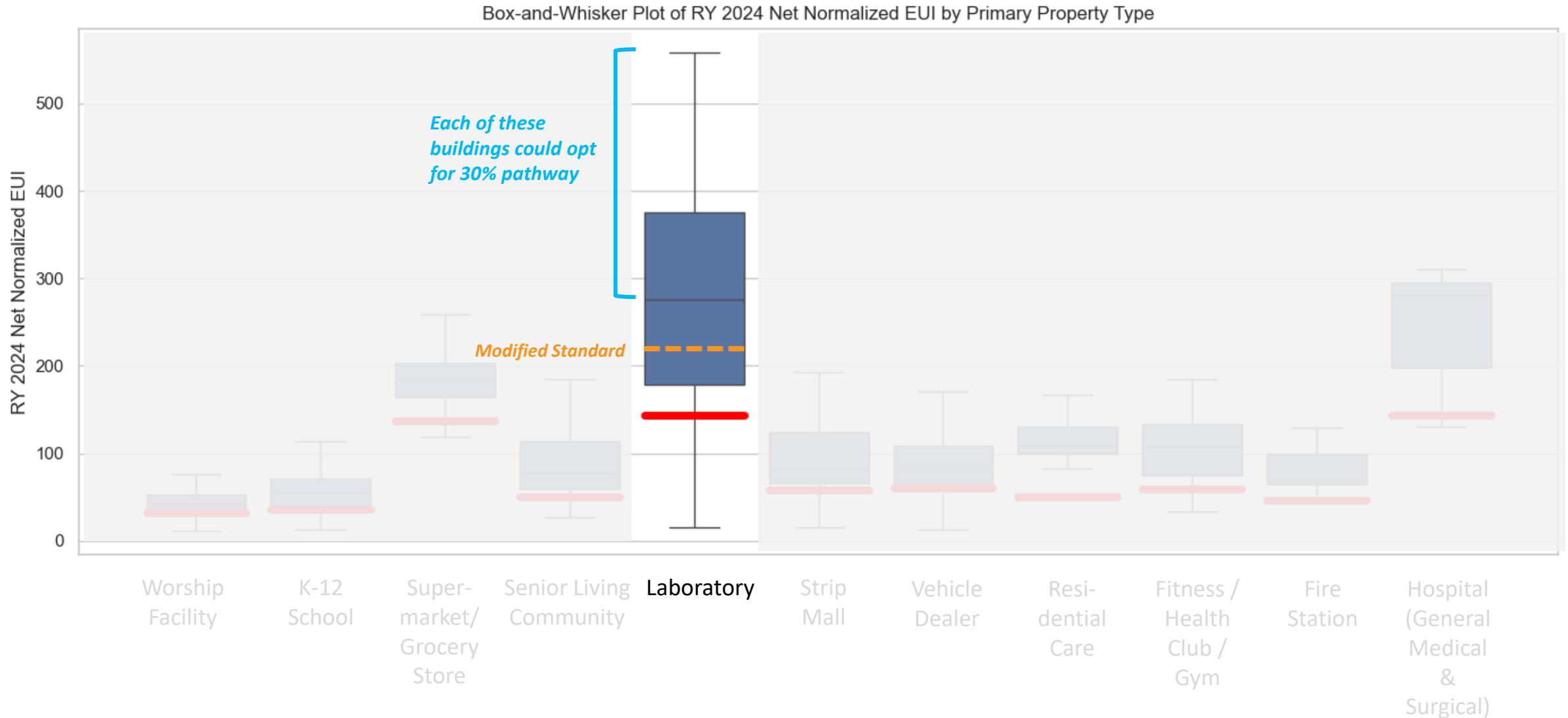
- **Change: An individual covered building's final performance standard will not require a reduction of greater than 30% from the building's performance baseline**
- **Council Listening Session Feedback:**
 - Many stakeholders preferred meeting a performance standard (i.e., meet a certain EUI number) to the BPIP process (i.e. building develops and follows a prescriptive plan of actions) as a more clear-cut, unambiguous option that still yields significant energy savings by 2035.
- **Impacts:**
 - Accommodates “unique” building types and those that are difficult to compare to one another
 - Objective and performance-based to show concrete & significant savings
 - Removes need for adding additional EUI “adjustments” for especially rare building types
 - Would reduce number of BPIPs which will take owner/staff effort to review and track annually
 - May lead to more savings in a shorter timeframe than a BPIP
 - Would sacrifice energy / GHG reductions assuming all buildings would otherwise meet their site EUI target (a big “if”)

Visual: savings cap option

	Total, buildings benchmarked	kBtu savings, meet std	kBtu savings, 30% cap
kBtu	15,146,770,617	5,011,120,436	3,114,410,599
% energy reduction if all buildings meet target	-	33%	21%
% savings of current standard path	-	-	62%
MTCO ₂ e*	1,130,825	359,411	224,499
% GHG reduction if all buildings meet target	-	32%	20%
% savings of current standard path	-	-	62%
# buildings using EUI standard path to meet EUI standard	1509	943	457
% of buildings using performance path to meet EUI standard	-	62%	30%
# to buildings benefitting from performance cap	-	0	486
% of covered buildings using performance cap	-	0%	32%

Visual: savings cap option

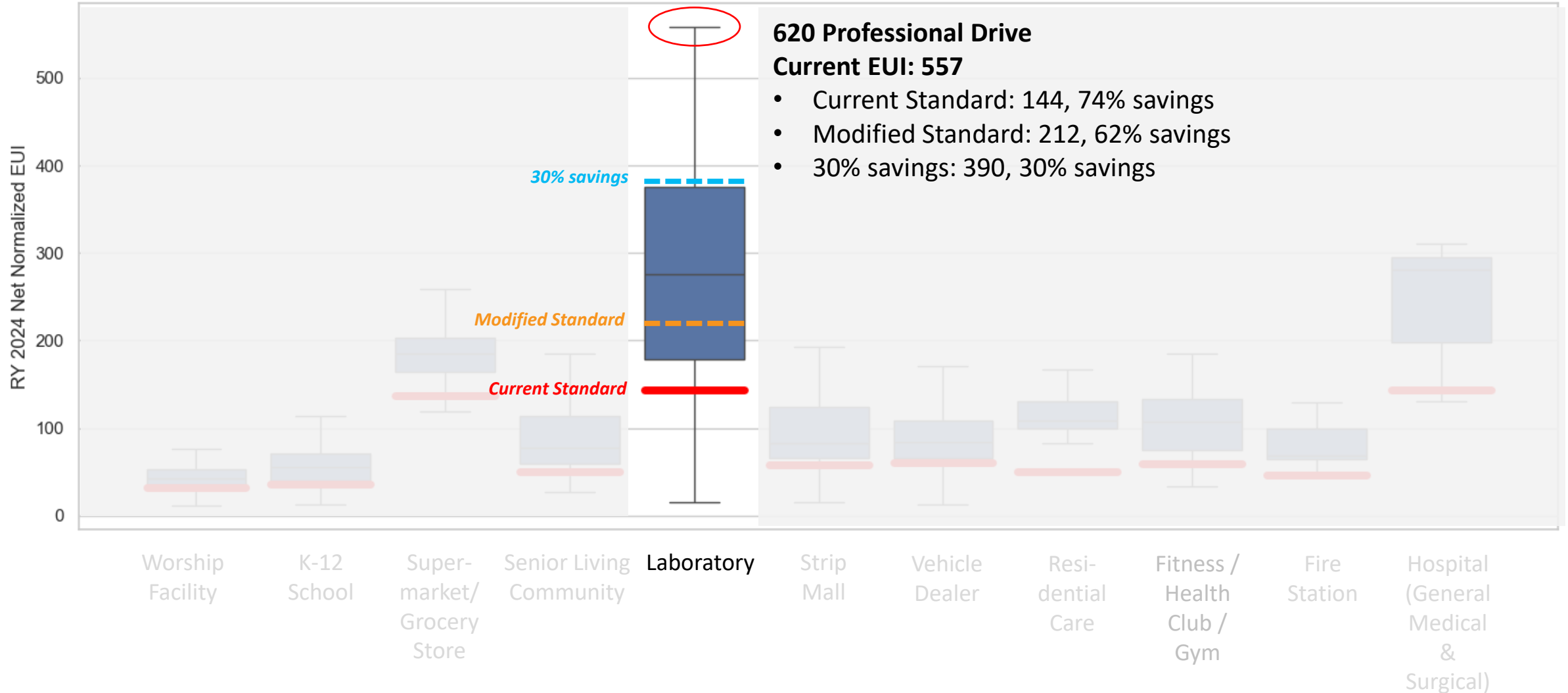
Example: capping savings at 30% would give buildings more than 30% away from their standard an additional performance path to compliance:



Visual: savings cap option

Example building:

Box-and-Whisker Plot of RY 2024 Net Normalized EUI by Primary Property Type



3. Update parking adjustments / clarify EV charging deductions

- **Change: Clarify two items related to normalizing energy performance**
- **Parking:** Instead of adding a parking adjustment to the final performance standard (i.e., providing a higher standard to account for parking), instead deduct parking energy use from the building's normalized site energy use.
 - EPA has made a new field available in ENERGY STAR Portfolio Manager such that the Department no longer must calculate a parking allowance outside of the benchmarking tool.
 - Using the ESPM calculated field provides a more accurate, consistent estimate of parking energy use.
 - Better aligns with County exemptions for transportation facilities as well as State benchmarking guidance.
- **Electric Vehicle Charging:** The law already says that site energy use does not include “electricity used to charge vehicles.”
 - Use ENERGY STAR Portfolio Manager estimates of annual EV charging station energy use to deduct EV charging from normalized site energy use.

4. Modify definitions of “cost effective” and “economic infeasibility”

- **Change: Change the payback threshold of what constitutes economic infeasibility from 25 years to align with each measure’s lifespan**
 - Cost effective energy improvement measure = A measure that pays back within the effective useful life of the measure. For under-resourced buildings, cost effective measures are those that payback within the effective useful life of the measure or within 10 years, whichever is less.
 - Economic infeasibility = when the interim or final standard cannot be met by implementing a package of cost-effective energy improvement measures.
- **Council Listening Session Feedback:**
 - Commercial office stakeholders express challenges with 25-year payback given current office market, vacancies, and ability to finance projects.
 - Multifamily stakeholders suggest that 25 years is beyond the useful life of most new equipment, meaning projects will never “payback”
- **Impacts:**
 - Lowering the payback threshold means that deeper retrofits and electrification are less likely to be included in an energy improvement package.

5. Consider Rent-Stabilized Buildings Under-Resourced *(still vetting with DHCA)*

- **Change:** Consider rent-stabilized buildings as “under-resourced,” allowing them to have a 10-year payback for improvements included in their BPIP.
- **Council Listening Session Feedback:**
 - Market rate multifamily providers have significant concerns about costs to meet BEPS especially considering rent stabilization requirements on how owners can recoup capital costs
- **Impacts:**
 - Roughly 60% of apartments covered by BEPS are also subject to rent stabilization. Adding rent stabilized apartments as under-resourced would make about 80% of all MF buildings under-resourced.
 - Affordable housing and common-ownership communities already considered under-resourced.
 - Rent stabilized apartments are also more likely to be naturally occurring affordable housing, which is already considered under-resourced.
 - Moving to 10-year payback for rent stabilized less likely to result in large rent increases via capital improvement petitions which allow for up to 20% increase in rents.
 - Lowering the payback threshold means that deeper retrofits and electrification are less likely to be included in an energy improvement package.

6. Modify requirements for land covenant

- **Current regs state:** “the owner must record the building performance improvement plan as a covenant in the County land records and deliver a certified copy of the recorded plan to the Department. “
- **Change: Only require that an executive summary of the BPIP be recorded in land records.**
- **Council Listening Session Feedback:**
 - Specifically cited by multifamily stakeholders as a useful modification
- **Impacts:**
 - Pro: Still retain a retrofit plan with the building when it changes hands.
 - Pro: Avoid sharing unnecessary information about the building.
 - Con: Any new owner may not have access to all BPIP documents (audit, assessment, etc) in land records, but they would remain on file at DEP and could be provided upon request

7. Require that quick payback measures be implemented before final deadline

- **Change:** Require that energy improvement measures with a simple payback of 5 years or less be implemented before the Department will approve a subsequent building performance improvement plan for compliance with the final standard.
- **Impacts:**
 - Helps to ensure that buildings using a BPIP for compliance implement quick payback measures and realize energy improvements before the final standard deadline.

Discussion

1. Modify site EUI standards for some building types
2. Create additional compliance path that caps savings requirements
3. Update parking adjustments / clarify EV charging deductions
4. Modify definitions of “cost effective” and “economic infeasibility” to be defined within the effective useful life of each measure, rather than 25 years.
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Next Steps

- Vet changes with TE members (Dec)
- Finalize modifications with OCA (Dec)
- Transmit modified regulations (early Jan)
- Present changes at committee meeting / TE vote (late Jan)
- Full Council (current deadline to consider regs is 2/28/2025)