

A vertical strip on the left side of the slide features a red-tinted photograph of several modern skyscrapers with glass facades, viewed from a low angle looking up.

Deep Dives on Maryland BEPS

April 29, 2025



Agenda

- Maryland BEPS
 - Background
 - Current regulations
 - HB 49
 - Next steps
- Montgomery County BEPS
 - Current Regulations
- Q&A

Speakers

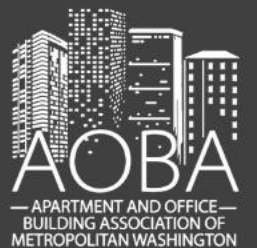


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History: Maryland BEPS



Background: Legislative and Regulatory History

- [Climate Solutions Now Act](#) passed: June 2022
- Initial regulations proposed: December 2023
 - Site EUI and Site GHG targets
- [Budget Amendment](#): 2024 legislative session
- Current regulations promulgated: December 2024
 - Removed site EUI targets
- Legal complaint filed against MDE: January 2025
- [HB 49](#) introduced: January 2025
- Final version of HB 49 passed: April 2025
- Trump EO, Protecting American Energy from State Overreach: April 2025

Current Regulations: Maryland BEPS

MD Benchmarking + BPS Performance Metric

- Buildings have to benchmark, disclose energy use to Maryland Department of Energy (MDE)
- Buildings are given a long-term direct emissions standard, measured in kgCO_2/SF
 - Basically: gas use
- Buildings will also benchmark site EUI
 - Energy performance targets not included in regulations for now; will be added in 2027
 - For context, Site EUI:

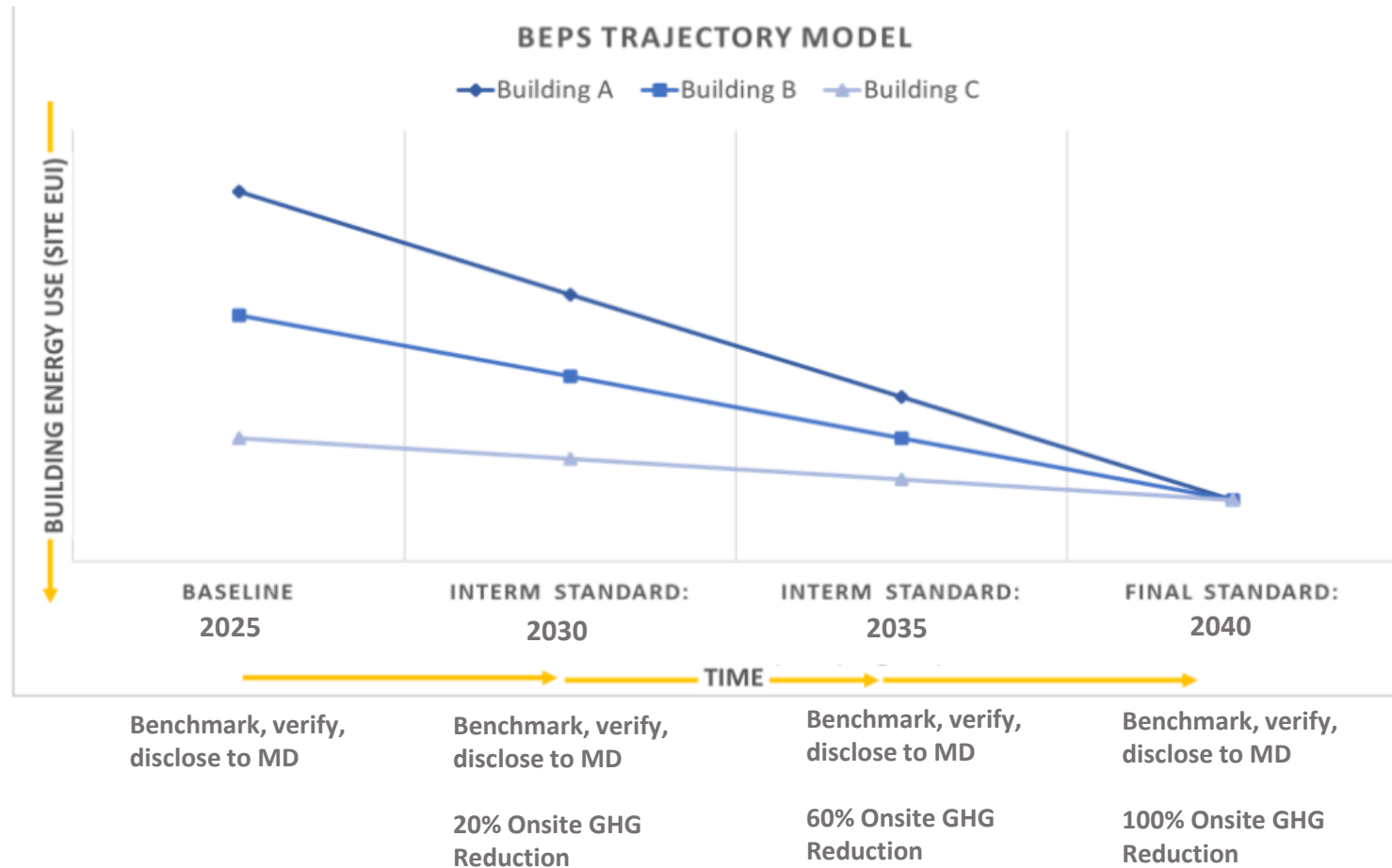
$$\text{Site EUI} = \frac{\text{Annual Energy Used Onsite}}{\text{Gross Floor Area}}$$

Baseline, Interim and Final Years

- **Mandatory benchmarking starts in 2025 with 2024 data**
- Third-party verification every 5 years, starting in 2026 with 2025 data
 - Aligns with interim and final standards

	<i>Net Direct Emissions Standards</i> <i>Kg CO₂e per square foot</i>		
<i>Property Type</i>	<i>Interim Standard for 2030-2034</i>	<i>Interim Standard for 2035-2039</i>	<i>Final Standard for 2040 and beyond</i>

MD BEPS Trajectory Model



Current Targets* by Space Type

- Preliminary standards set based on voluntary benchmarking data from all Maryland properties (~10-20% of applicable-to-BEPS building stock)
 - Most *probably* from Montgomery County's benchmarking data, *maybe* including Montgomery County multifamily but it's unclear

*targets to be updated in 2027

Space Type	1 st Interim, 2030-2034	2 nd Interim, 2035-2039	Final Standard, 2040+
Office	0.22	0.11	0
Medical Office	0.18	0.09	0
Hotel	1.47	0.74	0
Multifamily	0.84	0.42	0
Bank	1.01	0.50	0
Retail	0.60	0.30	0
Supermarket/ Grocery Store	2.25	1.13	0

MD Benchmarking Exemptions

- Benchmarking exemptions = usage not relevant for BEPS
- Exclusions member buildings may use:
 - restaurants and fast food
 - EV charging
 - Parking
- Some other space types (e.g., schools) exempted
 - Hospitals, SCIFs, manufacturing, agricultural, backup power in some cases

Whole-Building BEPS Exemptions

- Exemptions from establishing a baseline (at discretion of MDE)
 - Less than 50% occupancy for at least 180 days
 - Maximum of 3 years of this exemption allowed
 - No delays in meeting interim or final standard
- Exemptions from Benchmarking or BEPS
 - Financial distress
 - Building not occupied for the whole year
 - Building was demolished

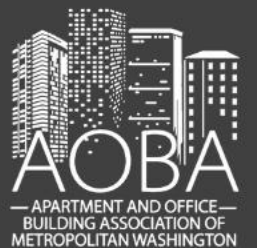
Exemptions – Affordable Housing

- Submit request by June 1st of each year, 2031 onward
- Request should show that the building applied to a federal or Maryland-administered energy efficiency or greenhouse gas reduction program.
Includes:
 - benchmark report
 - intended scope of work
 - estimated greenhouse gas reductions expected from the intended scope of work to achieve at least the applicable interim or final standard.
- Affordable housing defined based on income level (80% AMI)

Violations and Enforcement – Direct Emissions

- Alternative Compliance fees: \$230/metric ton of CO₂ starting in 2030, +\$4/metric ton of CO₂/year
 - Functionally speaking: penalties increase with time
 - Allows for inflation adjustments.
- No delays in case of change of ownership!

HB 49: Final Version



HB 49

- **Grandfathers Montgomery County BEPS**

- HB49 requires MDE to certify Montgomery County BEPS, waive Maryland BEPS requirements for Montgomery County
- Allows for Montgomery County to seek alternative compliance fees and penalties up to the same amount/manner as State BEPS
- Unclear at this time how fee mechanics would work
- Different formats, different timelines, different approaches
- Annual benchmarking submission cost (\$100/building), starting in 2026
- Adds provisions for onsite renewables, biomethane
- Other items referred to a 2026 study

What's in this study?

- MDE must conduct a cost-benefit analysis of three program types:
 - Direct emissions
 - Site EUI
 - Both direct emissions and site EUI
- Each program type analysis must include:
 - program design considerations;
 - greenhouse gas emissions reduction potential;
 - direct emissions reduction potential;
 - overall energy savings potential;
 - peak energy savings potential;
 - implementation costs to building owners and the Department;
 - lifecycle costs of the building and equipment and cost-effectiveness for building owners; and
 - program implementation cost and complexity.
- The study must also:
 - identify policy considerations and recommendations, including potential scenarios, including:
 - a recommendation for calculating an alternative compliance fee for energy use intensity on covered building owners based on a simple payback period that takes into account any financial incentives offered to the building owners;
 - recommendations on how to address covered buildings that, despite all available incentives including the avoidance of penalties and fees, would not achieve compliance greenhouse gas emissions reductions and targets; and
 - recommendations on how to consider county-owned buildings, community colleges, emergency facilities, manufacturing buildings, and residential buildings, including considerations of tenants and condominium unit owners; and
 - calculate building benchmarks based on benchmarking data reported to the Department in accordance with § 2-1602(b) of the Environment Article.
- Must be submitted by December 31, 2026

Take 2: What's in this study?

- Calculate benchmarks based on whole-state benchmarking
- Go back to the drawing board
 - Types of BEPS (direct emissions vs. site EUI vs. both)
 - Target-setting impacts on building stock
 - Meaningfully calculate alternative compliance fees
- Identify additional compliance considerations
 - Economic feasibility
 - Programmatic costs/complexities

What Happens Now?

Current Actions: Existing Regulations

- Owners need to benchmark, disclose to MDE (by 9/1/25)
 - Review MDE's Covered Building List
 - Montgomery County: minimal adjustments in most cases
 - Outstanding question: what about Montgomery County buildings benchmarking to Maryland? (AOBA's asked; waiting on response)
 - Prince George's County + other jurisdictions: first time
- Owners should start thinking about third-party verification, assessments
 - Verification required in 2026 (for 2025 data)
 - Planning process can take years to fully get in place

What about the Study?

- Not much happening near-term; MDE will be busy benchmarking
- Target-setting workgroup to be stood up by MDE starting in the summer
- 2027 might bring changes to structure of Maryland BEPS
 - Alignment in practice with Montgomery County BEPS?
- For now:
 - Benchmark (if you haven't yet)
 - Start thinking about energy assessments

Montgomery County BEPS

Intersection: Maryland HB49

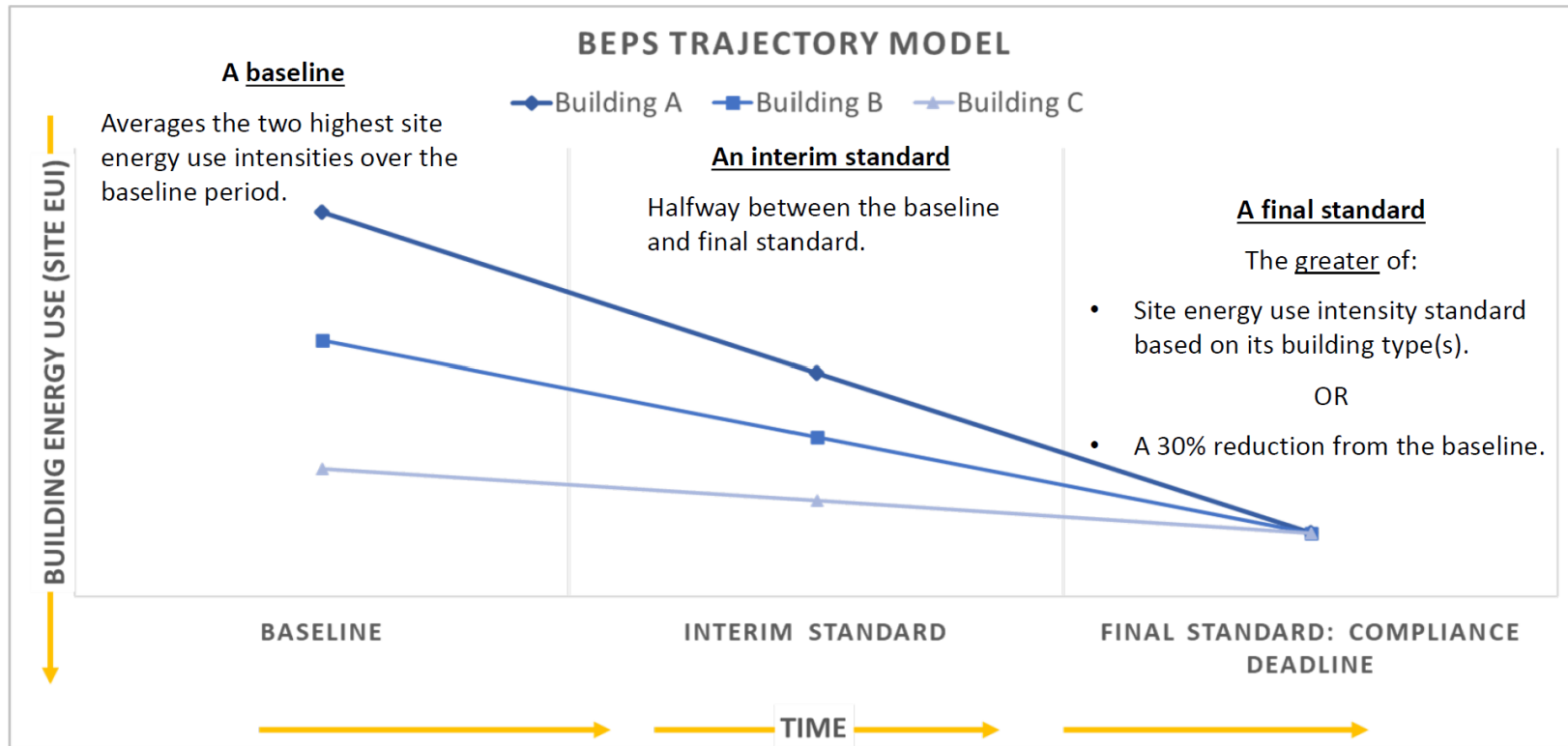
- HB49 requires MDE to certify Montgomery County BEPS, waive Maryland BEPS requirements for Montgomery County
- **Montgomery County buildings only subject to Montgomery County BEPS**
 - Different formats, different timelines, different approaches; significantly simplifies the lift for Montgomery County buildings
 - Montgomery County regulations are finalized—it's fully developed
 - Don't need to wait until 2027
 - Outstanding question: state benchmarking requirements for Montgomery County buildings
- [AOBA webinar scheduled for May 1st](#)

Timing by Group

Building Group	Included Buildings	First Benchmarking Year (CY)	Baseline Years	Interim Standard Deadline	Final Standard Deadline
County	County-owned 50k+ gsf	2014	2018 - 2022	Dec. 31, 2028	Dec. 31, 2033
Group 1	Non-residential 250k+ gsf	2015	2018 - 2022	Dec. 31, 2028	Dec. 31, 2033
Group 2	Non-residential 50 - 250k gsf	2016	2018 - 2022	Dec. 31, 2028	Dec. 31, 2033
Group 3	Non-residential 25 - 50k gsf	2022	2022 - 2024	Dec. 31, 2030	Dec. 31, 2035
Group 4	Multifamily 250k+ gsf	2022	2022 - 2024	Dec. 31, 2030	Dec. 31, 2035
Group 5	Multifamily 25k - 250k gsf	2023	2023 - 2025	Dec. 31, 2031	Dec. 31, 2036

Performance Pathway

- After benchmarking period, a building receives:



Performance Pathway: Select Site EUI Targets by Space Type

1.Regulations establish a final site energy use intensity standard for each building type, including ([among others](#)):

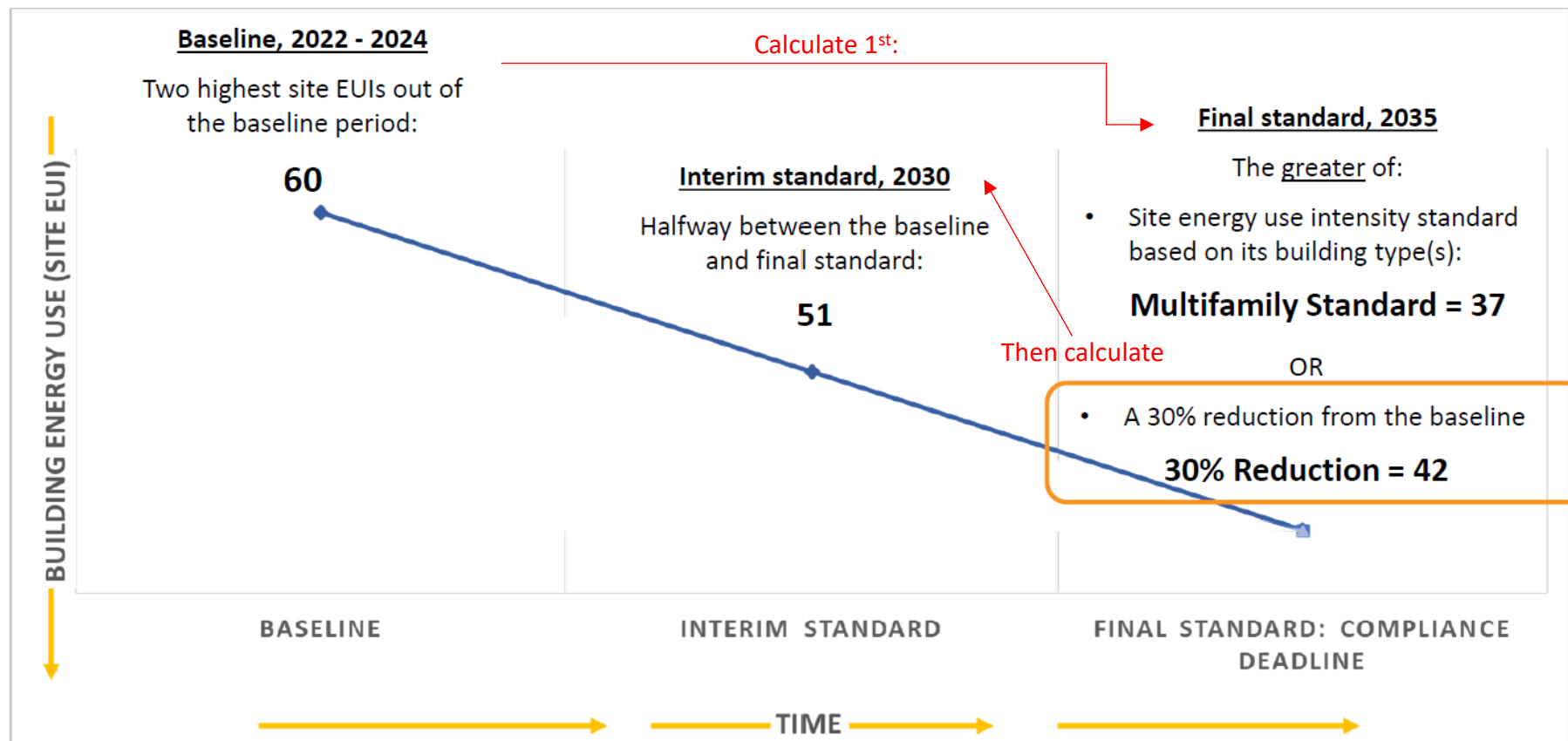
Property Type	Final Site EUI Standard
Multifamily Housing	37
Office	55
Retail Store	48
Supermarket / Grocery Store	137
Hotel	60

2.Mixed-use buildings receive an area-weighted standard based on the size of each type. For example:

Property Type	Gross Floor Area	Final Site EUI Standard
Multifamily Housing	150,000	37
Supermarket / Grocery Store	50,000	137
Total	200,000	62

3.Buildings with baselines more than 30% higher than the “calculated” final standard instead receive a final standard reflecting a 30% reduction from the baseline

Performance Pathway: Building-Specific Standards: An Example



Building Performance Improvement Plans

Custom compliance path based on cost-effective improvements in each building, within economic and technical constraints.

Suitable for situations of economic infeasibility or circumstances beyond the owner's control.

Economic infeasibility means the interim or final performance standard cannot be met by implementing a package of cost-effective energy improvement measures.

Circumstances outside the owner's control may include:

- Characteristics inherent to the building or the building's operations
- Timing events in the building's equipment lifecycles, occupancy, or financing

Building Performance Improvement Plans

Building Performance Improvement Plan (BPIP) Path

Custom compliance path based on cost-effective improvements in each building, within economic and technical constraints.

Suitable for situations of economic infeasibility or circumstances beyond the owner's control.

Assess

Plan

Implement

Refile if needed

- The BPIP requires an **energy audit and assessment** of equipment replacement, electrification feasibility, and onsite renewable energy, done by a qualified auditor.
- Create a **retrofit plan** identifying the cost-effective energy improvement measures and the year or qualifying event during which they will be done.
- Demonstrate ongoing compliance by **reporting annually** that the measures committed to in the retrofit plan were done per the schedule.
- BPIP can be used for compliance with interim and/or final standards. Measures with a **simple payback of 5 years or less must be implemented** before a subsequent BPIP is approved.

Compliance with BEPS (regardless of resulting EUI)

Building Performance Improvement Plans

- **Cost effectiveness** is defined within the simple payback of each measure. The lesser of:
 - The lifespan of the measure, or
 - For specially designated buildings, 10 years.
- **Specially designated buildings** include:
 - Affordable housing buildings;
 - “A multi-family building that includes at least 50% of dwelling units whose sale or rental price do not exceed that of a moderately-priced dwelling unit” so intended to include regulated and unregulated affordable housing.
 - Common ownership communities (i.e., all condos and co-ops);
 - Multifamily buildings subject to rent stabilization;
 - Non-profit-owned buildings (e.g., hospitals, worship facilities, private schools); and
 - Local, small-business-owned buildings

Outreach, Q&A

Outreach and Assistance

- [Benchmarking assistance document](#)
 - Tailored for Prince George's County, but has useful tips for statewide benchmarking and experienced benchmarkers
- Member-level property discussions—benchmarking, compliance
 - Multiple registrants have talked to me already!
- Upcoming: regional BEPS crosswalk document

Pre-submitted Questions – County-State Overlap

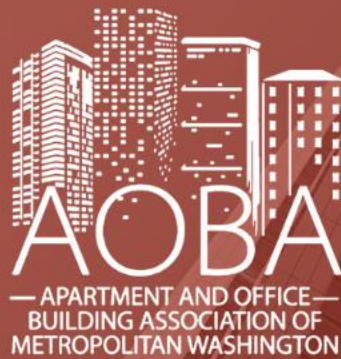
- BEPS MoCo and MD state have different dates for submission. Can submission for both be done at same time?
- Heard a rumor that Montgomery County may exempt out of state requirements - any truth?
- How do MD BEPS and Montgomery County BEPS overlap? If I am compliant in one am I in the other?
- What is [the] final [state BEPS] law and how does it relate to Montgomery County?

Intersection: Maryland HB49 (repeat)

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Pre-submitted Questions

- What uses are officially exempt?
- What is the guidance for buildings that are not currently on the covered building list, but that may qualify under the program?
- Is it recommended to use an outside consultant to complete the required filings?
- When will State regulations be finalized and what is the enforcement mechanism?



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