

Meeting Minutes
Large Buildings Subgroup Meeting #2
September 12, 2023

Meeting Location: Online using Zoom.

Attendees

Names in bold are official Task Force members.

Thomas LeQuire (DGS, Subgroup Chair), Cliff Majersik (IMT), Louise Sharrow (IMT), Cindy Osorto (MDE), Anthony Roberts (Phase 3 Training), Alexis Santana (MES), Cesar Gayoso (Johnson Controls), **Cherise Seals (NORESO)**, Dun Scott (Energy Solutions), **Greg Akerman (Baltimore/DC-Metro Building Trades Unions)**, Shan Gordon (MD Energy Savers), Michelle Foster (Home Innovation Research Labs), Jose Coronado-Flores (CASA), Kevin Walton (Montgomery County Climate Coalition), Lewis Morgante (Montgomery County), Lori Graf (Maryland Builders), **Louisa Rettew (Baltimore County)**, Pam Clark (Vicinity Energy), Sandra Fowler, **Rick Briemann (Atlantic Realty Group)**, **Tom Ballentine (NAIOP MD)**, Emily Curley (Montgomery County DEP), Smita Chandra Thomas (Energy Shrink), Lindsey Shaw (Montgomery County DEP), Erica Bannerman, Garrett Fitzgerald (Montgomery County), Ben Roush, Faith Klareich, Preston Thomas (DHCD), John Finnessy (DGS), Danielle Adams (Frederick Co Building Industry Association)

Introduction

- Recap of last meeting: Subgroup word cloud showed that the top response was “electrification”, followed by additive, actionable, and implementable.
- Timeline and Goals: There’s a tight timeline for subgroups in order to get everything to the Task Force in time for them to submit to the Governor by December 1. Our third meeting is next week, September 19. Aiming to have final recommendations at the end of that meeting. We will share written output from this meeting before the next meeting.
 - Cliff Majersik: The Maryland Air Quality Control Advisory Council voted yesterday to adopt proposed regulations that the MDE will implement over the next several years to reduce greenhouse gas emissions and energy usage in large buildings across the state.

Strawman Recommendation Discussion

- The Maryland Energy Administration shall work with the Department of General Services to provide prequalified contractors and negotiated pricing for residential and commercial decarbonization projects.
 - Change bullet to “multilateral collaboration”, not just MEA and DGS. Utilities, DHS, others already have lists,
 - Could be a resource list, but not a requirement for work.
 - Also good to have: List of recommended or required certifications for various scopes of work.

- Pre-negotiated pricing may be too difficult given the diverse nature of electrification projects and building types and contingency rates, preference for sharing expected or average or example prices as expectation-setting.
- Make sure programs have low barriers to entry for contractors, but also have quality checks (customer evaluations, process to remove someone from list).
- Provide some type of project management assistant role to help owners navigate the process from beginning to end, eg [DHCD](#).
- Include some type of checklist for initial project steps, such as an audit, walkthrough, or assessment. Include qualifications for those service providers as well as contractors.
- Appropriate the millions of dollars needed each year through 2045 to scale up the MEA Climate Transition and Clean Energy Hub created by the Climate Solutions Now Act (9–2010). The Hub should collaborate with the community, provide technical assistance, catalyze peer learning networks, help the market to understand legal requirements including BEPS and building codes, assist with workforce development, provide support to residential buildings, lead marketing efforts regarding available incentives, and serve as a matchmaker among building operators, service providers, and capital markets.
 - Collaborate in some way with existing Hubs to learn from them but also make it easier for service providers and owners who are active in both DC and Maryland.
 - Hub should be connected with financing options as well.
 - Resources on how to successfully do a whole-building approach, codes, etc.
 - Educate brokers on incentives so they can incorporate early in their process.
 - Collaborate with workforce providers who understand compliance already.
- The Maryland Department of Labor shall work with training programs and labor unions to establish and provide long-term subsidies to apprenticeship programs targeted at providing to people from frontline Maryland communities the skills needed to decarbonize buildings. Apprenticeships must be designed so that they meet the requirements of the section 179d tax deduction and other tax incentives in the Inflation Reduction Act (IRA).
 - Be aware of programs and apprenticeships that already exist
 - Make sure programs are focused on connections with employers, not just with students.
- In order to fill career pipelines, invest state funds in mapping the trades that are needed today and will be needed through 2045 to decarbonize Maryland buildings and the career pathways that the Maryland workforce can follow to grow their skills and salaries. Highlight trades that will be in particularly short supply. Share these interactive career maps to youth, returning citizens, and the general public directly online and via channels including school and career counselors.
 - Build infrastructure to support the pipeline of workers, and be aware of all types of workers, including community colleges, public schools, vocational programs, second chance programs, displaced fossil fuel workers, and veterans.
 - Existing examples:
 - [MD Blueprint](#) Program
 - Unions hiring hall system: <https://worksourcemontgomery.com/>

- <https://www.mmhaonline.org/MMHASTA>
 - Workforce Services Summer Apprenticeships: <https://www.frederickworks.com/summer>
 - [Maryland Works Grant](#)
 - [Frederick County Workforce Services Summer Apprenticeships](#)
 - [Goodwill Job Training](#)
 - Project G.U.I.D.E. <https://www.empoweredtolive.org/project-guid>
- Make sure to include small businesses that may be more likely to do direct hiring than go through a union.
- Non trades workers can also be considered, such as internship programs that lead to green building consulting. Can connect organizations with career counselors in colleges.
- The Comptroller's Office should report to the General Assembly and the Governor on potential tax incentives to covered building owners. The study would consider simplicity in program design, performance metrics, and long-term costs and benefits, including relating to financial, social, and environmental factors.
 - Use federal programs as guidance to keep things as uniform as possible.
 - Balance state incentives with local incentives - centralized administration, vs localized outreach and action. Consider a universal platform for incentives.
 - Need to understand how [SDAT](#) administers tax credits and how owners can apply to make that clearer and easier and consistent for owners that are applying for buildings in multiple localities.
 - Create more certainty of duration of existing local incentives, how do they align with the BEPS timeline? Owners need certainty.
 - Consider the impact of local taxes like transfer tax as well.
 - Maybe the Verification piece could be at the local level, and the Credit processing at the SDAT level.
- With input from the Public Service Commission and consideration of the three principles (drive early action, equity, and cost effectiveness) under the Task Force, consider requirements for utilities to:
 - Provide ratepayers with on-bill repayment options ([Inclusive Utility Investment](#), utility provided financing, and/or 3rd-party on-bill-repayment)
 - Lots of interest in on-bill as an easy way to get money to people, make sure it is available to various customers.
 - Concern over co-ops being unable to create their own rebate programs.
 - Create a requirement for utilities to be more transparent about carbon footprint on energy bills.
 - Prioritize money for projects (envelope, passive design) that reduces grid load.
 - Provide owners with user-friendly, set-it-and-forget-it [access to aggregated whole building utility data](#) to enable owners to comply with benchmarking and BEPS requirements and to qualify for federal tax incentives and rebate. Make clear that ratepayers and not utilities own their utility consumption data.

- Easy access to quality data is important, but fully automating benchmarking has downsides, like loss of relationship building, loss of trust building, understanding of buildings before something comes up, giving owners point of contact for support.

Priorities Discussion

- Prioritize equity and housing security.
 - Prioritize funding to improve affordable housing and enable it to comply with BEPS to prevent displacement.
 - Avoid regressive incentives (e.g. tied to value of property instead of to societal benefits).
 - Equity needs to consider supporting the workforce path to the middle class. Also acknowledge that there are good union and non-union shops.
- Consolidate incentive and other programs, align agencies, and prevent stove piping. A small number of broad programs are easier for owners to navigate than a large number of narrow programs.
- Streamline the process of applying for incentives and minimize reporting. Cumbersome reporting often deters people from applying.
- Focus incentives early in building lifecycle for maximum cost effectiveness: pre-construction and especially pre-design; e.g. incentivize electric load studies
 - Say “planning lifecycle” or “equipment lifecycle” instead of “building lifecycle.”
- Partially fund investments through:
 - Redirect state and utility funding away from fossil fuels (e.g., efficient gas systems) and towards electrification and electric efficiency.
 - Maryland Department of the Environment trust fund supported by fees associated with non-compliance under BEPS beginning in 2031.
- Incentive programs should be compatible with and incent design-build-operate-and-maintain (DBOM) and energy-as-a-service contracts
 - Important to approach things from a whole-building perspective to avoid unintended consequences.
- Align state and utility incentives with BEPs and with federal incentives from different agencies (DOE, EPA, IRS, HUD, FHA Green MIP, Freddie Mac and Fannie Mae)
 - Add “to the extent practicable” since much of this is out of state control, and federal incentives are often not aligned with each other.
- Factor in non-equipment costs (e.g, panel upgrades, heavy ups, structural improvements to enable heat pumps)
 - Address through incentives, sample RFPs, and perhaps PSC rules about who pays for what at the meter.