

## Maryland BETI Task Force Large Buildings Subgroup Short Recommendations

September 19, 2023

### Grow the MEA Clean Energy Transition Hub

- 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 will:
  - collaborate with the community
  - provide technical assistance
  - develop case studies
  - catalyze peer learning networks
  - help the market to understand 1) legal requirements, including BEPS and building codes, 2) labor standards, and 3) federal, state and local decarbonization incentives
  - assist with workforce development
  - maintain a curated list of recommended industrial and professional certifications by project type
  - provide support to residential buildings
  - serve as a matchmaker among building operators, service providers, and capital markets.

### Decarbonization Contractors Program

- The Maryland Energy Administration with the Department of General Services 1) pre-qualify contractors, 2) monitor service quality including by receiving customer complaints 3) remove contractors from the pre-qualified list if needed, and 4) provide example pricing for residential and commercial decarbonization projects. Participation in this process would be completely optional for both building owners and contractors.
  - Coordination could be done with the MEA Hub, intergovernmental contracts, and regional partners

### DHCD MEEHA Support

- Provide additional funding for the Maryland Department of Housing and Community Development's (DHCD) [Multifamily Energy Efficiency and Housing Affordability \(MEEHA\) program](#) to pay for owner representatives/project managers incented to help oversee every aspect of efficiency and decarbonization projects. This assistance is helpful for owners with limited capacity to have someone help shepherd projects from start to finish.

### Workforce Development

- The Maryland Department of Labor works with the MEA, large and small employers, schools, community colleges, training programs, non profits, 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 state and federal requirements including the section 179d tax deduction and other tax incentives in the Inflation Reduction Act (IRA). Any state tax incentives should be aligned with federal labor requirements.

- 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. Target these interactive career maps to youth, returning citizens, veterans, former fossil fuel workers, and the general public directly online and via channels including school and career counselors. Connect skill seekers to vocational programs.

### **Tax Incentives**

- The Comptroller's Office should recommend to the General Assembly and the Governor on potential long-term tax incentives to encourage owners to decarbonize buildings covered by BEPS and being renovated, including office-to-residential conversion. The recommendation would respond to the urgency of the climate crisis and consider simplicity in program design; performance metrics; consolidation of existing incentives; alignment with federal, state, and local incentives; and long-term costs and benefits, including relating to financial, social, and environmental factors.

### **Utilities and Building Decarbonization**

- With input from the Public Service Commission and consideration of the Task Force's top two principles (drive early action and equity), 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)
  - 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 rebates. PSC should hold utilities accountable for promptly and automatically uploading to benchmarking platform [accurate](#) and timely data.

## Priorities

- Swift action commensurate with the urgency of the climate crisis and the state's 2045 climate commitment
- Prioritize equity and housing security. So,
  - 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 societal benefits)
  - Prioritize creation of high road jobs, pathways to the middle class, and opportunities for frontline communities
- Consolidate incentive and other programs, align agencies, and prevent stove piping. A small number of broad programs are easier for people 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 planning cycle for maximum cost effectiveness: pre-construction and especially pre-design; e.g. incentivize electric load studies
- Incentive electricity demand management
- Partially fund investments through:
  - Redirect state and utility funding away from fossil fuels (e.g., efficient gas systems) and towards electrification and efficiency measures
  - 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 with service level agreements
- To the extent practical, align state and utility incentives with BEPS and with federal incentives from all federal agencies (including DOE, EPA, IRS, HUD, FHA Green MIP, Freddie Mac and Fannie Mae)
- Factor in non-equipment costs (e.g, soft costs, envelope improvements, panel upgrades, heavy ups, structural improvements to enable heat pumps)
- These priorities should be followed by all programs, including PSC and utility programs