



Building Energy Performance Standards (BEPS)

Update for AQCAC

June 8, 2026



Maryland
Department of
the Environment

BEPS Updates

- CY2024 benchmarking: 64% + compliance rate, over 8,600 buildings took action to benchmark, request exemption, etc.
- CY2025 benchmarking: deadline extended to June 30, 2026
 - \$100/building reporting fee due
 - Third-party verification required
- HB49 of 2025
 - Ongoing study with University of California, Berkeley
 - Stakeholder advisory group providing deep-dive feedback
 - Report due to the General Assembly at the end of 2026
 - Rulemaking in 2027 to incorporate HB49 changes



Clean Heat Standard

Program Design Overview for
AQCAC

June 8, 2026



Maryland
Department of
the Environment

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What is a Clean Heat Standard (CHS)?



A clean heat standard
is a market-based program to bring more
clean heating solutions to Marylanders
through a credit-based system.

A Clean Heat Standard for Maryland

A Program for All Marylanders: Clean Heat Standard



Increase available incentives
for building efficiency
upgrades and alternative
heating fuels



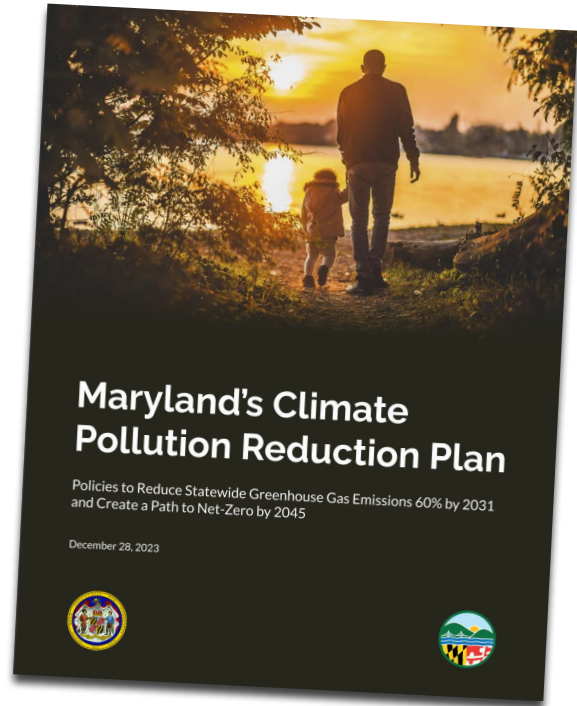
Ensure all Marylanders can
access building upgrades that
improve indoor air quality and
public health



Amplify the work already
being done through existing
federal, state, and local
programs

Clean Heat for Maryland

- ❑ State law requires that Maryland achieves net-zero climate pollution by 2045.
- ❑ The buildings sector needs new programs to achieve this substantial reduction in climate pollution.
- ❑ A June 2024 Executive Order directs MDE to propose a Clean Heat Standard as the long-term strategy to reduce climate pollution from the buildings sector.



The Benefits for Marylanders



- Reduces air pollution
- Lowers heating and cooling costs
- Increases access to incentives

Reduces Harmful Air Pollution

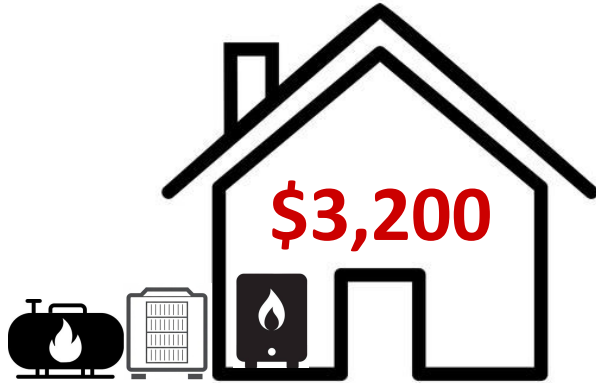


Impacts of Air Pollution

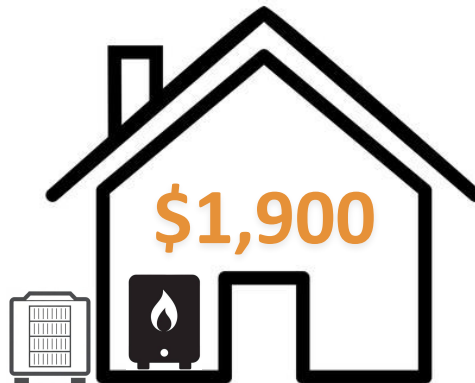
Respiratory	Other
Wheezing and coughing	Premature Death
Shortness of breath	Susceptibility to infection
Asthma attacks	Heart attacks and strokes
Worsening Chronic Obstructive Pulmonary Disease (COPD)	Preterm births and low birth weight
Lung cancer	Metabolic disorders
	Impaired cognitive functioning

Lowers Heating and Cooling Costs

Oil or Propane
plus air conditioner



Natural Gas
plus air conditioner



Heat Pumps
includes air conditioning



Annual space heating, space cooling, and water heating energy costs by fuel type for the average Maryland home.

Other States are Pursuing a Clean Heat Standard

- Colorado enacted a Clean Heat Standard in 2021.
- Massachusetts is developing a Clean Heat Standard that will rely on a credit-based system.
- Other states/jurisdictions, including DC, Hawaii, Illinois, New Jersey, New York, Pennsylvania, and Rhode Island, are considering clean heat policies.



Dynamics of a Clean Heat Standard

Who is a Heating Fuel Provider?



A **heating fuel provider** is a company that delivers heating fuel – including heating oil, propane, or natural gas – for final sale or consumption in Maryland.



Heating fuel providers must annually report their fuel delivered in Maryland to Maryland Department of the Environment.

Who is a Clean Heat Provider?



A clean heat provider is a company or contractor that installs, sells, leases, or delivers a clean heat measure to a building in Maryland.



Who is a Clean Heat Provider?

Heating Fuel Provider

Delivering alternative heating fuels or installing building efficiency upgrades

Weatherization, HVAC, or Plumbing Contractor

Installing building efficiency upgrades

Utilities with Incentive Programs (e.g. EmPOWER)

Incentivizing building efficiency upgrades

Builder or Developer of New Construction Projects

Installing efficient equipment and high-performance insulation

How Does a Clean Heat Standard Work?



**1. Track Climate
Pollution**



**2. Earn Clean Heat
Credits**



**3. Retire Clean Heat
Credits**

How Does a Clean Heat Standard Work?

1

Track Climate Pollution



Heating fuel providers annually report their delivered fuel in Maryland for MDE to calculate the associated climate pollution.

2

Earn Clean Heat Credits



Clean heat providers – including heating fuel providers – earn credits for installing or delivering clean heat measures.

3

Retire Clean Heat Credits



Heating fuel providers retire credits to reduce their associated climate pollution over time.

Basics, Part 1: Clean Heat Measures

Types of Clean Heat Measures



Installed Measures



Delivered Measures

Eligible Installed Clean Heat Measures (part 1 of 2)

- Building weatherization (i.e., insulation, air sealing, and other thermal efficiency improvements)
- Electric heat pumps (i.e., air-source, water-source, geothermal), heat pump water heaters, heat pump clothes dryers, and heat pump washer/dryers
- Non-combustion or alternative-fuel-based district heating systems and components



Eligible Installed Clean Heat Measures (part 2 of 2)



- Advanced wood heating systems
- Solar space heating and water heating systems
- Complete manufactured home replacement

Eligible Delivered Alternative Fuels



- Liquid biofuels
- Renewable methane gas
- Green hydrogen created through electrolysis with renewable electricity

Switching from one fossil fuel to another non-alternative fuel is not creditable.

Basics, Part 2: Clean Heat Credits

What is a Clean Heat Credit?

A **clean heat credit** represents one metric ton of avoided climate pollution.



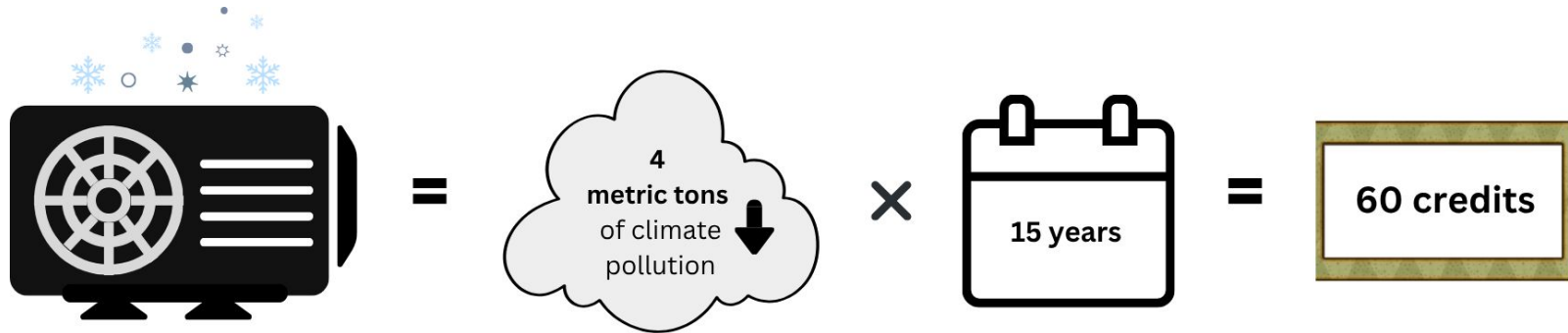
Types of Clean Heat Credits

There are three types of clean heat credits that can be earned by installing or delivering eligible measures:

- A **low-income credit** – a residential building where at least 51% of households are low-income;
- A **moderate-income credit** – a residential building where at least 51% of households are low- or moderate-income; and
- A **regular credit** – for all other buildings, including commercial, industrial, and other residential buildings

Earning Credits for Installed Measures

A cold-climate heat pump is installed in a single-family home. This heat pump will reduce climate pollution by 4 tons per year during its expected 15-year lifespan. 60 credits are earned for this project.



Earning Credits for Delivered Alternative Fuels

A heating fuel provider delivers 500 gallons of biofuel. This biofuel delivery replaces the delivery of an equivalent amount of home heating oil – reducing climate pollution by 4 metric tons. As a result, 4 credits are earned for this biofuel delivery.

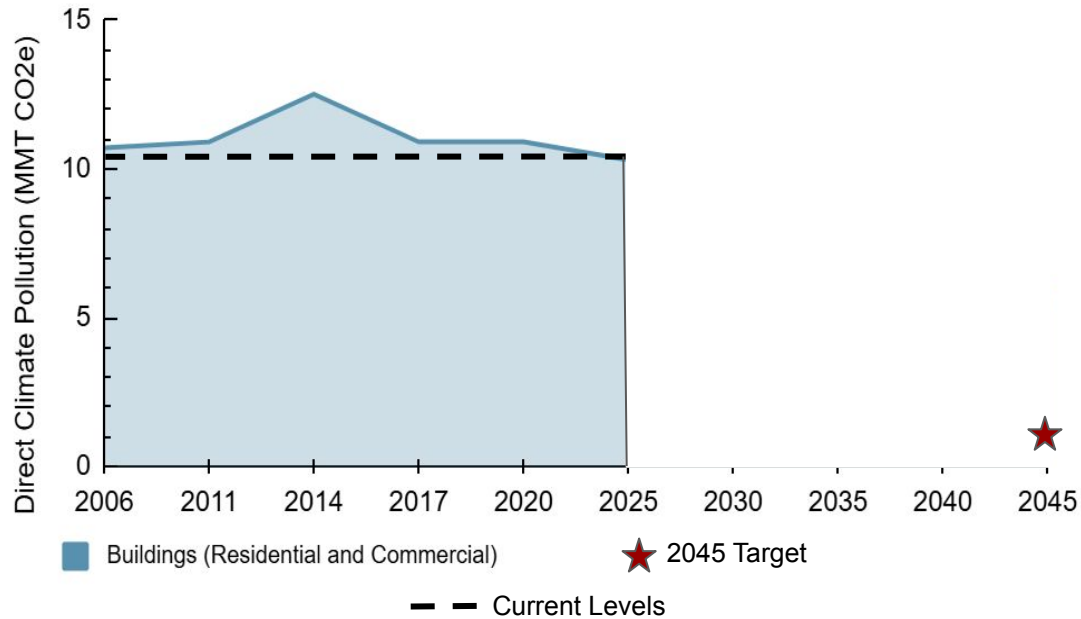


Basics, Part 3: Credit Retirement Requirements

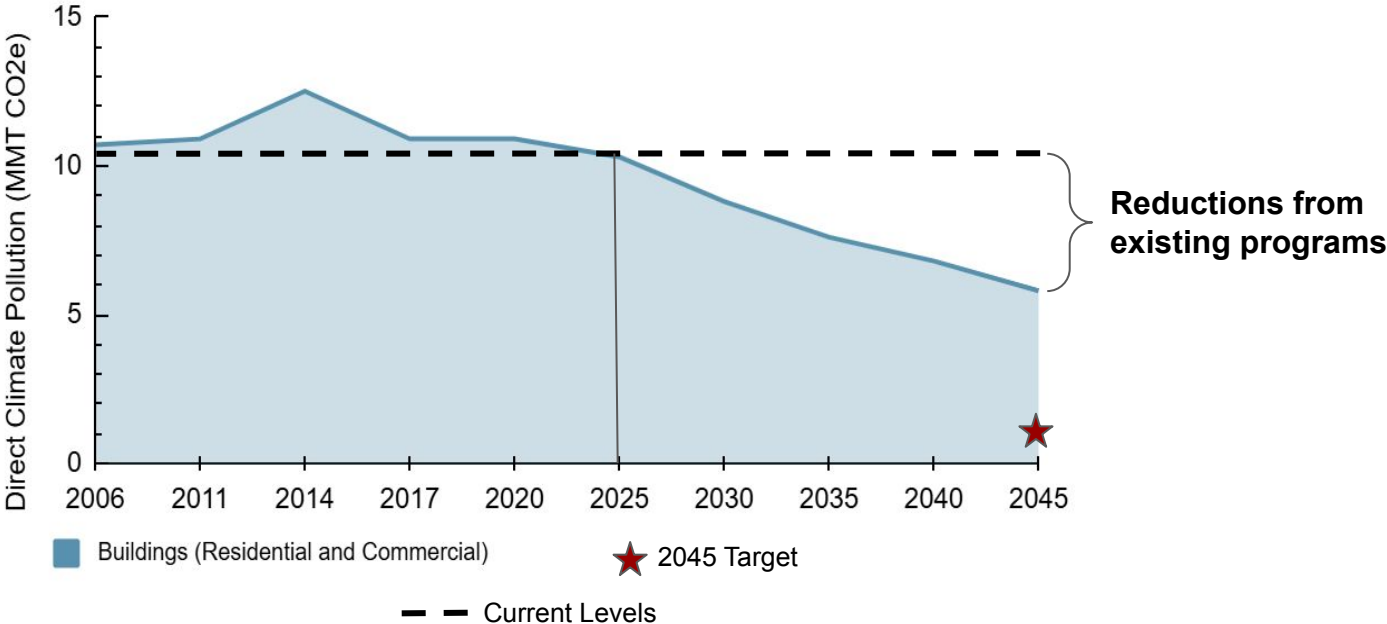
Pollution Reductions and Credit Retirements

- To reduce climate pollution from Maryland's buildings, the Clean Heat Standard will require heating fuel providers to retire clean heat credits each program year.
- Heating fuel providers can obtain credits when they:
 - **Directly install or deliver** eligible clean heat measures,
 - **Contract with a separate clean heat provider** (e.g. HVAC technician) who installs the clean heat measures on their behalf,
 - **Trade credits on the Clean Heat Marketplace**, or
 - **Establish an agreement with a Clean Heat Agency** to satisfy all or a portion of their credit retirement requirement.

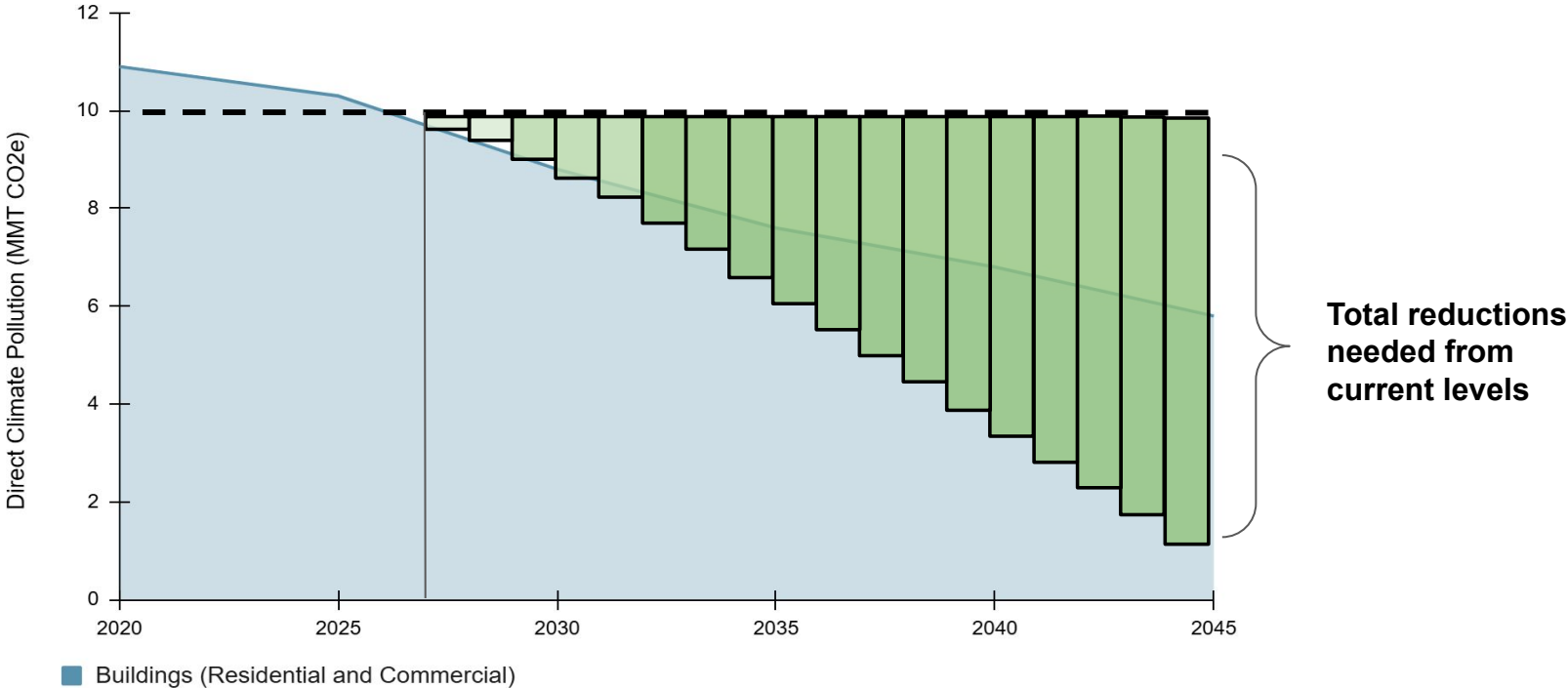
Climate Pollution Reductions Needed in Buildings by 2045



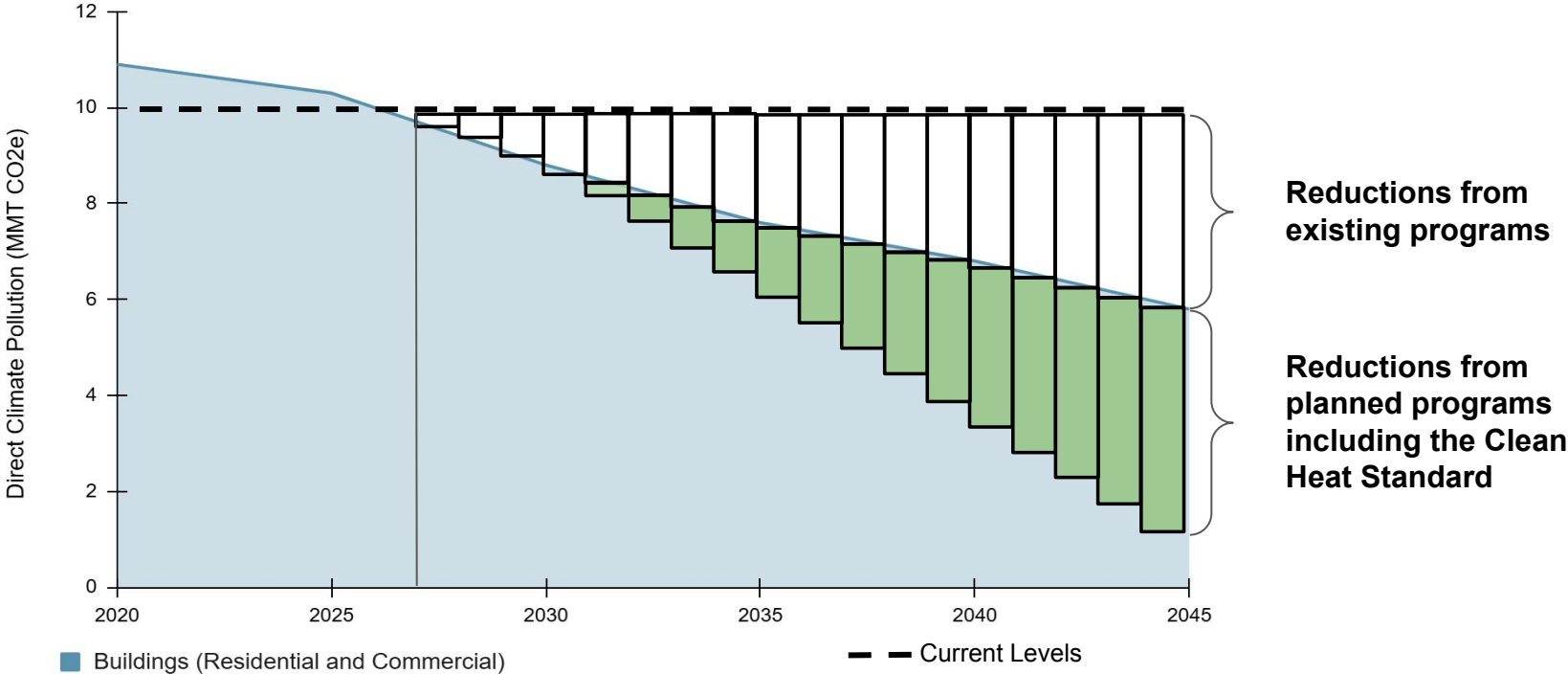
Climate Pollution Reductions Needed in Buildings by 2045



Climate Pollution Reductions Needed in Buildings by 2045



Clean Heat Standard Boosts the Climate Pollution Reductions of Existing Programs



Closing Thoughts

Clean Heat Standard Review



The Maryland Department of Environment tracks climate pollution from the heating fuels used in residential and commercial buildings.



Clean heat providers – including heating fuel providers – install or deliver clean heat measures to generate clean heat credits.

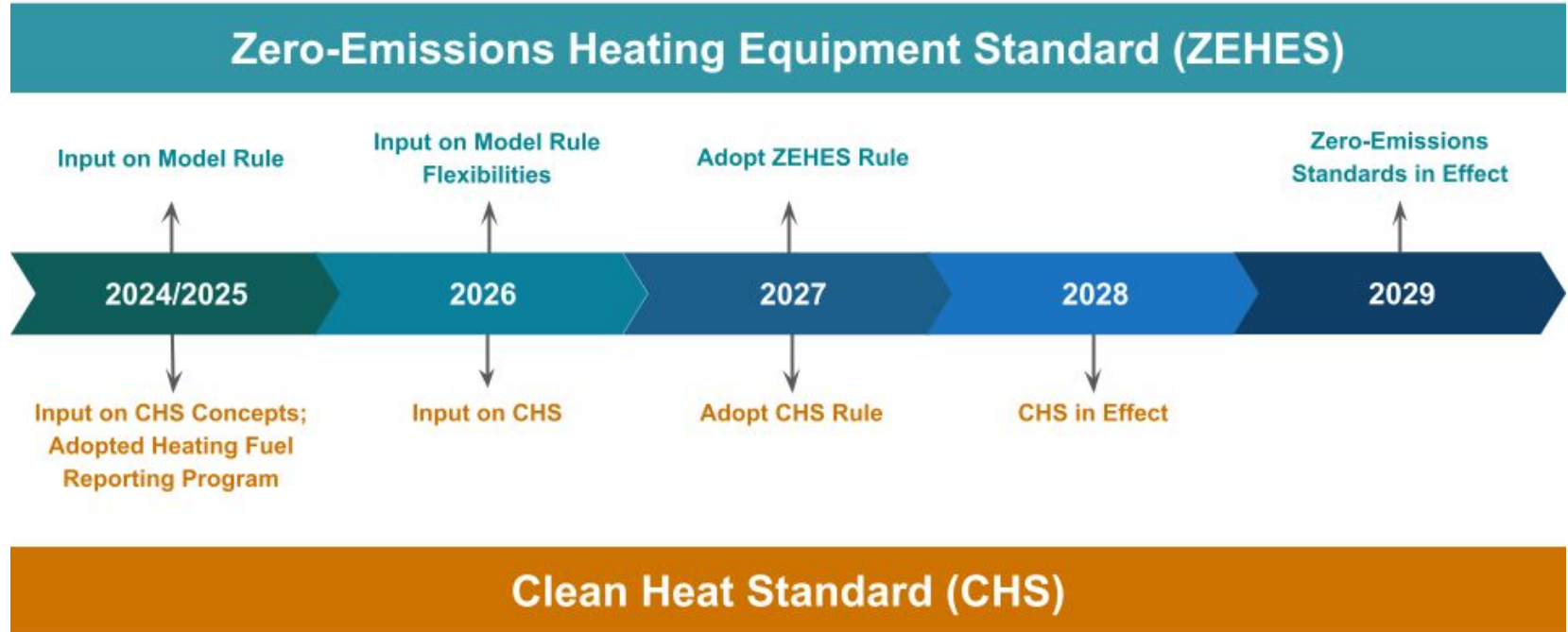


Heating fuel providers retire credits to ensure all Marylanders benefit from healthier, cleaner air.

Clean heat topic discussion sessions:

- **Measures and Credits, May 28**
- **Credit Retirement, TBA**
- **Credit Retirement Support, TBA**

Clean Heat Rules Timeline



Questions?
Feedback?



Requesting Your Feedback by July 31

