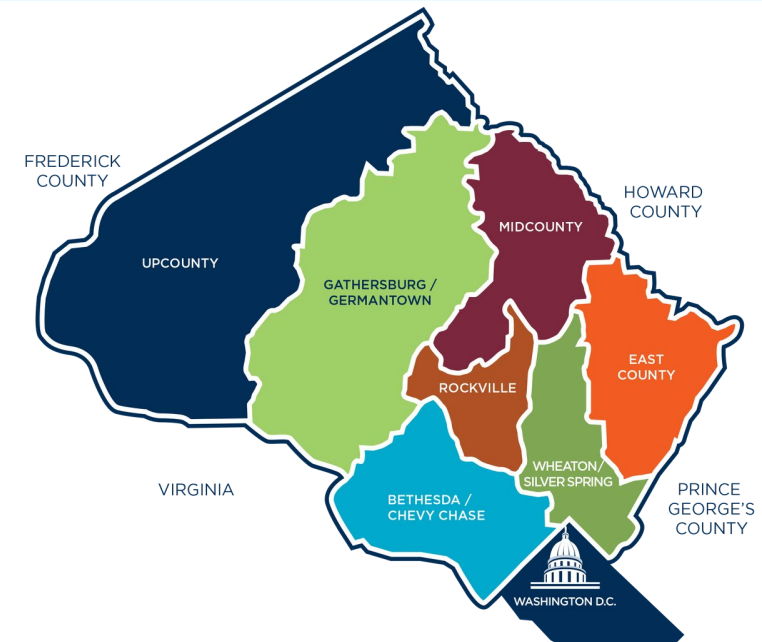




September 13, 2021

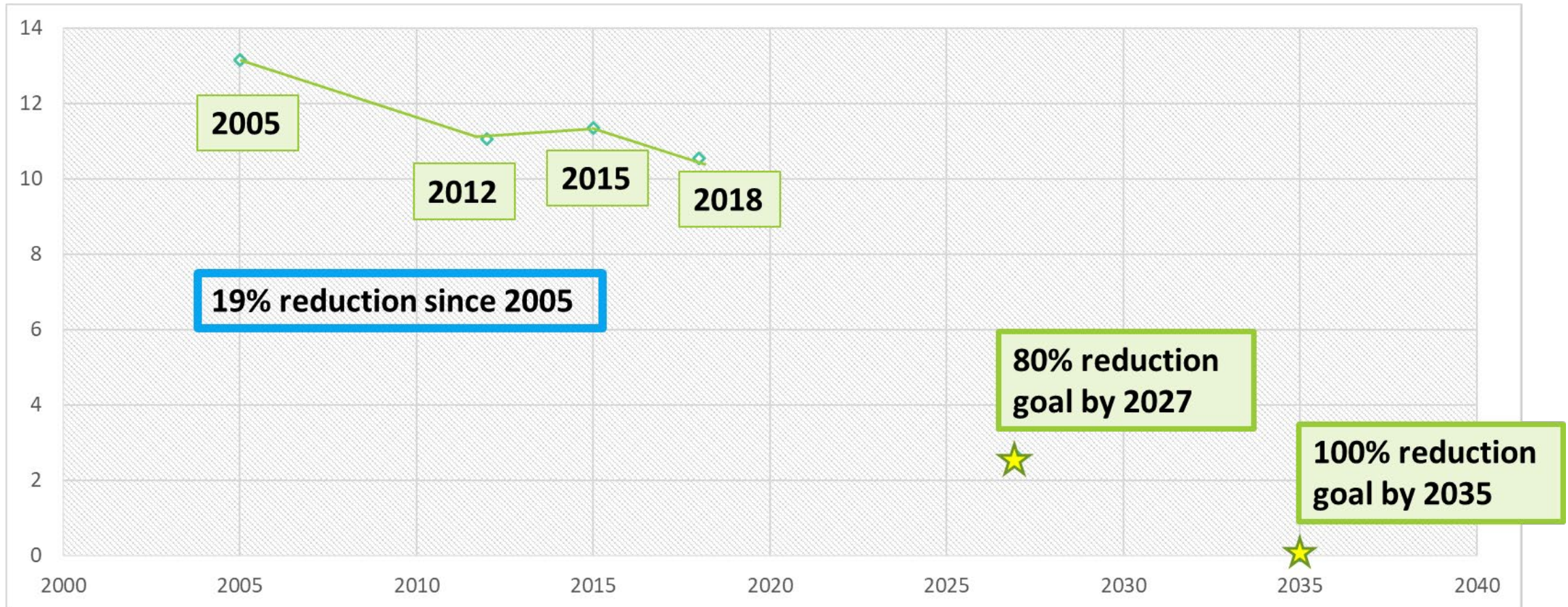
Building Energy Performance Standards in Montgomery County



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

Montgomery County's Climate Goals

- County Council unanimously passed a 2017 resolution declaring climate emergency
- Emissions reduction goals of 80% by 2027 and 100% by 2035

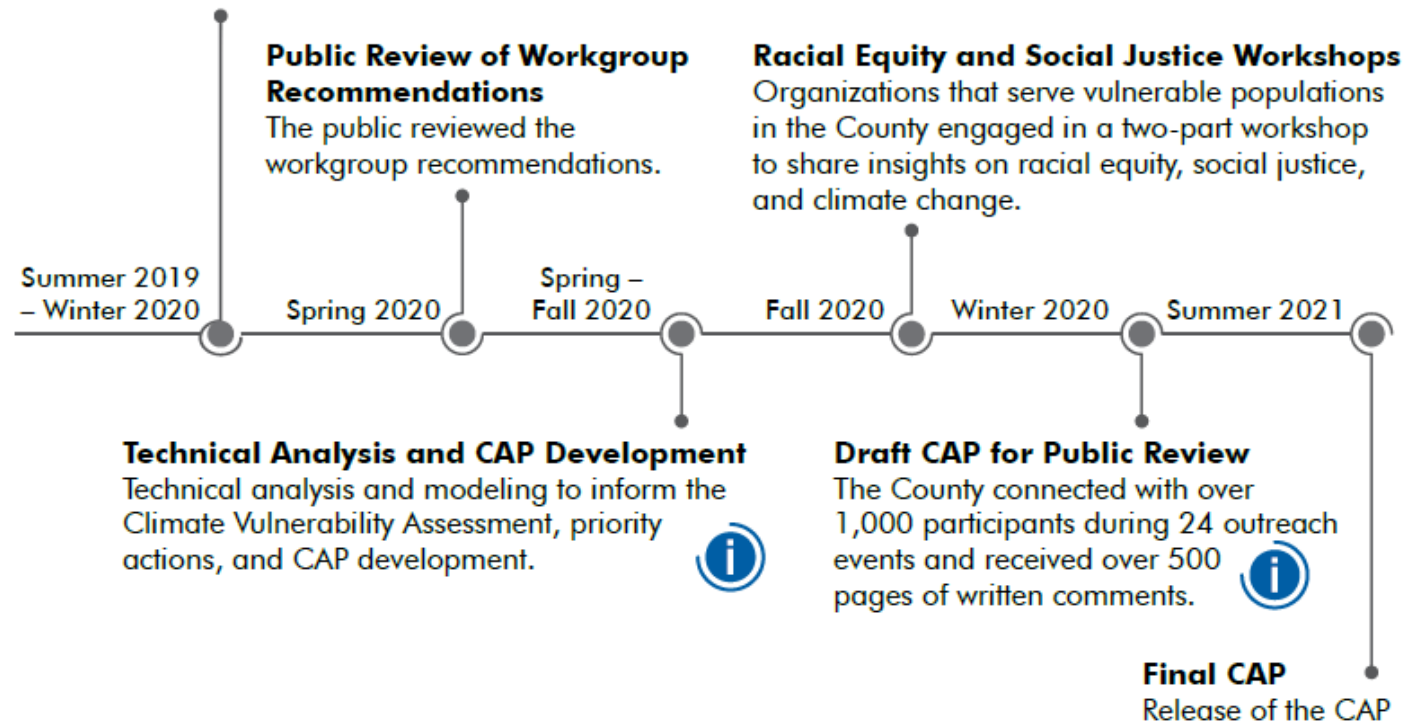


Source: Metropolitan Washington Council of Governments (MWCOG) Montgomery County GHG Inventory

Climate Planning Process

Climate Workgroup Efforts

The County formed six technical climate workgroups—made up of County volunteers with area-specific expertise—focused on buildings, clean energy, transportation, climate adaption, carbon sequestration, and public engagement and education.



176 Technical Climate Workgroup Members

30 Workgroup Meetings

2 Racial Equity and Social Justice Workshops

130 Community Conversations with Resilience Ambassadors

ORGANIZATIONS PARTICIPATING IN THE CLIMATE PLANNING PROCESS:

- | | |
|---|---|
| 22 Environmental Conservation and Climate Groups | 20 Business |
| 9 Education Groups | 10 Civil Rights and Religious Groups |
| 7 Federal Agencies (Unofficial Presence) and International Organizations | 8 County Advisory Groups |
| 4 Utilities | 7 Adaptation, Resilience and Energy Associations |
| 4 Municipalities and Municipal Advisory Groups | 5 Budget, Finance, and Philanthropic Groups |
| 2 Public Health Groups | 3 Chambers of Commerce |
| 1 Buildings Group | 2 Transportation Groups |
| | 1 Environmental Justice Group |

Climate Action Plan Released 6/23/2021

The CAP lays out a Path to Meet the County's Zero GHG Emissions Goal by 2035

1. Reduce Emissions in the Energy, Buildings, and Transportation Sectors
2. Center Racial Equity and Social Justice
3. Address Residual Emissions and Carbon Sequestration
4. Reduce Risks from Climate Hazards (Resilience & Adaptation)
5. Identify Resources to Pay for Climate Action
6. Enhance Climate Governance
7. Engage the Community as Partners in Climate Action
8. Take the Next Steps



Two Companion Reports

Climate action plan (CAP)

- Strategic plan to achieve County climate goals by 2035
- 86 actions across 7 sectors
- Identifies GHG reduction actions
- Identifies localized climate hazards & actions to increase resilience and adapt to a changing climate
- Identifies equity-enhancing measures to address racial equity and social justice implications of climate action

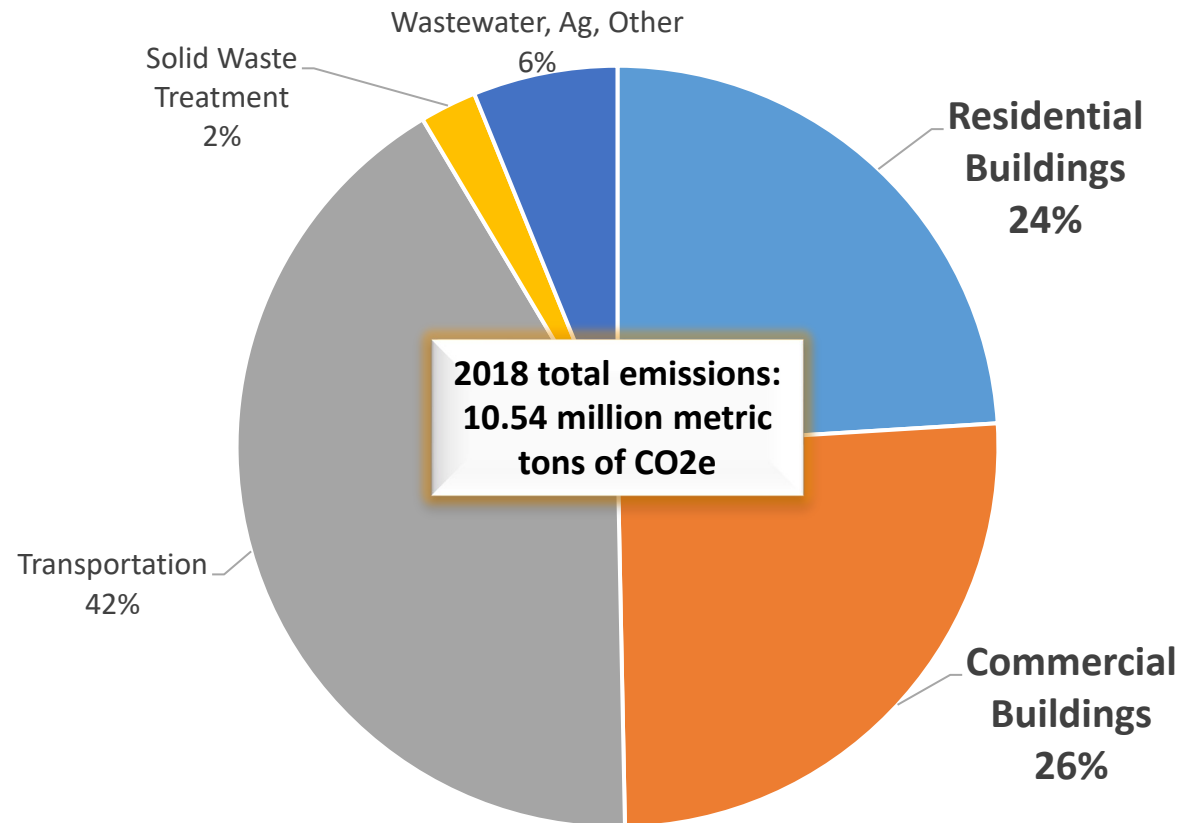
FY 22 climate work plan

- Annual implementation plan
- Enables flexibility in CAP implementation
- Identifies legislative & regulatory agenda for the coming year
- Aligns staff and funding resources
- **75 of 86 CAP actions are moving forward in FY22**

montgomerycountymd.gov/climate

Buildings & Climate

- Climate emergency accelerated our climate goals: 80% reduction by 2027, 100% by 2035
- Energy use in the buildings sector accounts for about half of County community-wide GHG emissions
- Per the [CAP](#), BEPS addresses emissions from **existing** buildings by improving performance through energy efficiency



Learn more at [Montgomerycountymd.gov/climate](https://montgomerycountymd.gov/climate)

Background on Bill 16-21

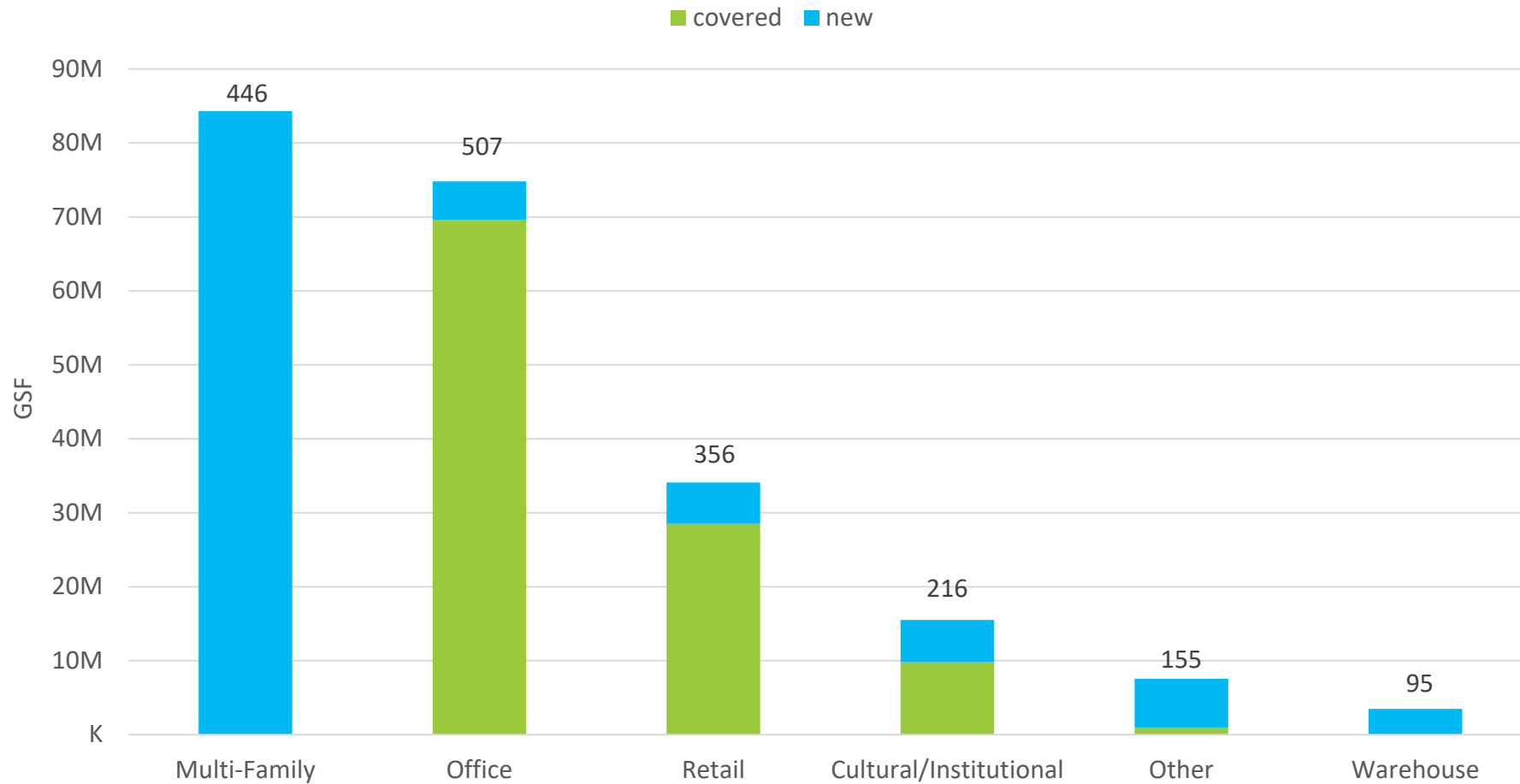
- **Bill 16-21:** Modifies the Benchmarking Law to expand the number of buildings covered by the Benchmarking Law, add a building energy performance standard (BEPS), and establish an Advisory Board for BEPS implementation.
- **Why Building Energy Performance Standards?** BEPS is one of the most powerful policy tools available to drive energy improvements and GHG emission reductions in existing buildings.
- General Approach to Legislation:
 - Create framework to establish BEPS, define technical details in later regulation
 - Allows BEPS to apply in Cities of Rockville and Gaithersburg without legislative opt-in
 - Incorporate stakeholder voices on [policy recommendations](#)
 - **Balance flexibility and certainty for building owners and immediate climate action**

Energy Benchmarking Law

- Covers certain County and privately owned non-residential buildings 50,000 square feet and greater
 - Some use types exempt (e.g., multifamily, self-storage, manufacturing/industrial)
- Uses ENERGY STAR Portfolio Manager to collect data
 - Building characteristics and energy data only; no water or waste data
- Mandates data verification every 3 years
- Requires data to be submitted to the County by June 1st each year for public disclosure
- Results in building owners/managers better understanding energy trends and facilitates improvement
- Foundational component of BEPS policy implementation

County-Wide Covered Building Impacts

- **Currently covered:** 114M sq ft, 795 buildings, 40% of commercial floor area
- Proposed amendment would increase covered buildings to ~220M sq ft, 85% of commercial floor area

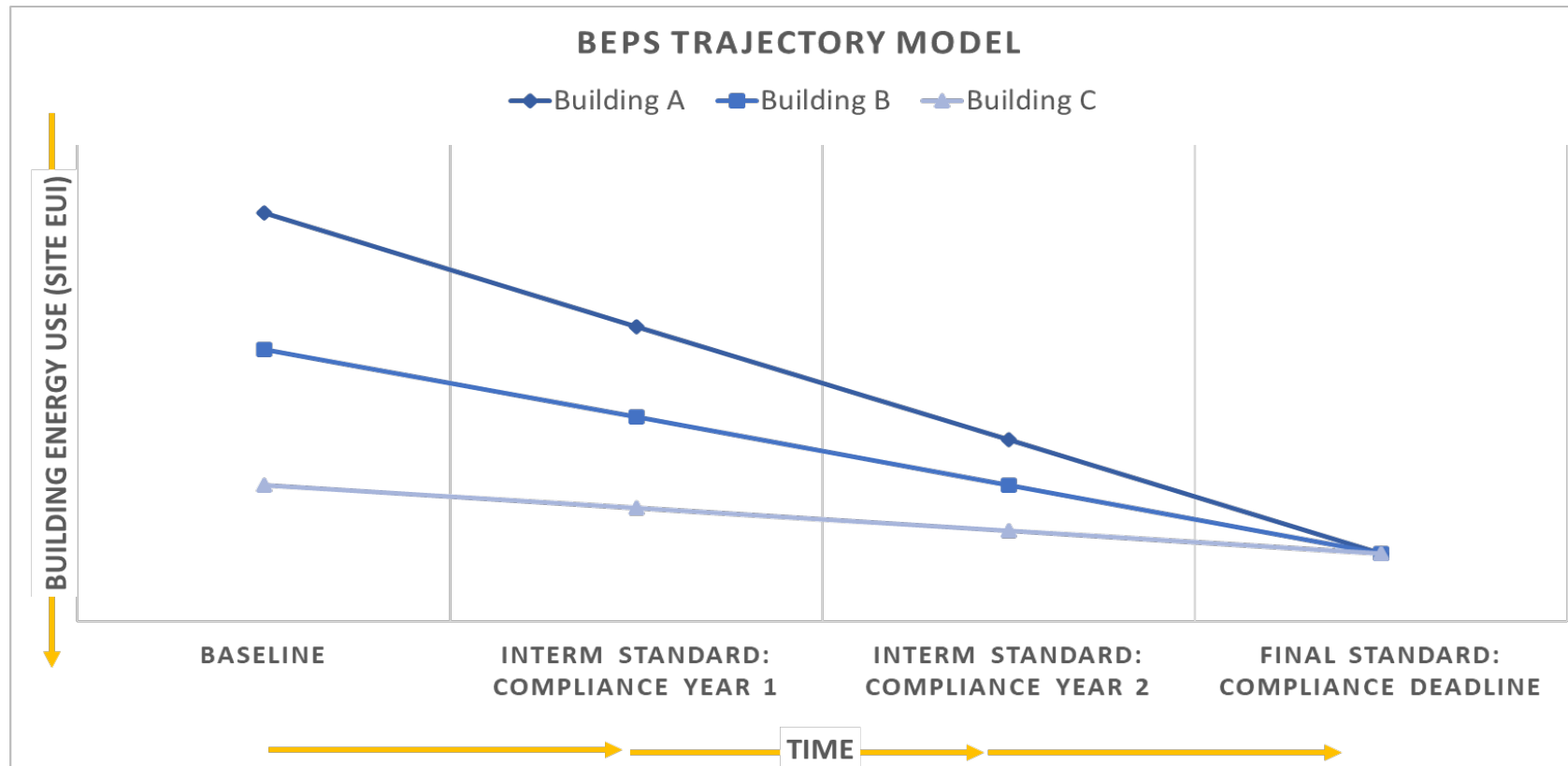


Quick Comparison of BEPS Policies

	Washington, DC	New York City	WA State	St. Louis, MO	Montgomery County
Minimum Threshold Performance	Standards set no lower than median ENERGY STAR score (or equivalent) by building type	CO ₂ e emissions limits on a sq. ft. basis by building type	TBD, based on site EUI	Standards set no lower than 35 th percentile site EUI by building type (so 65% of buildings must improve)	In development to be set in regulation, based on site EUI
Covered Buildings	Commercial and multifamily > 10K sq. ft.	Commercial and multifamily > 25K sq. ft.	Commercial > 50K sq. ft.	Commercial and multifamily > 50K sq. ft.	Commercial and multifamily > 25K sq. ft.
Compliance Cycle	5 years	Buildings must comply annually; limits get stricter every ~5 years	5 years	4 years	Long-term target with 4 year interim check ins
Advisory Board	Defined in ordinance, specific requirements for representation	Defined in ordinance, specific requirements for representation	No	Defined in ordinance, specific requirements for representation	Defined in ordinance, specific requirements for representation

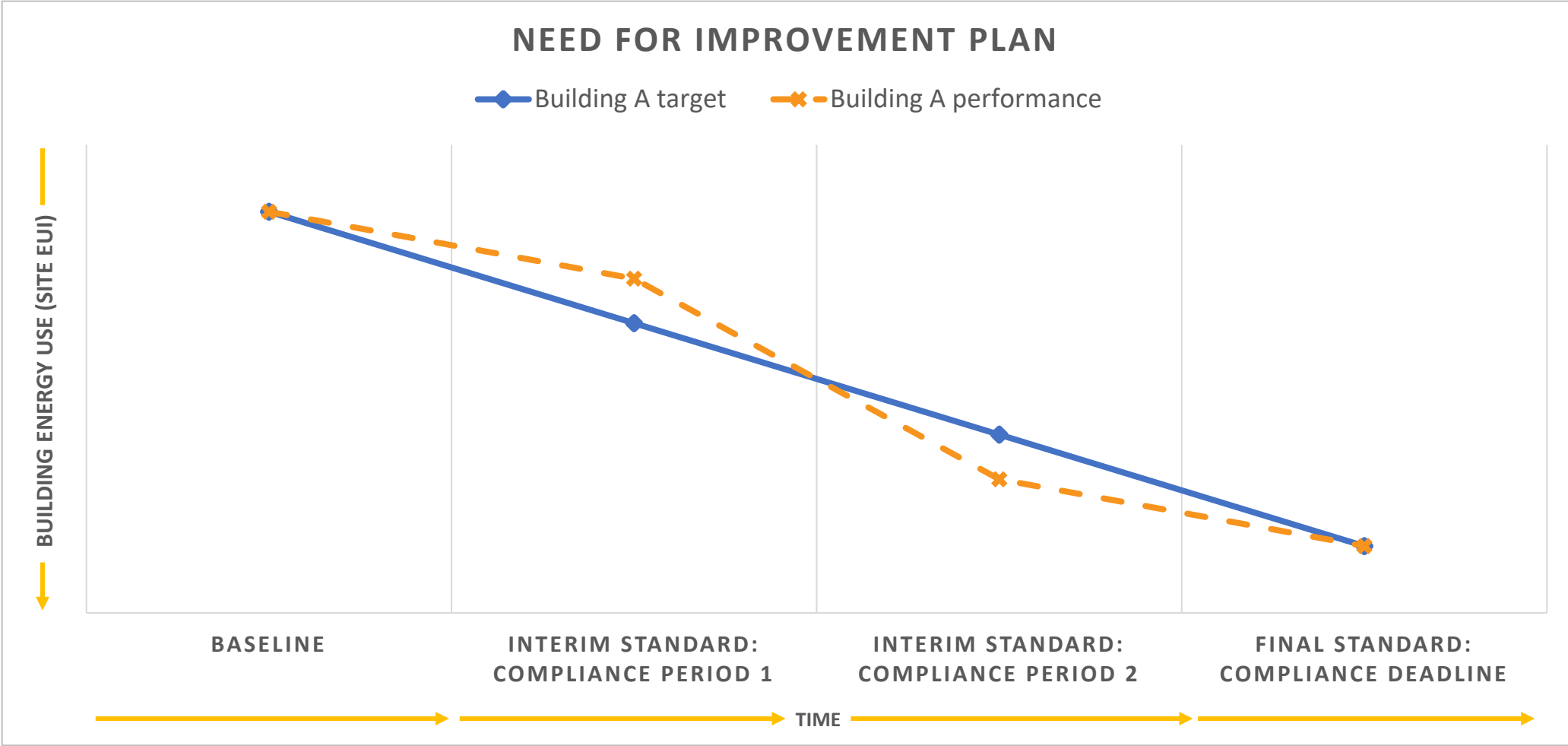
BEPS Policy Overview

- Long-term performance standards balance the climate emergency need for immediate action with building owners' need for certainty and flexibility in how they manage their buildings.
- Each covered building's baseline based on average historical energy use
- Data is reported annually via ENERGY STAR Portfolio Manager, already required by the Benchmarking Law
- Every 4 years, properties are evaluated as to whether they are meeting interim targets (to be defined in regulation)
- Exploring a credit for onsite solar to incentivize solar installations



Building Performance Improvement Plans (BPIPs)

- If a property cannot reasonably meet the Interim or Final Performance Standards, the County can accept a BPIP
- Owners carrying out the actions and timeline in an approved BPIP will be considered “in compliance”



Building Advisory Board

- Advisory Board would provide recommendations on BEPS implementation; the County is the decision-making authority
- 15 voting members serving two 3-year terms:
 - County leadership, building owners, utilities, energy/engineering services, finance, NGO and industry representatives
- Tasked with advising on items such as:
 - Reviewing building performance improvement plans
 - Handling situations of change in building ownership or property use type
 - Developing guidance for unique building situations (e.g., campuses)
- Board creation pending passage of legislation

Items to Be Defined in Regulation

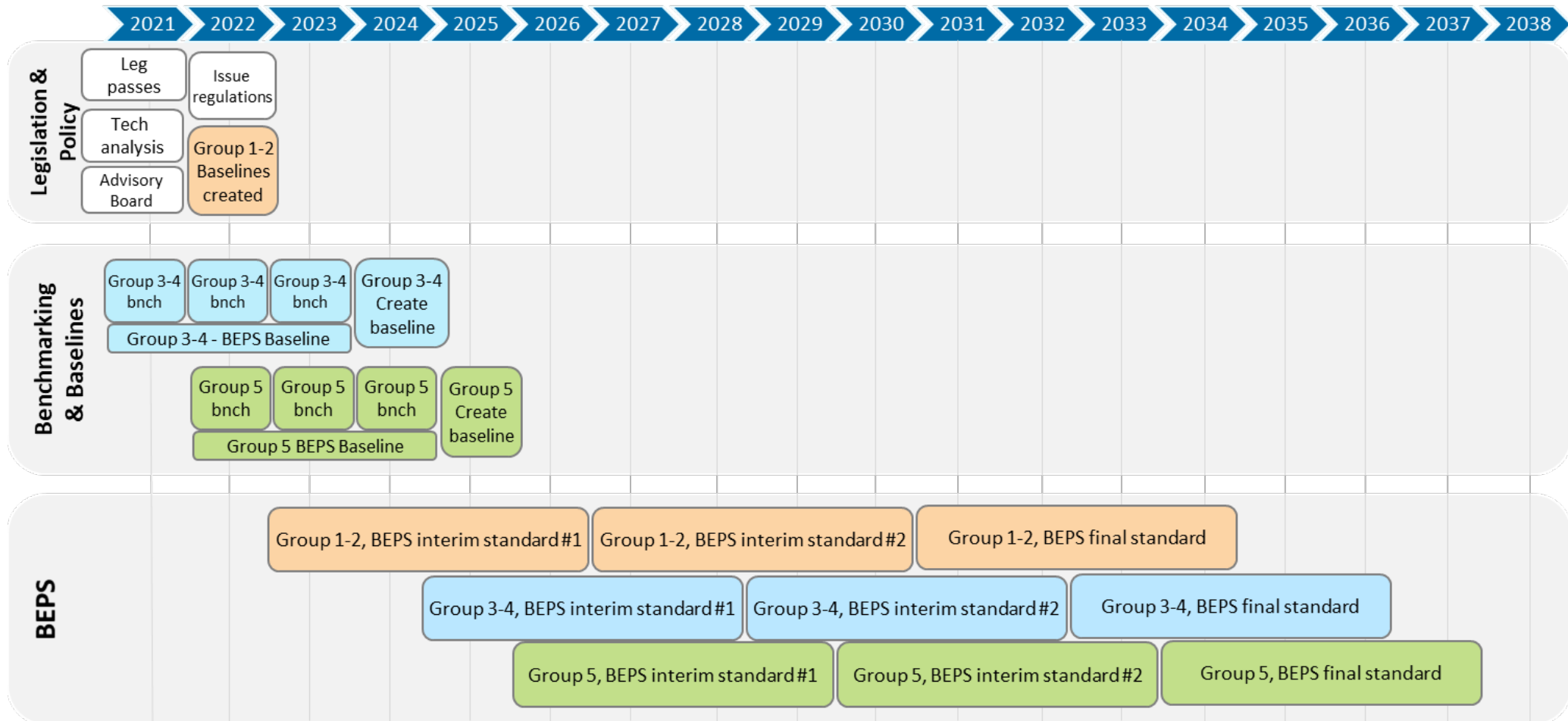
Proposed legislation outlines the parameters of BEPS and creates a framework. Some facets will be set via regulation to be established. These include:

- Building type groupings with shared characteristics that facilitate the implementation and enforcement of BEPS;
- Numerical performance standards for each building type;
- Guidance for onsite solar generation requirements (REC retention);
- Required format for BPIPs;
- Parameters for economic feasibility or other factors that will dictate circumstances under which BPIPs will be allowed; and
- Adjustments or assistance specific to under-resourced building sectors, such as affordable housing, small businesses, houses of worship, and non-profits.

Regulations will be issued no later than **June 1, 2022** as written in current bill.

BEPS Timeline

- Newly covered buildings benchmark for 3 years before phasing into BEPS program
- Buildings report annually on June 1 with BEPS progress assessed in interim and final standard years
- Group 3 would need to start benchmarking 2021 data by June 1, 2022 as proposed in the current BEPS legislation



Bill 16-21 Takeaways

- First key piece of **major climate legislation** following the release of the Climate Action Plan.
- **Developed with stakeholder input**, BEPS sets long-term performance targets based on energy within the owners' control, providing certainty and flexibility
- BEPS will cover the **largest buildings and biggest carbon emitters** in the County
- BEPS will create more resilient, **higher-value buildings**, increased economic activity and **local green jobs** from building upgrades, and better indoor air quality for tenants—all while lowering our GHG emissions
- Tools and resources are **available now** to give building owners a head start:
 - Montgomery County Green Bank, Commercial PACE financing, new County energy efficient building tax credits, utility incentives, state grants and incentives
 - Additional technical and financial assistance will be needed, especially for affordable housing
- By passing Bill 16-21, **Montgomery County will become the first county to join a leading-edge group of jurisdictions** using BEPS to tackle climate impacts from buildings: New York City, Washington, DC, St. Louis, Chula Vista, CA, and the states of Colorado and Washington

Next Steps

- Status of BEPS legislation ([Bill 16-21](#)):
 - Transmitted to Council on April 1
 - Formally introduced on May 4
 - Public hearing occurred on July 20, 2021
 - First committee work session scheduled for October 14, 2021
 - Additional work sessions expected in fall 2021, final votes
- Finalize data analyses for standard setting to inform regulations in fall 2021
- Continued outreach to stakeholders, develop training materials
- Begin creation of the Advisory Board
- Establish technical assistance support for building owners
- Begin drafting regulations to provide necessary detail on implementation to be issued no later than June 1, 2022

How can you help?

- Talk talking about BEPS with members and other organizations
- Stay engaged while regulations are being drafted
- Indicate interest in Advisory Board to DEP
- Start educating members about efficiency opportunities to upgrade buildings:
 - EmPOWER MD [incentives](#) (staff O&M training, building tune ups, rebates)
 - [MEA](#) Grants and programs
 - Explore County tax credits for Energy-Efficient Buildings
 - Financing offered through [Montgomery County Green Bank](#):
 - Commercial Loan For Energy Efficiency and Renewables (CLEER)
 - Commercial PACE Financing
 - Small Business Energy Savings Support Program



Montgomery County
GreenBank

Your partner for clean energy™

Summary of BEPS Legislation

	Policy elements
Covered Buildings	County, commercial, and multifamily 25K+ sq. ft.
Performance Standard	Long-term & interim standards by building type based on normalized site EUI with onsite solar given credit
Compliance Cycle	Interim targets every 4 years with long-term standard culminating in 2035 for properties benchmarking now; new benchmarking groups phased in after 3 years of benchmarking
Equity	Law would cover nearly all regulated and naturally occurring affordable housing, many small businesses, houses of worship, non-profits—but adjustments/extensions are available. Provide technical assistance for challenged/under-resourced sector groups.
BPIPs	Building performance improvement plans (BPIPs) required if targets are out of reach/missed, as approved by the Department
Advisory Board	Specific requirements for representation, like other County Advisory Boards (terms, compensation, etc.)

Questions?

Lindsey Shaw (Manager, Energy & Sustainability Programs)

Lindsey.Shaw@MontgomeryCountyMD.gov

240-777-7754

Stan Edwards (Chief, Energy, Climate & Compliance Division)

Stan.Edwards@MontgomeryCountyMD.gov

240-777-7748

Emily Curley (Commercial Energy Program Manager)

Emily.Curley@MontgomeryCountyMD.gov

240-777-7707

Check BEPS website for real-time updates:

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



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**ENVIRONMENTAL
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