Date: July 15, 2021

To: Montgomery County Council

From: Justin Lee, PE, CEM, LEED AP

Re: InSite, LLC's support of Bill 16-21, Environmental Sustainability – Building Energy Use Benchmarking and Performance Standards

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Thank you for the opportunity to allow InSite to voice our support of Montgomery County Council Bill 16-21, Environmental Sustainability – Building Energy Use Benchmarking and Performance Standards. InSite provides business intelligence, analytics and professional managed services to building operators and managers focused on leveraging data from their buildings to reduce energy consumption by optimizing building systems and enhancing operational efficiencies. InSite is currently providing these services for a number of commercial office, healthcare, government and retail buildings located in Montgomery County.

By establishing a minimum threshold for energy performance for existing buildings, Building Energy Performance Standards (BEPS) are an important tool for local authorities to meet their Greenhouse Gas (GHG) reduction and carbon neutrality goals. Montgomery County has committed to be carbon neutral by 2035[1], and establishing a BEPS program will be key to meeting this goal.

Fortunately for building Owners and Operators there is enormous untapped potential for operational efficiencies with little to no capital expenditure by harvesting and analyzing the data from their buildings, and with the proliferation of the Building Internet of Things (BIoT) much of the data needed to perform these analyses already exists today in their buildings. Given the rapidly declining costs of sensing and networking technology, these types of projects see substantial returns on vendor fees.

Projects across verticals focused on harnessing existing building data to drive operational improvements typically see an annual Return on Investment (ROI) of 2x-4x of service fees by delivering the following results:
- 10-20% reduction in energy consumption and spend
- 5-10% improvement in maintenance efficiencies
- Minimum 10% improvement in equipment lifecycle

As data visibility increases, the ability of building operators to shift from reactive to preventative maintenance also increases. This leads to reduced equipment downtime, reduction in tenant hot/cold calls and faster determination of the root cause of issues causing occupant discomfort. This leads to significant improvement in tenant satisfaction, which leads to increased tenant retention and marketability of leasable spaces.

Enhanced visibility and analytics of building data also leads to more informed decision-making capabilities. For instance, data analyzed from a buildings' Building Automation System (BAS) can be used to inform the building's 5-year capital expenditure plan by prioritizing projects that lead to the greatest ROI and are eligible for utility rebate programs.
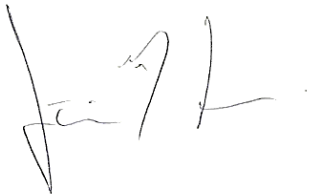
Utilities have also recognized the impact of these types of projects and provide substantial rebates and incentives to help offset vendor fees to collect and analyze building data and implement operational changes to drive down energy consumption. The energy utility companies servicing Montgomery County have several incentive programs available, such as Pepco's Building-Tune Up and Monitoring Based Commissioning rebate programs[2] and the EmPOWER Maryland programs[3].

InSite has successfully obtained rebates via these programs for numerous building Owners in different building verticals. In one recent example, InSite obtained a rebate of over $50,000 on behalf of the Owner of a prominent commercial office building in Bethesda, Maryland – the magnitude of this rebate more than covered the initial installation of the analytics platform and hardware, as well as covered a substantial portion of the ongoing service fees. This rebate is in addition to the substantial benefits the owner is set to receive as previously detailed.

Approving this bill will further enhance Montgomery County's reputation as a national leader in sustainability, provide a path to achieve community-wide carbon neutrality by 2035 and provide building Owners and Operators significant benefits to their bottom line by reducing energy spend, improving maintenance efficiency and increasing Net Asset Value of their buildings.

Please do not hesitate to reach out to me directly with any questions or feedback.

Respectfully,

Justin M. Lee, PE

1. https://www.montgomerycountymd.gov/COUNCIL/Resources/Files/res/2017/20171205_18-974.pdf
2. https://homeenergysavings.pepco.com/sites/default/files/public/Pepco_CI_Manual_BT_MBCx.pdf
3. https://energy.maryland.gov/pages/facts/empower.aspx