

Montgomery County DEP
2425 Reedie Drive, 4th Floor
Wheaton, MD 20902

Re: MBIA Comments – Montgomery County Climate Action Plan

Overall thought regarding the plan – it is extremely aspirational and lacks a level of detail that will subsequently result in unintended consequences for stakeholders because they are being asked to evaluate broad strokes proposals without any clarity regarding what on the ground implementation of the program could/would entail or result in.

To what extent has the financing portion of this plan been examined, does the county have plans to incentivize versus mandating these proposals through tax credits, reimbursements etc. The county also has set through the adoption of COG’s proposal to add 24,000 units by 2030, a portion being affordable. Many of these measures are not necessarily affordable – why only new construction? Has the county looked at its current mature stock of buildings both residential and commercial that make up a majority of the carbon emission output in the county.

B-1 – Electrification Code Requirements for Existing Commercial and Private Buildings

- Does the membership get public funding from the county for any multifamily projects that may result in coverage under this section?
- Do any of the commercial provisions impacting locations where members own companies are located?
- While this section is not likely to impact members as directly there is the potential for a consistency argument (maybe over time) for existing structures that may take idea/proposals used to target this segment of the existing building stock first and then expand coverage to other segments. I highlight this because the “point of sale/point of lease” trigger is present in this section as well and they may have an easier time testing the concept with public and commercial buildings.

B-2 – Electrification Code Requirements for Existing Residential Buildings

- Adoption of the point of sale or point of lease ordinance – note they mention lease renewal as a trigger in addition to new leases being signed.

- As discussed, this may result in a “stranded asset” scenario for buildings that have existing appliances/systems that do not need replacement (are not near the end of expected lifespan for the equipment) being forced to electrify. This could mean costs associated with wiring, capacity to support increased load, and new equipment will need to be addressed.
- This may trigger equity, affordability and value considerations. This may be the right section to raise any data you have on value of all-electric vs mixed-fuel structures as well as consumer preference data.
- Will different types of residential structures be treated differently?
- Will different natural gas uses, such as heating vs. cooking, be treated differently? Is a structure is mixed use commercial and residential will features in the residential structure be treated differently than the commercial section? This may be the area where questions can be raised about commercial cooking needs of restaurants
- Note this section also speaks about triggering electrification requirements at point of major renovations to HVAC/water heating systems. It is unclear if the trigger here would require all systems than to be electrified or just those system being repaired/upgraded/already subject to the renovation project. In other words if you are renovating just the HVAC system does that then mean you have to electrify water heating, cooking or other systems that also use natural gas? If it is one system and not all systems does that create any issues for the gas infrastructure in place at the building (for either the utility, homeowner, or occupant)?
- The association may want to consider whether to contest or seek additional information about the job creation claims in the plan. Are trades jobs really created or just shifted from the natural gas related trades to electrician/electrical appliance related trades?
- Given what you noted about how many of the members are involved in multifamily building management the issue of how the plan mentions rent control policies may need to be addressed as well.

B-3 – Energy Performance Standards for Existing Public and Commercial Buildings

- Again the issues in this section may or may not need to be addressed deepening on how much properties members are involved with may fall under these broad categories.
- Worth noting that again rent control and the likelihood that electrification costs will be passed on to residential or commercial renters is brought up in this section.

B-4 – Electrification Incentives for Existing Buildings

- This section addresses briefly the dichotomy between incentives for larger equipment replacement vs what is needed to address smaller gas appliances. While they imply that incentives work best when paired with electrification ordinances that mandate change it may be worth seeing if you can look at timing of proposals and should they county stage roll-out of incentives before any new mandates. Could be discussed in context of the need for financing, proof of value for transition in fuel source so that builder/owner can get a ROI on the project, and even perhaps use the incentive programs as a means of consumer education.
- Increasing energy efficiency of building as a prerequisite to electrification does not necessarily address that in residential buildings how they are operated by owners/tenants can have as much of an impact on the success of energy efficiency as how they are designed/built.

B-5 – All Electric Building Code for New Construction

- Something to think about here is whether or not this new code will be performance based or overly prescriptive. If the code gets prescriptive in choice of equipment or types of systems rather than just mandating electrification that can result in it being more costly than allowing for the builder to ensure the best possible system to meet the requirements and the customers' needs is chosen.
- This may be a good section to address any process questions (will there be opportunity for public comment on the code?) involved.
- What is the baseline code and the mechanism for expanding/updating it to be an “all-electric code”

B-6 – Ban Natural Gas in New Construction

- Will this be phased in for all structures or just for certain commercial structures cited in the draft plan?
- What is the rationale for exceptions or different time lines for implementation?

B-7 – Net-Zero Energy building Code for New Construction

- Are the timelines being discussed realistic?
- Are the alternative energy sources being mentioned truly practical for the region/building stock to meet a net-zero goal?

General comment on aspirational goal of implementing multiple new codes (electrification & net-zero) by 2030.

- What plans has the county developed for the development, roll-out and introduction of these new code structures?
- Has the county explored the need for developing education programs to ensure builders and contractors are trained properly on the needs and requirements of the code?
- Will ongoing training be supported by the County to ensure that costs are not prohibitive as multiple new codes are put in place over a relatively short period of time?
- Will training programs be designed to ensure that builders and contractors are updated routinely on evolving technology, proper installation requirements and how to integrate them to work properly alongside conventional building practices?
- Note – these questions are structured to address the both the potential cost of ongoing advanced training, the impact of evolving technology requirements and the fact that you can do the “right thing” but if the installation is poor/improper or the systems are not integrated than the impact of the change will not be achieved.
- Additionally you may want to raise the need for consumer education to address adoption of new/different features but also the need to ensure that new technology/systems need to be properly operated and maintained over time to be effective in achieving the policy goals outlined.

General comment regarding cross-sector implications

- If the county does not prepare industries across sectors to work together and align programs there may be unintended consequences that hinder program implementation.
- Will there be sufficient supply of equipment and technicians to install it to support concurrent changes in both retrofits and new construction?
- Are utilities being leveraged to manage incentive or rebate programs? If so are they developing materials that educations builders/contractors on the requirements/return on investment for the customer? Will customer education be implemented to reinforce the need/value of the change?
- Have adjustors and banks been involved to develop ways of integrating the required change in to the value of the property to ensure access to upfront financing, transparency and a reasonable return on investment.

Section T-4

- It is unclear from the congestion pricing discussion how the county would address crossjurisdictional traffic and requirements that may impact the value of properties in those areas covered. Does the state have a say in whether this tool is possible? Will limiting/pricing access to certain areas impact the value of those lots? In a post-COVID environment will high risk residents be required to rely on public transportation or put in a position where they have to pay to have access to services in those areas? (The last question is more of an accessibility issue/equity issue than an industry concern but something to consider given the diverse demographics that will be impacted.)

MBIA appreciates the opportunity to offer our comments and feedback on the Montgomery County Climate Plan, we look forward to working the MCDEP, the County Executive and the County Council on crafting a plan that works best for all.

If you have any further questions or comments, please do not hesitate to contact Griffin Benton,

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Thank you,

Griffin Benton, VP Government Affairs MBIA