



## BUILDING PERFORMANCE IMPROVEMENT BOARD MEETING NOTES

April 26, 11 am to 1 pm

In attendance:

Name	In-Person	Virtual	Role
Emily Curley	X		DEP staff liaison
Stan Edwards		X	DEP staff support
Cuiyin Wu		X	DEP staff support
Rhett Tatum	X		Member
Daniel Cleverdon			Member
Amanda MacVey		X	Member
Andrew Rivas	X		Member
Lawrence Carroll	X		Member
Sheena Oliver		X	Member
Jill Goodrich		X	Member
Luke Lanciano			Member
Adam Landsman		X	Member
Mike Dieterich	X		Member
Julie Wolfington		X	Member
Josh McClelland		X	Member, Deputy Chair
Edward Musz		X	Member
Kevin Walton	X		Member, Chair
Gregory Goldstein			Member
Lindsey Shaw			Ex officio member (DEP)
Bryan Bomer		X	Ex officio member (DPS)
Dan McHugh	(has retired as of 11/30)		Ex officio member (DHCA)
Michael Yambrach			Ex officio member (DGS)
Khalid Mack		X	Member of the public
Henry Jordan		X	Member of the public

### Administrative items

Quorum present; meeting notes from 4/12 meeting approved.

## Recap any actions from previous meeting

Over the past few meetings, the Board discussed methods of verifying that the owner has fulfilled the terms of the BPIP. After much debate, members opted to submit written comments further documenting pros/cons to each approach (which will be included in the Board's summary report) and do polling at the 4/26 meeting.

Between those present at the meeting and those that were absent but had submitted comments ahead of time, a tally of each member's preference is outlined below:

- 1) **Performance monitoring:** DEP could recalculate a new site EUI target that would result if all of the agreed-upon measures in the plan were completed, and then track annual benchmarking data to see if the building has met (or come near) the new site EUI target: **0**
- 2) **Tracking measure installation:** Owners would need to report back to verify that each agreed-upon measure was implemented according to the BPIP timeline: **4**
  - One member that primarily supported option 2 would also be supportive of option 4, if it was not punitive for building owners.
- 3) **Performance monitoring with measure installation tracking if target not met:** DEP would recalculate a new site EUI target that would result if the agreed-upon measures in the plan were completed and track annual benchmarking data to see if the building has met the new site EUI target. If the building did not meet the new target, the owner could provide proof that all measures were installed and then demonstrate compliance: **1**
- 4) **Tracking measure installation with performance monitoring to verify:** Owners would report back when agreed-upon measures were implemented, with DEP monitoring performance based on expected savings. If performance varied (e.g. < 25%) from what was expected, owners would need to re-validate their EEM (to assure that the measure was installed correctly, operated as designed, not overridden, etc): **7**

Two **(2)** members were in support of whatever option provides the most flexibility for building owners, between options 2, 3, and 4. One of these members noted that if options 3 and 4 are overly complicated, they would prefer option 2 as a more straight-forward approach.

One **(1)** member was absent and had not provided written thoughts.

Members noted:

- The County should seriously consider the administrative capacity to carry out any of the verification options and help that to guide the verification approach
- On option 4, the number of buildings choosing the BPIP path may be small since it is not an easy or attractive option and as the County already tracks measures for property tax credits, should be a similar process. Though monitoring is a lagging indicator of measure performance, it incentivizes people to accurately model and successfully install and monitor ongoing performance of EEMs to avoid further review. Additionally, the remedial step for underperforming properties incentivizes ongoing performance monitoring such as Cx and MBCx engagements.
- A member in support of option 2 noted that a BPIP is designed to be recorded as a land covenant for those buildings willing to add such an encumbrance to their property, so they can

comply when they determine that they cannot otherwise meet a BEPS standard that is unrealistic for their building. The BPIP should be based on a realistic set of steps designed to improve the property's energy use. The owner should be committing themselves to the *measures*, not to the modeled energy savings, which is contingent upon a huge number of factors and rarely a perfect gauge of the impact of such measures on a building's energy performance. As such, the important thing for the building's compliance should be *whether* the measure was installed, not if the modeled energy savings is achieved.

- On options with a performance element, recommending leaving it up to the building owner to provide the recalculated EUI for any performance tracking as this should come with their ECM package/proposal from the vendor.
- For option 4, the BPIP will be satisfied when the upgrades are complete, validated with the appropriate documentation. However, once the data are in for what EUI the building has reached, if the decrease in EUI is less than 75% of the expected, then the owner should be required to document that the EEMs were done correctly and managed appropriately. This should not be considered a punishment, but rather as an opportunity for the owner and county to work together to see why the target was missed. After all, the lower the EUI, the bigger the savings for the owner.
- For option 4, owners should be provided an allowance that if they follow their BPIP then they will not be penalized however, if the measurements do not add up to what was expected, we need to have follow up to be able to determine what happened. With these plans the owners need to provide fully executed contracts and proof of payment (once a contract is signed or completed, whichever is applicable). I would also require picture documentation of the work that was performed as an additional layer of proof. The pictures would allow us to see what was done and some of the more technical members of the Board or the newly appointed staff member to determine if any modifications were made in the process of implementing their plans.

## **Renewable Energy Allowance (REA)**

- **Onsite Renewable Energy Considerations**

The board took a poll during the 4/12 meeting and the majority of members were in favor of including onsite renewable energy in the REA, with two abstaining. As such, the Board continued discussions on the renewable energy allowance (REA) and questions about how to credit on-site renewable energy.

Members had differing views about the question of allowing REA regardless of REC retention. Members were particularly concerned about the potential of double-count benefits when selling RECs and getting credit towards compliance and that those RECs could also be used to help aid compliance if offsite renewable energy is provided an allowance.

Another issue the board discussed is ensuring that the REA and REC treatment aligns with the International Green Construction Code. Potential changes to the Green Code may require level 1, 2, and 3 alterations to meet code at the time of alteration. If these buildings are then required to add or procure renewable energy, DEP/DPS should carefully coordinate to ensure constancy in requirements and determine whether doing required actions for code compliance should be provided credit under BEPS.

Those more in favor of providing a credit regardless of REC retention noted that it is beneficial to give building owners every reason to deploy solar. Additionally, some building types like worship facilities and other non-profits and condo-buildings may be less financially able to retain/retire RECs because of their challenge in obtaining tax credits to offset the cost of installations.

A few members pointed out the difficult balance of incentivizing onsite renewable development but not at the cost of neglecting energy efficiency upgrades. One proposal to value energy efficiency more highly than renewable energy is to provide less than full credit for onsite renewable energy (e.g. 1 kBtu of onsite renewable energy = 0.5 REA).

Others felt that many owners will still have a lot of efficiency work to do and that fully crediting onsite renewable energy would help to incentivize local renewable energy development and provide additional co-benefits like decarbonizing the electricity supply, supporting the local economy, supporting local industry and installers, etc.

Members opted to do some initial polling on the options for crediting a renewable energy allowance, and some members had provided feedback in advance of the meeting, as summarized below:

**1. Should owners get credit for renewable energy produced (R) or consumed (Ru)?**

- a) **Option 1 (stakeholder consensus):** All onsite electricity generated will receive allowance, including exported power: **6**
- b) **Option 2:** Owner gets credit only for renewable energy used onsite (*EPA feels that exported energy should never be factored into a building's energy performance*): **2**

**2. Do owners need to retain RECs to get a REA?**

- a) **Option 1 (stakeholder consensus):** Allowance should apply even if onsite RECs are sold or transferred: **6**
- b) **Option 2:** Owner must retain RECs to take credit: **2**
- c) **Option 3:** Some building types (e.g., under-resourced buildings) may count onsite energy regardless of REC retention, while others must retain RECs for credit

**3. What kind of allowance should be given for onsite renewable energy?**

- a) Full credit (1 kBtu = 1 REA): **6**
- b) More than full credit (1 kBtu = 1.05 REA)
- c) Less than full credit (1 kbtu = 0.50 REA): **2**

Five (**5**) members abstained from the poll, noting that they preferred to further consider the options and continue discussing at the next meeting. Two (**2**) members were absent and had not submitted opinions on the onsite REA options.

One member also proposed that an REA could be allowed to help fulfill a certain % of the target but not be used as the sole strategy to reach the site EUI target (e.g., if a building needs to reduce site EUI by 20, the REA allowed could be capped at 20% to reduce the net site EUI by 4, but the rest would need to come from building efficiency improvements).

Those that have not yet weighed in will be asked to consider the options and submit opinions for discussion at a future meeting.

- **Offsite Renewable Energy Considerations**

The Board only had time to briefly review considerations for offsite renewable energy.

One member noted that if offsite renewable energy is only given a small allowance, there may not be much need to carefully track offsite renewable energy contracts, sources, and locations outside of what Portfolio Manager already captures. For instance, if the offsite REA is capped at 10%, the County may opt to be laxer on verifying details about these contracts.

Another member also noted that giving some credit for offsite renewable energy could keep more buildings out of the BPIP pathway, which is likely to be administratively burdensome. If they are nearing the performance target, an offsite REA would provide some flexibility for the owner to secure offsite RECs to close the gap.

- **Next meeting**

The BPIP plans to revisit and continue discussing the Renewable Energy Allowance.

- **Action Items**

- **Members to consider questions around renewable energy allowance in advance of meeting on 5/10**

For additional information, please visit the Building Energy Performance Standards website at <https://www.montgomerycountymd.gov/green/energy/beps.html> or contact DEP at [energy@montgomerycountymd.gov](mailto:energy@montgomerycountymd.gov).