



## BUILDING PERFORMANCE IMPROVEMENT BOARD MEETING NOTES

Wednesday, June 7, 11 am to 1 pm

In attendance:

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

## **Administrative items**

Quorum present. Dan Cleverdon moved to approve the minutes and Larry Carroll seconded the motion. The meeting notes from the 5/24 meeting were unanimously approved.

BPIB members must remit travel/dependent care reimbursement forms for FY 2023 meetings to DEP as soon as possible.

The Board discussed the draft summary report on Building Performance Improvement Plans. One member raised a point about economic infeasibility with LMI multifamily buildings. They emphasized there is a need to ensure work will be done and buildings will not be allowed to go further into disrepair. Another member agreed, underscoring that it will be important to have incentives available in order to implement effective upgrades. These points will be added to the report and recirculated for review/approval at the next board meeting.

The Board determined to change the meeting cadence from every other week to monthly, with the next meeting being held on July 19 and then every 3<sup>rd</sup> Wednesday of the month, with flexibility to call a meeting or change a date if needed.

Bryan Bomer provided updates on the building code process. He informed the Board that the state of MD has adopted the 2021 International Green Construction Code as published which means the entire code is required and will apply to all commercial construction with no differentiation for type or level of construction. Local jurisdictions have twelve months to make any amendments to the code before they are required to enforce them as published at the state. DPS intends to offer an informal public comment period on proposed amendments to work through any issues before the formal public comment period. Bryan noted that amendments are only made if they are more stringent than the code, they cannot weaken the code.

## **Offsite Renewable Energy Considerations**

The Board had previously begun discussing offsite renewable energy options for the Renewable Energy Allowance (REA). Discussion continued this meeting on locational boundaries and contract types.

- **Locational Boundaries**

RECs can be obtained from anywhere in the country (e.g. wind farm in Iowa) but many policies (e.g., RPS) place narrower geographic boundaries (e.g., in the same electricity market or state) on what RECs will count towards policy achievement.

The County will need to determine what, if any, limits to place on the location of the projects creating RECs that are eligible for the REA. ICF's REA stakeholder report revealed strong stakeholder consensus that offsite projects closer to the County or integrated in closer contact to the County's electrical grid infrastructure be given a higher allowance than projects further away or in other grid systems.

Members discussed the intent of BEPS and providing an REA with some members believing that adding more renewables is important to the County's climate goals regardless of the location and others believing that BEPS should focus on energy efficiency first and limit credit for renewable energy.

As many members were previously in favor of using the list of Maryland RPS sources to determine what resources/technologies qualify for REA, members discussed also accepting whatever the RPS limits for

locational boundaries. The Maryland RPS requires that renewable energy credits must be derived from a source that is located in the PJM Region. Renewable energy credits may come from outside the area described above if the electricity is delivered into the PJM Region.

Bryan Bomer also noted that the code will allow offsite renewable energy within PJM to count on a one to one basis and outside the PJM is likely to be discounted. He noted that some existing buildings may be required to meet code depending on the extent of an alteration, so aligning with code requirements may be important.

Members asked about the availability of RECs both within PJM and MD, curious about both the cost and availability of RECs.

Rather than focusing on placing a location factor on RECs, members discussed instead placing a cap on the amount of off-site renewable energy that would be allowed to be credited toward the site EUI. This issue was raised, in part, due to there being currently a number of buildings that cover all their electricity use with RECs. Such buildings might be able to use these RECs in an REA to offset all their electricity and not need to do any work to decrease their EUI. Members were basically split on whether to put a cap on offsite renewable energy:

- **In favor of a cap:** 5 (Julie, Kevin, Mandy, Adam, Josh) with Julie and Kevin advocating for a 10% cap, Josh for a “low” percentage cap, and Mandy and Adam for a cap but with flexibility
- **In favor of no cap:** 5 (Luke, Larry, Andrew, Rhett, Daniel)

Members discussed if the County were to put a lower cap on offsite renewable energy, the need for a location or procurement factor to discount some RECs relative to others would be somewhat negated. Several members who were opposed thought that if there was a cap, then there should be flexibility on the location or type of REC that was included.

A cap was generally favored instead of a discount on certain type of RECs as it seemed simpler and more straight forward, but argued for flexibility, especially for under-resourced buildings or if an owner is pursuing a BPIP.

One member noted that it can be a challenge to track down the renewable portion of electricity use in multi-meter, multi-tenant buildings. For example, in a condo building, some residents may be procuring renewable energy or subscribed to community solar, but this information is not available in whole-building utility data so would be an extra step for owners to track down and calculate.

- **Procurement Factors**

RECs can be also procured in many ways. The contract type and duration can influence the type of benefits being conveyed. The County needs to determine what kind of contract types and durations are eligible for REA. ICF’s report revealed strong stakeholder consensus that certain renewable electricity procurement types with more direct renewable energy contributions be allotted a higher allowance than other procurement types. Specifically, stakeholders supported multiyear power purchase agreements and community solar commitments being allotted a higher allowance than the purchase of unbundled RECs.

The Board preferred either having no procurement factor (especially if a cap is placed on offsite renewable energy) or aligning with IECC procurement factors.

It was noted that the procurement factors in the code could change when the code is updated in future cycles, further complicating that option. In general, members felt that a simple approach would be appreciated by building owners and managers.

Members also discussed contract length. With performance only being evaluated at the interim and final performance period, they discussed what period RECs purchases should cover – whether just the 12-month period being assessed, or a longer duration. Most members agreed that REC purchase should cover the full calendar year being reported on and assessed for interim and final targets.

Some members were concerned that the law, as written, does not require building owners to maintain the interim site EUI between the interim and final period, nor after the final target. As such, owners could purchase a large number of RECs for the 12-month interim and final performance years to meet their EUI targets without first reducing site EUI through increased energy efficiency. They cited this as another reason that the offsite renewable energy allowance should be capped.

- **Under-Resourced Buildings**

Lower-resourced building owners almost certainly sell SRECS to boost onsite renewable energy economics and may be more likely to engage in a solar PPA (no up-front cost of installation). These owners may also not have the means to purchase offsite green power (where there are no incentives or payback like for efficiency or on-site renewable projects). One member reiterated that paying for RECs does not provide any payback or add value to the building compared to similar investments in energy efficiency and reiterated that efficiency should be the first strategy to comply.

Stakeholders engaged via the ICF report suggested the allocation of additional resources for under-resourced buildings, such as technical assistance, and options for additional pathways to support their BEPS compliance.

On this topic, one member noted that condos should be considered as an under-resourced building type. Though condo boards are not registered non-profit entities, they are not profit-seeking enterprises and condos face significant technical and financial challenges in complying with BEPS.

Members also supported maximum flexibility for under-resourced buildings, perhaps exempting them from a cap on an off-site REA and reiterated the need for incentives that help offset the up-front costs of fuel switching measures.

### **Next meeting**

A draft of the board summary report will be updated to include the renewable energy allowance discussion and circulated to members for discussion during the next meeting on July 19.

- **Action Items**
  - Members should review the draft board summary report and add comments to be discussed at the July 19 meeting in advance of a vote on accepting a final summary report of the board's input on regulatory items discussed to date.

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).