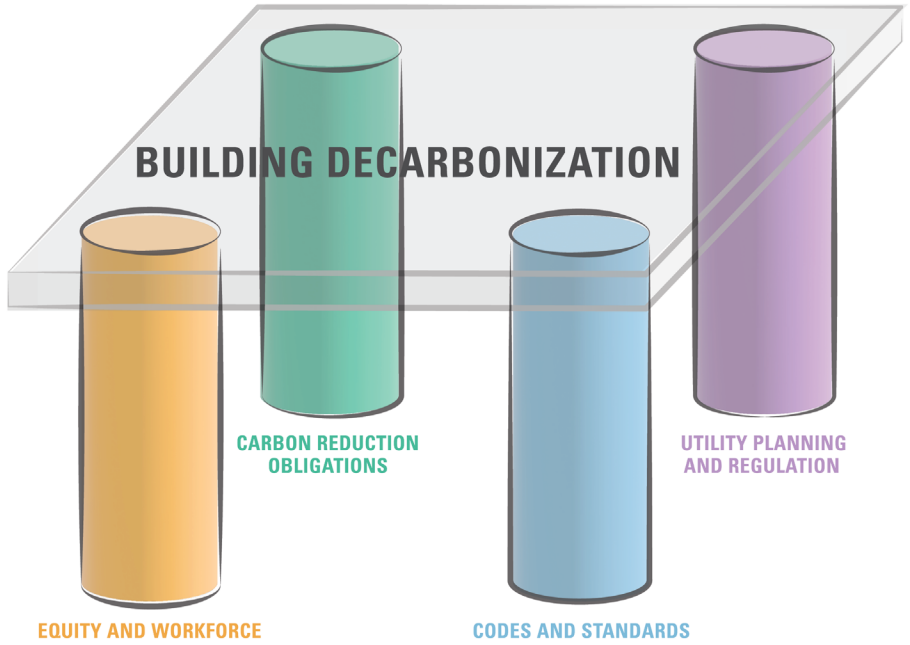
Regional Roundup

MARYLAND

NEEP's 2024 Regional Roundup provides a snapshot of Maryland's current policies and progress towards greater energy efficiency and building decarbonization. Policies and performance are organized across the four categories from NEEP's 2024 report, *Decarbonizing Buildings: How States can Set the Table for Success*. The categories, or "legs of the table," include Utility Planning and Regulation, Codes and Standards, Carbon Reduction Obligations, and Equity and Workforce.



- Maryland is in the process of enacting various policies that will both create a robust suite of energy efficiency programs and implement statewide carbon reduction initiatives. Its statewide energy efficiency program, EmPOWER, began in 2008 as part of the EmPOWER Maryland Energy Efficiency Act.

- In 2024, the state passed the Energy Efficiency and Conservation Plans Act, which instituted greenhouse gas (GHG) reduction targets for utilities starting in 2025. A GHG emissions goal is one policy tool a state can use to encourage fuel switching and decarbonization plus efficiency measures because it focuses on the net change in emissions regardless of the type of measure.

- The Climate Solutions Now Act (CSNA), passed in 2022, established new climate goals for the state and mandated the creation of a statewide Building Energy Performance Standards (BEPS). BEPS require that existing buildings achieve a defined level of energy or emissions performance, which usually decreases over time.

- Additionally, to meet the statewide emissions goals established in CSNA, Governor Moore signed an executive order mandating that the Maryland Department of the Environment (MDE) develop a clean heat standard and a zero-emission heating equipment standard.

- Clean heat standards require obligated parties to deliver clean heat measures that reduce GHG emissions from buildings. Zero-emission heating equipment standards are appliance standards that seek to reduce emissions from appliances, not just lower energy use.

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UTILITY PLANNING AND REGULATION

UTILITY PLANNING AND REGULATION

Utility Planning and Regulation identifies mandates and frameworks to ensure that utility investment, rates, and programs align with building decarbonization goals. This section includes the *Climate-Forward Energy Efficiency By-the-Numbers* table, which shows performance data for 2021 and current program goals for the state, an overview of policies the state has adopted to implement climate-forward energy efficiency programs, and any planning and regulation the state is pursuing to decarbonize the grid.

Climate-Forward Energy Efficiency by the Numbers		
	Maryland	**Regional Average**
Savings as a Percent of Retail Sales in 2021*	Electric: 1.82% Gas: 0.25%	Electric: 1.13% Natural Gas: .43%
Low Income Spending Per Qualified Resident in 2021*	$26.63	$36.00
Current Portfolio Goals	2025 GHG Reduction Goal†: 1,775,047.5 MT CO_2e	

* Data from 2022 ACEEE State Scorecard.
† Data from 2025-2026 EmPOWER Plans. Calculated as an average of the 2025-2026 cumulative GHG goal of 3,550,095 MT.

Climate-Forward Energy Efficiency

Energy Efficiency Program Administrator	Maryland's gas and electric utilities implement energy efficiency programs in three-year cycles as part of the statewide EmPOWER Program. Utilities administer portfolios under a statewide plan, but programs may vary by utility. The Maryland Department of Housing and Community Development (DHCD) operates all limited-income EE programs in the state. As of fall 2024, the utilities are updating 2024-2026 plans to comply with a new greenhouse gas reduction goal mandate for EmPOWER programs.
Program Goals	In 2024, Maryland enacted the Energy Efficiency and Conservation Plans Act, which set GHG reduction targets for the EmPOWER Program and electricity savings goals of 2.0% in 2024, 2.25% in both 2025 and 2026, and 2.5% in 2027 (and all years thereafter). The 2025 Program year will be the first with GHG emissions goals (see Order No. 91175). The 2025-2026 EmPOWER Program goals include: • Greenhouse Gas Reduction: 88,157 metric tons of CO_2e • GHG emissions reduction: 3,550,095 MT CO_2e • Electricity savings: 2.25% of sales per year • Gas savings: average lifecycle therms savings during the 2021-2023 cycle (14,839,429 for BGE, 18,977,514 for WGL) • Low Income Savings Goal (reduction in electric retail sales): 0.72% in 2025, 1% in 2026

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UTILITY PLANNING AND REGULATION

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Climate-Forward Energy Efficiency

Benefit Cost Analysis	*Base test: The Maryland Jurisdiction-Specific Test (MJST)* Non-energy impacts included: greenhouse gas emissions and upstream methane emissions, 20% low-income benefits adder, 10% health and safety adder
Utility Performance Incentives	Through EmPOWER, utilities can earn performance incentives for meeting energy savings goals as established in Order 90957, Docket 9705. The performance incentive mechanism includes both rewards and penalties and changes with every cycle. Rewards only apply if the utility achieves at least 100% of targeted savings and generates net benefits. As of fall 2024, the exact details of the performance incentive structure for the 2024-2026 cycle are in development.
Fuel Switching Policies	The Energy Efficiency and Conservation Plans Act (2024) shifted the EmPOWER program goals from kilowatt-hours saved to tons of GHG emissions reduced. For the 2025 – 2026 Plans, EmPOWER will offer fuel switching incentives with at least one utility offering enhanced incentives for fuel switching.
Statewide Qualified Contractor Network	No current policies in place.

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UTILITY PLANNING AND REGULATION

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Climate-Forward Energy Efficiency

Centering Equity in Climate-Forward Efficiency Programs	Maryland Department of Housing and Community Development (DHCD) is, by statute, the designated implementer for all Limited Income Programs. The program leverages program efficiencies through EmPOWER, including its applications, processes, and funding from its energy programs and programs within DHCD's Community Development Administration (CDA). Through legislation passed in 2024 (HB 169, An Act Concerning Public Utilities – Energy Efficiency and Conservation Programs – Energy Performance Targets and Low–Income Housing), DHCD has goals to achieve annual incremental gross energy savings (relative to retail sales) of 0.53% in 2024, 0.72% in 2025, and 1% in 2026.

Long-Term Planning

Utility Clean Heat and Building Decarbonization Programs	The Working for Accessible Renewable Maryland Thermal Heat (WARMTH) Act (2024) requires that gas companies with 75,000 or more customers must propose a pilot thermal energy network system (smaller gas companies may also do so). The gas companies submitted detailed budgets and plans for proposal development in November 2024. Official proposals will be due on July 1, 2025.
Long-Term Utility Planning	Maryland PSC Docket No. 9707, "Petition Of The Office Of People's Counsel For Near-Term, Priority Actions And Comprehensive, Long-Term Planning For Maryland's Gas Companies," is underway. This proceeding aims to identify near- and long-term actions the PSC could take to ensure alignment of gas industry practices with Maryland's climate goals. As of fall 2024, The PSC has conducted initial stakeholder outreach in this proceeding.

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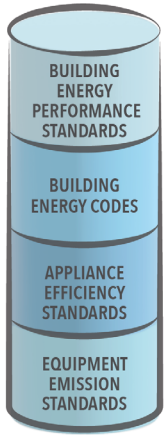
CODES AND STANDARDS



CODES AND STANDARDS

Codes and standards establish a clear timetable for improving the energy performance of new and existing buildings, appliances, and equipment, spurring changes in technologies and building practices. The Regional Roundup provides additional information on policies in this area that operate at the city level to highlight how communities are taking the lead. Programs such as benchmarking and home energy labeling programs are also included, even when just voluntary, as they can be a precursor for BPS or mandatory home energy score programs.

Building Energy Codes	Maryland adopted the 2021 IECC. The current building energy code can be accessed here.
Stretch Energy Codes	New state-owned buildings are required to follow the 2012 International Green Construction Code (IgCC). This stretch code was adopted to facilitate compliance with Maryland's High-Performance Green Building Program.
Building Performance Standards	• Maryland established statewide Building Energy Performance Standards with the passage of The Climate Solutions Now Act of 2022. The first year of compliance will be in 2026 for data collected in calendar year 2025. The standard will apply to buildings of 35,000+ square feet. They must meet a net-zero direct emissions goal by 2040. • Maryland has minimum energy performance standards for state-housing-agency funded projects.
Benchmarking	• Maryland established benchmarking in The Climate Solutions Now Act of 2022. 2026 will be the first year of reporting for data collected in 2025. Benchmarking will apply to buildings of 35,000+ square feet, totaling about 9,000 buildings in the state. • Montgomery County has had a local benchmarking law since 2014.
Home Energy Labeling	No current policies in place.

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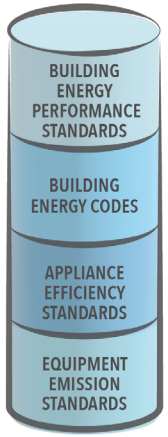
CODES AND STANDARDS



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Appliance Efficiency Standards	Chapter 564 of the Acts of the Maryland General Assembly of 2022 establishes appliance standards. For more information on which appliances are covered, see NEEP's Federal and State Appliance Standards Tracker.
Equipment Emission Standards	A Zero Emission Heating Equipment Standard (ZEHES), proposed in the 2023 Climate Pollution Reduction Plan (CPRP), would require newly installed heating systems to produce zero on-site emissions by 2030. This includes heat pumps and heat pump water heaters that are already on the market. MDE is planning to initiate a rulemaking process in 2024 and propose draft regulations for the standard in 2025.

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CARBON REDUCTION OBLIGATIONS

CARBON REDUCTION OBLIGATIONS

Carbon reduction obligations set performance requirements for obligated parties, such as energy providers, to reduce greenhouse gas (GHG) emissions or install clean heating systems. This section also includes any policies that articulate statewide climate goals and involvement in a regional cap and invest program because both programs are aligned with the policies under carbon reduction obligations and can be a part of a future clean heat standard or statewide cap and invest.

Climate Goals	The Climate Solutions Now Act of 2022 established Maryland's GHG emissions goals. The state must reduce emissions by 60% by 2031 and get to net zero emissions by 2045 (using a 2006 baseline).
Clean Heat Standard	Maryland is in the early stages of developing a clean heat standard (CHS). The proposed standard would require clean heat measures to be deployed in buildings to achieve the state's GHG reduction requirements. The CHS would mandate natural gas utility companies and heating oil and propane importers reduce GHG emissions through the installation of clean heat measures. The state will be designing the standard in 2025.
Regional Cap-and-Invest	Maryland participates in RGGI, which caps electric utility carbon emissions. Maryland uses RGGI revenue to fund its Strategic Energy Investment Fund (SEIF), which funds certain measures through Maryland's EmPOWER program, as well direct bill assistance for low-income customers and low- to moderate-income efficiency programs.
State Cap-and-Invest	In December 2023, the state released the Climate Pollution Reduction Plan (CPRP), which outlines Maryland's strategies to meet the goals of the Climate Solutions Now Act of 2022. The Clean Economy Standard, outlined in the CPRP, would create a comprehensive strategy to decarbonize the state, creating a single policy to provide incentives, set cross-sector standards (renewable, appliance, and efficiency), and enable targeted investments to achieve climate goals.
Centering Equity in Carbon Reduction Obligations	No current policies in place.

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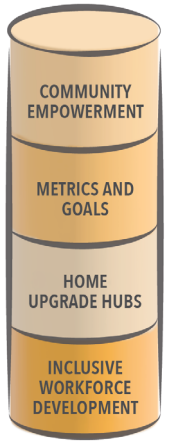
EQUITY AND WORKFORCE



EQUITY AND WORKFORCE

Equity and workforce investments address housing and workforce inequities by empowering historically marginalized communities and ensuring that the energy transition is just and inclusive. This section includes policies that prioritize community empowerment through defining environmental justice communities and/or convening community members to have meaningful input on climate and energy policies in the state. It also highlights any statewide goals or metrics that mandate programs to deliver a certain level of benefits to communities. Finally, it provides a snapshot of the inclusive workforce programs and policies within each state.

Statewide Equity Initiatives

Community Empowerment	• Maryland operates a Commission on Environmental Justice and Sustainable Communities (CEJSC), which advises state agencies on environmental justice and related issues. The CEJSC is composed of representatives of EJ communities throughout the state, along with representatives from government agencies, local governments, the AFL-CIO, business organizations, environmental organizations, academic institutions with an EJ institute, and health experts. The CEJSC makes recommendations on EJ issues to state agencies, the Governor, and the Maryland General Assembly. The Commission released its last annual report in 2023. • Maryland offers two environmental justice mapping tools through its Maryland Environmental Justice Screening Tool and its MD Climate Health and Equity Mapper. • The Climate Solutions Now Act requires MDE to establish the position of environmental justice coordinator, as well as staffing the Commission on Environmental Justice and Sustainable Communities. • Maryland's Climate Solutions Now Act defines "overburdened communities" as census tracts that score above the 75th percentile in three or more of a list of 21 environmental health indicators (e.g., particulate matter emissions, Superfund sites, hazardous waste landfills). Similarly, "underserved communities" are defined as census tracts where at least 25% of residents are low-income, at least 50% identify as nonwhite, or at least 15% have limited English proficiency.

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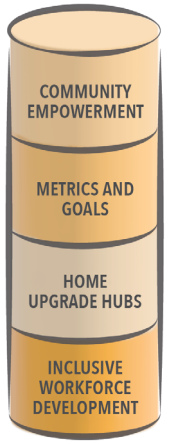
EQUITY AND WORKFORCE



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Statewide Equity Initiatives

Metrics and Goals	Maryland has low-income electricity savings goals set by statute. Maryland Department of Housing and Community Development (DHCD) is the designated implementer for the Limited Income Programs. Through legislation passed in 2024 (HB 169, An Act Concerning Public Utilities – Energy Efficiency and Conservation Programs – Energy Performance Targets and Low–Income Housing), DHCD has goals to achieve annual incremental gross energy savings (relative to retail sales) of 0.53% in 2024, 0.72% in 2025, and 1% in 2026.
Home Upgrade Hubs	No policies in place.

Inclusive Workforce Development

Inclusive Workforce Development	• In 2024, the Maryland Energy Administration (MEA) published a Workforce Needs Assessment that provides data on existing energy efficiency workforce, gaps, and areas for growth. The assessment estimates that the state's energy efficiency workforce could grow by as much as 96% by 2033 if all of Maryland's building energy efficiency targets are met. • In 2019, Maryland passed the Clean Energy Jobs Act, which established a Clean Energy Workforce Account (administered by the Maryland Department of Labor through the EARN program) to fund clean energy job training in renewable energy, energy efficiency, and other related sectors. This account will provide up to $8 million to fund various apprenticeship programs to introduce people to the clean energy workforce.

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MARYLAND'S BUILDING DECARBONIZATION TABLE

UTILITY PLANNING AND REGULATION

- EmPOWER Program
- WARMTH Act
- Future of Gas Regulatory Proceeding

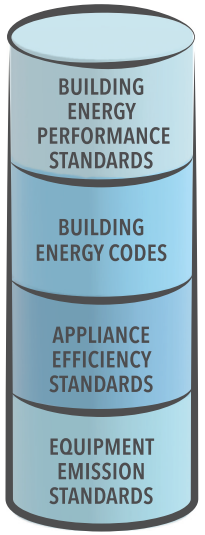
EQUITY AND WORKFORCE

- Environmental Justice Commission
- Clean Energy Workforce Account

CARBON REDUCTION OBLIGATIONS

- Climate Goals
- RGGI
- Clean Heat Standard
- Clean Economy Standard

CODES AND STANDARDS



- 2021 IECC
- Building Energy Performance Standard
- Zero Emission Heating Equipment Standard