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Chief Julie Wormser
Cambridge Office of Sustainability
344 Broadway
Cambridge, MA 02139

RE: A Better City's Comments on BEUDO's Draft Regulations and Procedures for Building Owners to Calculate Carbon Emissions

Dear Chief Wormser:

A Better City's membership represents 130 of Greater Boston's business leaders across multiple sectors of the economy, including close to 20 member organizations who are property owners or operators in Cambridge. On their behalf, we are providing comments on the latest draft of the Building Energy Use and Disclosure Ordinance (BEUDO) draft regulations and procedures that relate to how building owners can calculate their carbon emissions.

A Better City members with large buildings in Cambridge have mentioned that engagement with the City of Cambridge has been minimal thus far, and they hope that future BEUDO regulatory development be built upon robust stakeholder engagement. The City of Boston held frequent meetings with the BERDO team, advocates, and the business community during the BERDO regulatory development process to review proposed regulations and procedures at every regulatory step. We encourage the City of Cambridge to adopt similar engagement practices to bring the stakeholder community together, improve regulatory language, and promote collaboration. A Better City hosted meetings with BERDO staff and its members for direct feedback that was useful to the BERDO team, and we would be happy to do so with the BEUDO team as well.

A Better City's other comments regarding carbon emissions calculations are specific to: allowing consideration for Kendall Square's unique electricity merchant generation status in calculating district energy emissions factors; ensuring individual carbon calculations are provided; clarifying emission reduction requirements from generating facilities; counting electricity generated by electricity from renewable energy systems financed by SMART; allowing flexibility on the Renewable Energy Certification (REC) generation year; transferring emissions reductions to additional buildings in a portfolio; and aligning reporting deadlines within municipalities.

Thank you for your leadership—we remain ready to partner and to support your efforts to find solutions to the challenges and opportunities within large existing buildings to achieve our statutory climate commitments.

Sincerely,

J. L. Torrie

Yve Torrie
Director of Climate, Energy, & Resilience

Cc: Yi-An Huang, City Manager
Susanne Rasmussen, Director of Environmental and Transportation Planning



A Better City's Comments on Draft BEUDO Carbon Emissions Calculations Regulations and Procedures

Allowing Consideration for Kendall Square's Unique Electricity Merchant Generation Status in Calculating District Energy Emissions Factors: We do not think a one size fits all policy for district energy emissions factors is effective. We agree that the efficiency methodology works for many, if not most, district energy systems. However, the Kendall Square district energy system is more complex, as it is the only district energy system in the Boston region that supplies customers in Cambridge and Boston with steam, and whose primary function is to operate as a merchant generator for ISO-NE. As such, the plant is required to allocate all its emissions to its electric generation through EPA's Part 75 ruling. In turn, the Kendall Plant must comply with state and regional requirements through the Regional Greenhouse Gas Initiative (RGGI) cap and trade system and the Renewable Energy Portfolio (RPS Standard), which is increasing incrementally at 2 percent per year. The steam that results from the Kendall Plant is a by-product of electricity generation, and as such, its current emissions accounting of zero is correct and should be reflected in the BEUDO regulatory language. Allocating carbon emissions utilizing the efficiency method for the Kendall Plant for BEUDO compliance would therefore not be consistent with current federal and regional requirements, CO2 accounting, nor emissions reduction compliance.

Recommendation: A Better City recommends exempting the emissions from steam sourced from the Kendall Square steam plant from the WRI efficiency methodology, leaving them as zero emissions, which is consistent with current federal ruling (EPA's Part 75) and regional requirements, CO2 accounting, and emissions reduction compliance.

Ensuring Individual Carbon Calculations are Provided: District systems operate and report differently. As mentioned above, the Kendall Square district system is unique. Steam from this system is used in the Longfellow Bridge Loop, while the excess is added to the steam produced at Kneeland and Scotia in the Boston system. As the Kendall Square steam by-product is included in this loop, individual carbon calculations are needed accordingly.

Recommendation: A Better City recommends Vicinity steam customers be allowed individual carbon calculations according to the Vicinity steam loop they are on and the steam generation that is feeding into that loop.

Clarifying Emission Reduction Requirements for Generating Facilities: In the BEUDO Ordinance, Renewable Energy Credits (RECs) will only be eligible to offset electricity produced by generating facilities if the emissions factor of those facilities is less than or equal to that of the grid. The procedures document, however, explains that residual grid emissions factors and RPS-only emissions factors are included in emissions calculations, and it is unclear which will be used to calculate offsetting REC eligibility for generating facilities. This could have major implications for generating facilities with large energy loads that have been incentivized in the recent past to invest in generating facilities, such as combined heat and power (CHP) systems, which contribute positively to energy efficiency through reduced transmission losses. Once clarity is received on the emissions factors used to determine the eligibility of using RECs, then we would like the opportunity to provide additional comments.

Recommendation: A Better City requests clarity on the emissions factors that will be used to determine eligibility to offset electricity produced by generating facilities and requests the opportunity to provide further comment once this clarification has been received.

Counting Electricity Generated by Electricity from Renewable Energy Systems Financed by SMART: As currently worded, the regulations prevent buildings from counting electricity generated by renewable energy systems towards their emissions reductions if they are financed through the Solar Massachusetts Renewable Target (SMART) incentives



program. We understand that the RECS are allocated to the utility in this agreement, but these buildings have contributed to reducing grid emissions, and we therefore recommend that Cambridge adopt similar language to Boston's BERDO regulations. BERDO's regulations recognize renewable energy investments of buildings participating in the SMART program and allow these buildings to count electricity generated by renewable energy systems towards their emissions reductions if the energy system is situated within their city limits.

Recommendation: A Better City recommends adopting language in the BERDO regulations that allow buildings in the SMART program to count electricity generated by renewable energy systems towards their emissions reductions.

Allowing Flexibility on the Renewable Energy Certification (REC) Generation Year: When offsetting electricity with RECs, the RECs used have a window of applicability of 18 months, allowing RECs minted within 6 month of the start or end of the year to be retired to offset emission for that calendar year. As currently written for VPPAs, the electricity offset from VPPAs must be generated in the same calendar year, so there is a tighter window. This may create issues with reconciling offsetting electricity with exact VPPA project generation. Sometimes generating plants don't perform as intended, due to weather or operational challenges for example, so there should be more flexibility regarding the REC generation year. In BERDO, RECs generated in the reporting year and one year prior are eligible.

Recommendation: A Better City recommends following the same generation timeline for the eligibility of RECs that is written in BERDO where RECs generated in the reporting year and one year prior are eligible.

Transferring Emissions Reductions to Additional Buildings in a Portfolio: Current BEUDO language restricts building owners from transferring renewable generation credits to other properties in their portfolio. This limits compliance flexibility and may lead to increased penalties, even if a building or portfolio owner has invested in renewable energy projects. Owners of a building portfolio should be allowed flexibility to use excess eligible RECs anywhere in their portfolio. This will help owners plan better for compliance. BERDO regulations reward renewable energy investments, and we recommend following BERDO's language to ensure renewable energy generation is encouraged, not discouraged.

Recommendation: A Better City recommends adopting language in the BERDO regulations that provide compliance flexibility, by allowing the transfer of renewable generation credits within a building portfolio.

Aligning Reporting Deadlines within Municipalities: There are several commercial property owners with buildings or portfolios in both Boston and Cambridge. However, the deadline for submitting verified data and completed calculated emissions for generating facilities is March 1st in Cambridge and April 1st in Boston. For ease in reporting, we suggest alignment on dates.

Recommendation: A Better City recommends reporting deadlines in Cambridge be changed to April 1st for verified data and calculated emissions for generating facilities to align with the reporting deadlines in Boston.