



June 17th, 2022

Mayor Sumbul Siddiqui
Councilors Patty Nolan and Quinton Zondervan
Members of the Cambridge City Council Ordinance Committee
Cambridge City Hall, 795 Massachusetts Ave
Cambridge, MA 02139

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RE: A Better City’s Comments on the Current Draft of the Cambridge BEUDO Amendment

Dear Mayor Siddiqui, Councilors Nolan and Zondervan, and distinguished members of the Cambridge City Council Ordinance Committee:

A Better City’s membership represents 130 of Greater Boston’s business leaders across multiple sectors of the economy, including 16 member organizations who are property owners in Cambridge, plus additional large Cambridge property tenants and managers. On their behalf, we are providing comments on the latest draft of the Building Energy Use and Disclosure Ordinance (BEUDO) amendment, received on May 25, 2022.

We are grateful for the City of Cambridge’s climate leadership and are committed to working with you and your Community Development Department’s Climate and Energy team to ensure the successful implementation of the BEUDO program in coordination with proactive, consistent, and constructive engagement with the Cambridge business community. We have worked closely with the City of Boston in the development and implementation of BERDO 2.0, and our enclosed comments are offered in the spirit of collaboration and consensus building.

We are very fortunate that many A Better City members are climate and clean energy leaders within their own fields and are working diligently to meet city and state climate goals. However, some have concerns about the draft BEUDO amendment language to date, specifically: 1) the net zero target date; 2) the grid’s capacity and “greening” timeline that will determine the sequencing of building electrification; 3) the lack of governance and transparency for Alternative Compliance Credits; 4) the development of a verified local carbon credit program; and 5) the lack of exemption for emergency backup generation. We would also appreciate clarity on the deferral of alternative compliance credits.

We look forward to continued dialogue and collaboration with you in the months ahead and thank the City of Cambridge for their leadership.

Sincerely,

Rick Dimino
President & CEO, A Better City

Enclosures: 1

cc: Iram Farooq, Assistant City Manager for Community Development
Susanne Rasmussen, Director of Environmental and Transportation Planning
Seth Federspiel, Climate Program Manager



ATTACHMENT A: A BETTER CITY'S DETAILED COMMENTS ON CAMBRIDGE'S DRAFT BEUDO AMENDMENT, POSTED ON MAY 25, 2022

Close to 20 A Better City members are current owners, tenants, or property managers of large existing buildings in Cambridge and will be required to comply with the BEUDO Amendment. Many members are climate leaders with a wide array of expertise in peak building operations and performance and have expressed concern about aspects of the Draft BEUDO Amendment as currently written. A Better City members are eager to ensure that large building owners, tenants, and property managers can plan for and comply with BEUDO and can be leaders in helping Cambridge achieve its building decarbonization goals. Elements that we believe need attention in the Draft BEUDO Amendment are detailed below.

RECOMMENDATIONS

1. The Net Zero by 2035 Goal

Over two years of technical consulting and stakeholder engagement across all communities in Boston was undertaken to arrive at a net zero by 2050 goal for existing buildings under the BERDO amendment, known as BERDO 2.0. Acknowledged as a challenge for existing buildings, it was determined to be the most effective route to greenhouse gas reductions within the City – “a challenging but achievable goal.”

The City of Cambridge's Climate and Energy team within the Community Development Department embarked on a similar stakeholder engagement process with large existing buildings in Cambridge over a two-year period and arrived at the same aggressive but achievable net zero goal of 2050. However, we were surprised to see the net zero by 2035 goal introduced to the Draft BEUDO Amendment in February 2022, which to our knowledge, was not determined by a technical consulting team, BEUDO business input, nor the City of Cambridge's Climate and Energy team input.

As currently written, the Draft Amendment is misaligned with parallel climate policies in neighboring jurisdictions, and we are concerned that it does not prioritize effective greenhouse gas emissions reductions. We understand that Cambridge is interested in continuing its leadership role on climate with a net zero by 2035 commitment, but are concerned that this goal will be performative and will not result in the realized impact of scaling up greenhouse gas emission reductions in buildings as soon as possible – instead of true leadership in accelerating effective emissions reductions, this net zero by 2035 goal on paper will merely result in businesses paying Alternative Compliance Credits or moving out of Cambridge, rather than investing in deep energy retrofits and other needed decarbonization interventions as soon as possible. Members have said that to make the kind of changes within large existing buildings that will truly reduce greenhouse gas emissions, it cannot be done in the net zero by 2035 timeframe. Therefore, if the goal of the BEUDO Amendment is truly to reduce greenhouse gas emissions and decarbonize Cambridge's large existing buildings, then understanding what is feasible with current existing building technologies, including how quickly renewable energy and workforce development can be scaled up to meet demand, and how a net zero by 2035 goal will fit in with the utilities' statewide commitment to “green the grid” and increased capacity by 2050—will all be essential for Cambridge to lead on large existing building emissions reductions.

Recommendation: A Better City recommends aligning with the City of Boston's net zero by 2050 goal for existing buildings under BERDO 2.0., that takes large existing building decarbonizing technologies, renewable energy and workforce development capacity, and the utilities' “greening” and capacity expansion timeline into account.

2. The Grid's Capacity and “Greening” Timeline that will Determine the Sequencing of Building Electrification

As mentioned above, the utilities that service Cambridge are on the Commonwealth's statutory timeline of net zero by 2050, to green the grid and reach electrification capacity to meet demand from electrified buildings and

transportation infrastructure that are all aligned on a net zero by 2050 timeline. Understanding what the grid capacity can realistically be anticipated in Cambridge by 2035 and how “green” that electricity will be, will help determine the best sequencing for building electrification. Since the current ISO-NE grid is over 50% natural gas, greening the grid alongside capacity expansion will be essential to realizing our statutory climate commitments. To help understand Cambridge’s timeline and sequencing for building electrification, we suggest drawing from the work that New York City has recently released in their study, [Grid Ready: Powering NYC’s All-Electric Buildings](#), that looks at building electrification sequencing. The report investigates how power is delivered to NYC, how building electrification will increase electricity demand, and therefore, how electrification can be sequenced to ensure the increasing demand is safely and strategically managed. Included with the report is a [Grid Ready Mapping Tool](#) that shows the capacity for electrification by network area with the current grid, and allows forecasting to plan infrastructure updates for the future. By adopting a similar approach, the current capacity of the ISO-NE electricity grid by load zone could be understood, the increased demand from the electrification of the building, transportation, and other sectors could be modeled, and an effective electrification transition for Cambridge could be sequenced safely and cost-effectively over time.

Recommendation: A Better City recommends working with utilities to understand the capacity and “greening” of the grid by load zone to determine the best sequencing for electrifying buildings. If the grid is unable to provide reliable and resilient “green” electricity or does not have the capacity to supply the required amount of “green” electricity to Cambridge buildings, then buildings should not be penalized.

3. The Lack of Governance and Transparency for Alternative Compliance Credits

Based on a rough estimate, the drafted Alternative Compliance Credits in Cambridge have the potential to yield a significant amount of revenue annually, which could and should be leveraged to further Cambridge’s decarbonization of the built environment. How this revenue is governed and disbursed is very important to clarify and share with transparency to the public. In fact, to gain support for BERDO 2.0 in Boston, an Equitable Emissions Investment Fund was developed for the collection of Alternative Compliance Payments, with clauses included in the BERDO 2.0 language that mandate the Fund publish annually all disbursements from the Fund. This transparency and accountability will ensure that compliance payments are not swept into the General Fund and can be leveraged to further building decarbonization and district energy solutions locally. For BERDO 2.0, stakeholders made it clear that if the Alternative Compliance Payments were absorbed into the general funds of the City of Boston and not governed in an equitable and transparent way, then they would not be able to support the BERDO 2.0 amendment.

We therefore see the establishment of an Alternative Compliance Credit governing body in Cambridge as essential to facilitating transparent and equitable decisions about how these credit funds are spent, ensuring that they benefit the whole community—from the real estate community where the funds originate, to the communities that are impacted worst and first by climate threats resulting from our greenhouse gas emissions—and to publicly disclose disbursements of Cambridge Alternative Compliance Credit funds on an annual basis. There is enormous potential for this funding to catalyze creative projects like district energy systems, large scale energy storage, and/or a climate bank that could fund the equitable decarbonization of Cambridge’s built environment overtime. Setting up an Alternative Compliance Credit governing body that represents all community stakeholders and determines the use of this funding, will help to get to yes on the BEUDO Amendment.

Recommendation: A Better City recommends the establishment of an Alternative Compliance Credit governing body that represents all community stakeholders, to determine the best use of this funding source that will benefit all Cambridge communities. We also recommend clarifying that this governing body will be

responsible for transparent, annual publishing of disbursements from Cambridge's Alternative Compliance Credit Fund in the BEUDO amendment language itself.

4. The Development of a Verified Local Carbon Credit Program

As the City of Cambridge evaluates the use of carbon offsets for BEUDO compliance, we strongly urge the best practice recommendations from A Better City's June 2021 report, [Establishing A Regional Offsetting Program for Emissions Reduction Compliance Reduction in Massachusetts](#), be considered. In this report, we introduced carbon offsets as a first step in a broader stakeholder dialogue about what effective, transparent, and equitable carbon offsetting practices for emissions reduction compliance could look like in Massachusetts. We examined carbon offset types, projects, best practices, and existing carbon markets, and then explored carbon offsets in the Commonwealth as a transitional tool toward decarbonization.

- Recommendations for Year One:
 - 1. Publish offsetting best practice guidance and clarify the relationship between offsets and renewable energy credits (RECs);
 - 2. Consider establishing a customized carbon offsetting verification scheme;
 - 3. Establish sector-specific offsets guidelines that encourage cross-sector collaboration and the transfers of carbon credits;
 - 4. Expand the MA Carbon Sequestration Task Force; and
 - 5. Prioritize equitable clean energy workforce development.
- Mid- to long-term Recommendations for Years 3-5:
 - 1. Establish an offsetting governance and enforcement framework that incentivizes decarbonization;
 - 2. Establish a financial disbursement mechanism for anticipated offset allowance auction proceeds; and
 - 3. Explore the role of mitigation banking in scaling up offsetting.

We strongly suggest aligning with international best practice standards, customized to the Commonwealth and City of Cambridge, to ensure that carbon offsets are enhancing, and not hindering or stalling, the decarbonization of the Cambridge built environment. As we heard from members and community stakeholders alike, the most effective carbon offsets prioritize equitable, transparent, and verified local benefits from carbon removals and community retention of investments whenever possible.

Recommendation: A Better City recommends taking the best practice recommendations from A Better City's June 2021 Carbon Offsets [Report](#) into consideration in the development of a Verified Local Carbon Credit Program, and to align with international best practice standards, customized to the Commonwealth and City of Cambridge.

5. The Lack of Exemption for Emergency Backup Generation

A Better City members, especially those in the healthcare sector, have expressed concern about the lack of exemption for emergency backup generation in large existing buildings. [Federal law](#) requires emergency backup generation in hospitals, recognizing their role as critical infrastructure even and especially when the grid goes down in blackout or "black sky" events. Other members within critical research facilities, residential facilities, and critical infrastructure (like district heat plants), have also requested this exemption. As currently written, the Draft BEUDO Amendment requires emergency backup generation be supplied solely by renewable energy. Unfortunately, current technology does not enable renewable energy to work as reliably for backup generation of hospitals as do fossil fuels, and we believe that the Amendment as currently written would unintentionally put hospitals and their patients, and other critical infrastructure, at risk by not providing exemptions for emergency backup generation.

Within BERDO 2.0 in Boston, emergency backup generation can be deducted from a building's energy use until 2030. Building owners are required to report annually about energy used by emergency backup generation, with the dates, hours, and conditions that required its use. The data then needs to be third party verified in order for the building owner to be in compliance with BERDO 2.0. We recommend a similar methodology for emergency backup generation exemptions in Cambridge.

Recommendation: A Better City recommends that emergency backup generation be excluded from a building's energy use until at least 2030. In the latter half of this decade, an assessment should be conducted to determine if alternative technologies will be available by 2030. If those technologies will not be available by 2030, then the exemption should continue beyond 2030.

REQUEST FOR CLARIFICATION

1. The Deferral of Alternative Compliance Credits

Based on the stakeholder meeting with you on June 16, 2022, it became clear that the business community had a different understanding of the deferred alternative compliance credit. Our understanding, similar to other stakeholders in the room, was that this deferral would allow buildings that were planning and implementing capital projects to reduce GHG emissions, a period of up to 5 years to plan and 5 additional years to implement that plan. If at the end of the planning or implementing period, the GHG emissions reductions were not met, then the covered building would be required to pay the yearly compliance credits plus 10%. Given the large retrofits and financial investment that many of these covered buildings will need to undertake to reach the GHG reduction goals, this would allow them to use the capital on those improvements to get to the GHG reduction goals and NOT on compliance credits.

However, in the meeting on June 16, many stakeholders were surprised to understand that regardless of the capital costs involved in planning and implementing GHG reduction projects, they will still be required to pay yearly compliance credits whether within the current year or deferred until the end of the project, at which time they will need to pay the annual compliance credits due plus 10% for each year of deferral.

We would like to understand how this deferral is benefitting covered buildings and what incentive they have to defer these payments if they will be paying even more after the capital project is completed. We request scenario examples of different building sizes, typologies, ages, costs, and timelines to retrofit, in order to understand how the deferred credits will be of benefit to covered buildings undertaking large capital expenses to meet GHG reduction goals.