



## FREQUENTLY ASKED QUESTIONS (FAQs) ABOUT COMPLIANCE MECHANISMS

### BACKGROUND

Section 7-2.2(m) of the Building Emissions Reduction and Disclosure Ordinance (BERDO or the “Ordinance”) describes additional compliance mechanisms that Buildings may use to mitigate CO<sub>2</sub>e Emissions from electricity use. Additional requirements regarding the use of these compliance mechanisms are included in the BERDO Regulations. This document responds to questions the City has received regarding the use of several of the additional compliance mechanisms. If you have additional questions about reporting to or complying with BERDO, please contact [energyreporting@boston.gov](mailto:energyreporting@boston.gov).

### MUNICIPAL AGGREGATION PROGRAM (BOSTON COMMUNITY CHOICE ELECTRICITY)

**QUESTION 1:** *BERDO allows Buildings to use electricity obtained through the Boston municipal electricity aggregation program and have the appropriate Emissions Factor applied to the electricity. How can I sign-up for the option that provides 100% renewable electricity?*

**ANSWER 1:** You can use this [form](#) to either enroll a new account or, if you already have an account enrolled in [Boston Community Choice Electricity](#) (BCCE), change your product selection to Optional Green 100. If you have more than 5 accounts, you can either (i) complete the form for each account or (ii) download and complete this [google sheet](#) with the account details and email it to [bcce@boston.gov](mailto:bcce@boston.gov); the City will then provide the form to Direct Energy to process. Enrollments and account changes can take two billing cycles to go into effect. Accounts that use more than 1.5 million kWh/yr are not eligible for BCCE.

### RENEWABLE ENERGY CERTIFICATES (RECs)

**QUESTION 2:** *BERDO allows Buildings to mitigate CO<sub>2</sub>e Emissions from electricity use by purchasing unbundled Renewable Energy Certificates (RECs). Would RECs generated by wind turbines in Quebec qualify for use in BERDO?*

**ANSWER 2:** RECs from wind generation in Quebec **might** qualify for use in BERDO.

Section 7-2.2(m)(b)(i) of BERDO provides that RECs used for BERDO compliance must be generated by non-CO<sub>2</sub>e emitting renewable sources that meet the RPS Class I eligibility criteria outlined in 225 CMR 14.05, as may be amended from time to time. The RPS (Renewable Portfolio Standard) is a state program and the Department of Energy Resources

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(DOER) determines whether an electric generation facility qualifies for the RPS. According to the state's list of [Qualified Class I Renewable Generation Units](#), output from specific generation units in Quebec will qualify for RPS Class I if the conditions in 225 CMR 14.05(5) are met. Building Owners should confirm that a wind generation project in Quebec is on the state's list of Qualified Class I Renewable Generation Units and meets the state requirements for RPS Class I.

**QUESTION 3:** *Would the purchase of unbundled RECs from new renewable sources that do not meet the RPS Class I eligibility criteria qualify for use in BERDO?*

**ANSWER: No**, RECs that do not meet the RPS Class I eligibility criteria cannot be used for compliance with BERDO unless the RECs are bought as part of a BERDO-compliant Power Purchase Agreement (PPA) or virtual PPA.

Section 7-2.2(m)(b)(i) of BERDO provides that RECs used for BERDO compliance must be generated by non-CO<sub>2</sub>e emitting renewable sources that meet the RPS Class I eligibility criteria outlined in 225 CMR 14.05, as may be amended from time to time. RECs that do not meet this requirement may be used for BERDO compliance if purchased as part of a PPA or virtual PPA for Energy generated by renewable non-emitting fuel sources that meet the requirements in Section 7-2.2(m)(c) of the Ordinance and Section X of the Regulations.

## **POWER PURCHASE AGREEMENTS (PPAs)**

**QUESTION 4:** *BERDO allows Buildings to mitigate CO<sub>2</sub>e Emissions from electricity use by entering Power Purchase Agreements (PPAs) that meet the requirements in the Ordinance and Regulations.*

- (a) *Could PPAs entered into by a third party qualify for use in BERDO?*
- (b) *If yes, does the contract between the third party and the Building Owner need to mirror the PPA between the third party and developer/owner of the renewable energy generation project?*

**ANSWER 4(a): Yes**, a PPA, or virtual PPA, entered by a third party could qualify for use in BERDO if (i) all other requirements for PPAs in Section 7-2.2(m)(c) of the Ordinance and Section X of the Regulations are met and (ii) the third party has a separate agreement with a BERDO Building Owner to resell RECs or bundled RECs with energy from the PPA.

Many individual buyers do not have sufficient demand, *i.e.*, are not buying enough bundled electricity, or do not have sufficient in-house resources, to negotiate and enter a PPA

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directly with the developer/owner of a renewable energy generation project. It is, therefore, common for third parties to execute PPAs and then contract separately with buyers that will use the RECs. Such use of third parties is permissible under BERDO, provided that any PPA executed by a third party meets the requirements in the Ordinance and Regulations. For example, the third party must execute a PPA before the relevant renewable energy generation project begins commercial operation.

**ANSWER 4(b): No**, a contract between the third party that executed a PPA or virtual PPA and a Building Owner that will use the RECs for BERDO compliance does not need to mirror the terms of the PPA.

If a third party executes a PPA or virtual PPA and then sells the relevant RECs or bundled RECs with energy from the PPA to a Building Owner, there will usually be a separate contract between the third party and the Building Owner. These contracts can take several forms, including (i) a contract that “mirrors” the PPA, whereby the third party resells all or a portion of exactly what it purchased from the generation project to a buyer, or (ii) a multi-year contract whereby the third party resells the RECs from the PPA to a buyer. In either scenario, the original PPA or virtual PPA must meet all the requirements of the Ordinance and Regulations, including the “additionality” requirement that the PPA is executed before the relevant renewable energy generation project begins commercial operation. However, the “mirror” contract may be less accessible, or inaccessible, to some Building Owners because it may require buyers to have additional funds and/or credit and may involve greater exposure to financial risk. Based on current market conditions and the difficulty that smaller entities have in accessing PPAs, mirror contracts are not required for BERDO compliance. The Environment Department will reassess market conditions periodically and may update this guidance; any change will not affect pre-existing contracts.

**QUESTION 5:** *The BERDO Regulations provide that the term of a PPA that satisfies the criteria in the BERDO Ordinance and Regulations at the time of execution may be extended for continued use in BERDO. Would the amount of Energy and associated RECs purchased in the extended term need to be the same as in the original term for the PPA to remain BERDO compliant?*

**ANSWER 5: No**, the quantity and price of Energy and associated RECs purchased from a BERDO compliant PPA can change from the original contract term to a multi-year extension of the contract. However, a Building Owner cannot change the amount of Energy and/or associated RECs purchased *during* a contract’s original or extended term.