



# Phase 3 Regulations Overview

Overview Public Webinar  
January 12, 2026

# Agenda

**Meeting Goal:** to provide a review of the content which was released in the Draft Phase 3 Regulations.

- **Campus Configuration**
- **Review Board**
- **Hardship and Deferral Plans**
- **Additional Updates**

# Overview of the BEUDO Requirements

The **Building Energy Use Disclosure Ordinance (BEUDO)** was enacted in 2014 as a benchmarking requirement for all buildings in Cambridge. This was a key initial measure of the **Net Zero Action Plan**, allowing Cambridge to gain a clear understanding of our building stock.

In June 2023 amendments to BEUDO were adopted which **require large nonresidential buildings to reduce their greenhouse gas (GHG) emissions**.

Regulations have been in development to implement the details of this **building performance standard**.

# BEUDO Regulations Development

## Phase 1: (Adopted Dec 2024)

- **Emission factors** to calculate a property's emissions
- How to account for **renewable electricity**

## Phase 2: (Adopted August 2025)

- Provide optional **flexibility mechanisms for multi-building and mixed-use properties**, alternative baselines, and ownership designation
- Allow for **annual** grid emission factor
- Specify **third party verification** and renovation definitions

## Phase 3:

**December 2025: Draft release and January comment period**

- Campus Compliance
- Review Board
- Hardship and Deferral plans
- Updates to topics in Phase 1 & 2

**Comment period closes January 23**

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# Campus Compliance

- The Ordinance states that **5 or more Covered Properties** with the same Owner may comply as a Campus.
  - Owner is defined in the Ordinance
- Campus compliance gives the option to **consider emissions in aggregate** across all buildings in the Campus

# Aggregate Emissions in a Campus

	Size	Baseline GHG (mtCO2e)	2026 Goal	2026 Actual
Covered Property 1	Large ( $\geq 100k$ )	500	400	385
Covered Property 2	Midsize ( $< 100k$ )	80	80	95
Covered Property 3	Large ( $\geq 100k$ )	350	280	300
Covered Property 4	Large ( $\geq 100k$ )	400	320	300
Covered Property 5	Midsize ( $< 100k$ )	120	120	100
	CAMPUS TOTAL	1450	1200	1180

Individually, two of the five Properties would fail BEUDO emissions reduction requirements. However, when the actual 2026 emissions of all Campus properties are summed, they are below the 2026 Goal and are therefore all considered compliant.

# Creating and Modifying a Campus

- A Campus may be made up of **any variation of Covered Property types** (Non-Residential, Residential, Multi-Use, Municipal)
- An Owner **may only create ONE Campus** for compliance with BEUDO.
- Owners **may choose the 5+ properties** in their portfolio to designate as an official Campus for BEUDO compliance.

# Creating a Campus cont'd

- Residential Covered Properties and Non-Residential Covered Properties under 25,000 covered square feet are **not required** to reduce emissions under BEUDO, however **an Owner may choose to add any number of these to their Campus portfolio**, which will then be subject to the 25,000-99,999 csf Non-Residential emission reduction requirements and timelines.
- **Alternative Configurations of multi-building parcels must be approved** before applying for inclusion in a Campus.

# Modifying a Campus

- Once created, the Covered Properties in a Campus are expected to **remain in that Campus for all future BEUDO Compliance Periods.**
- Existing Covered Properties may only be added to a Campus if they are **newly acquired** by the Owner, or the **Use changes** (Residential to Non-Residential)
- **New Covered Properties** may be added to an existing Campus only during the Covered Property's Baseline years.
- If **removing a Covered Property** results in the Campus having **less than 5 buildings**, the Owner may continue to comply as a Campus for that Compliance Period only.

# Credits Applied to a Campus

If an Owner buys qualifying Renewable Electricity Certificates (RECs), or purchases Verified Carbon Credits (VCCs), such credits are subject to the same criteria in the Ordinance as used for individual properties:

- **RECs may only be used to offset electricity use on a MWh basis** (before converting to emissions)
- **VCCs may only be used to offset onsite, non-electric emissions in Large (100k+) properties** and in specific amounts per compliance period, only between 2030-2050.

RECs, VCCs and Alternative Compliance Credits (ACCs) may be applied to individual Covered Properties **or** to the aggregate Campus.

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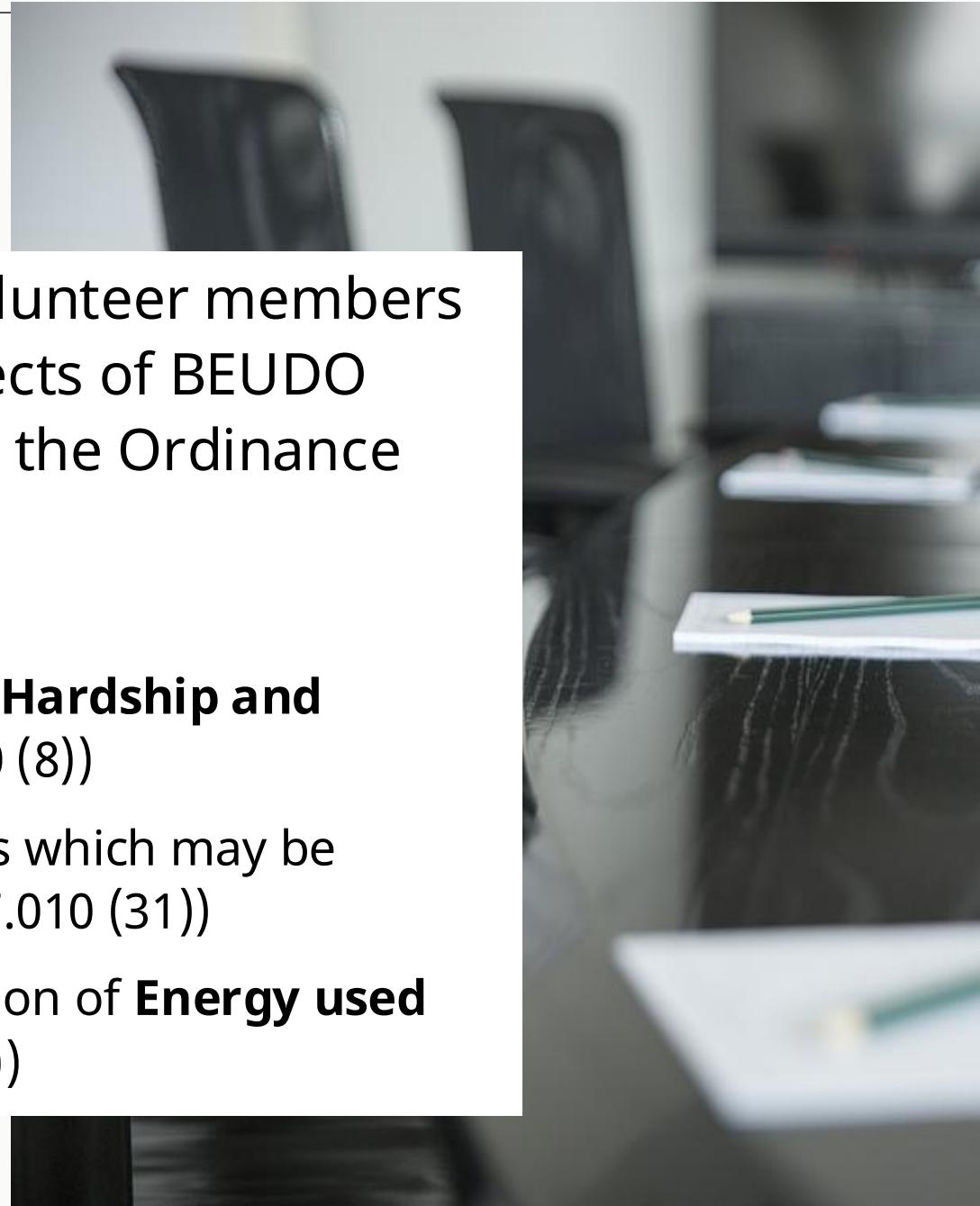
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- Campus Configuration
- **Review Board**
- Hardship and Deferral Plans
- Additional Updates

# Review Board

The BEUDO Review Board consists of nine volunteer members whose primary role is to oversee certain aspects of BEUDO implementation and compliance. Specifically, the Ordinance gives this Board authority to:

- Review and determine eligibility of applications for **Hardship and Deferral Compliance Plans** (8.67.010 (20), 8.67.100 (8))
- Approve the types and geographic limits of projects which may be considered to create **Verified Carbon Credits** (8.67.010 (31))
- Evaluate the appropriateness of continued exemption of **Energy used for Backup Generation** beyond 2030 (8.67.100 (11))



# Review Board Members

The Ordinance specifies the sectors which Board members must represent:

- two shall be members of a **climate advocacy organization**,
- two shall be representatives of the **real estate or business sectors**,
- and five shall be **technical experts** who understand the urgency of climate change

The initial set of Review Board members were approved by the City Council at their meeting on December 15, 2025.

More information on members, meetings and Review Board procedures will be posted on the BEUDO website.

# Review Board Regulations

## Terms

- Members will serve for 3-year terms
- Board members will elect a member as Chair in 2026 and every 3 years after that
- 5 members constitute a quorum

## Meetings

- The Review Board will meet at least monthly on a Wednesday at 4-6pm, beginning in March 2026
- All meetings will be remote and subject to open meeting law

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# Hardship and Deferral Compliance Plans

Covered Property Owners may request relief related to Emission Reduction Requirements through two types of alternate compliance plans:

- 1. Hardship Compliance Plans** – These plans may be structured to last 1-5 years in length and must demonstrate specific criteria outlined in the Regulations which cause undue hardship to the Owner.
- 2. Deferral Compliance Plans** – These plans offer an option to defer Emission Reduction requirements for up to 5 years, and then reduce future emissions enough to make up for the emissions that were not eliminated during the deferral period.

# Hardship Compliance Plans

One or more of the following criteria must be met and verified for a Covered Property Owner to apply to the Review Board for approval of a Hardship Plan (excerpted text below).

## Financial Distress:

1. Owner has **declared bankruptcy** for all or part of a Compliance Year.
2. The minimum cost of complying **exceeds the funds the Owner can access or raise**.
3. The owner is experiencing denial or delays in approvals, **through utility or other decarbonization incentive programs**, for compliance-related work.

## Ownership Structure Consisting of Individual Non-Residential Condominiums:

1. The Covered Property consists of **two or more Non-Residential Condominiums, with two or more separate Owners**, in such a way that it creates constraints in allocating energy use, scheduling, and/or completing significant compliance-related work.

# Hardship Compliance Plans (cont'd)

## Regulatory or Contractual Designation:

1. The owner has a **long-term, non-electricity energy contract** without reopeners for a significant portion of a Covered Property's energy demand.
2. The owner has a **long-term lease without reopeners**, signed prior to June 26, 2023, that explicitly prohibits any significant compliance-related work at a property.
3. The owner is experiencing **delays in delivery of renewable energy credits**, pursuant to an executed Power Purchase Agreement, caused by delays in initial commercial operation of the generating facility.

# Hardship Compliance Plans (cont'd)

## Regulatory or Contractual Designation (cont'd) :

4. The owner is experiencing delays in **electric system interconnection** or **adequate delivery of electricity** for reasons outside the Owner's control, provided that requests for interconnections were made in a timely manner.
  
5. The owner is experiencing **denial or delays in government permits or approvals** for significant compliance-related work, and the inability to receive such permits or approvals prevents the Owner from being able to afford the work.
  
6. The owner is **required to meet government regulations** or accreditation and certification standards affecting energy use, provided that any hardship arises from reducing Emissions of such Energy use.

# Hardship Compliance Plans (cont'd)

## Technical or Operational:

1. **Building and/or parcel space constraints** exist which prevent the Owner from completing necessary compliance-related work
2. The Covered Property has **high manufacturing process loads**, provided that any hardship arises from reducing Emissions from such Energy use.
3. The Covered Property is designated as a **Historical Property**, as defined in Chapter 2 of the IECC 2021, preventing completion of specific compliance-related work.

## Other unusual circumstances or characteristics, including:

1. Delays in significant compliance-related work due to a **natural disaster or declared state of emergency**.
2. Other documented circumstances and characteristics that the Review Board deems relevant on a case-by-case basis.

# Hardship Relief Available

1. An **alternative schedule** for complying with the Emissions Reduction Requirements in the Ordinance.
2. Exemption of **specified Energy use(s)** from specific processes or equipment, in whole or in part, from a Covered Property Owner's compliance obligations.
3. Allowance of an Alternative Baseline of **two consecutive years after 2018** that is otherwise not permitted by 8.67.100.
4. **Additional** compliance mechanisms that the Review Board determines are consistent with achieving Emission Reductions.

# Examples

- An Owner of a Covered Property >100,000csf has a **Financial Hardship**, claiming limited funds to complete needed work, and applies for a compliance schedule for Period 1 that requires less than a 20% reduction from the Baseline.
- A Covered Property was **largely unoccupied** during the Default Baseline years, and the Owner applies to use years 2022-2023 for the Baseline as they more accurately reflect the property's emissions.

# Applications

Owners must provide information supporting the requested Hardship:

- A brief narrative description of how the Owner has used, plans to use, and/or considered the use of **mechanisms** like RECs, Alternative Baselines, or ACPs, and the **maximum reductions** the Owner can make using these mechanisms.
- A description and documentation of the **existence and scope of the criteria(s)** chosen for the application.
- An evaluation (based on an energy audit or similar) of **opportunities, feasibility, costs, and available financial resources** for compliance-related work.
- The **type, scope and length of relief requested** as well as the **amount of emission reductions** that the Owner expects to achieve in each Hardship year.

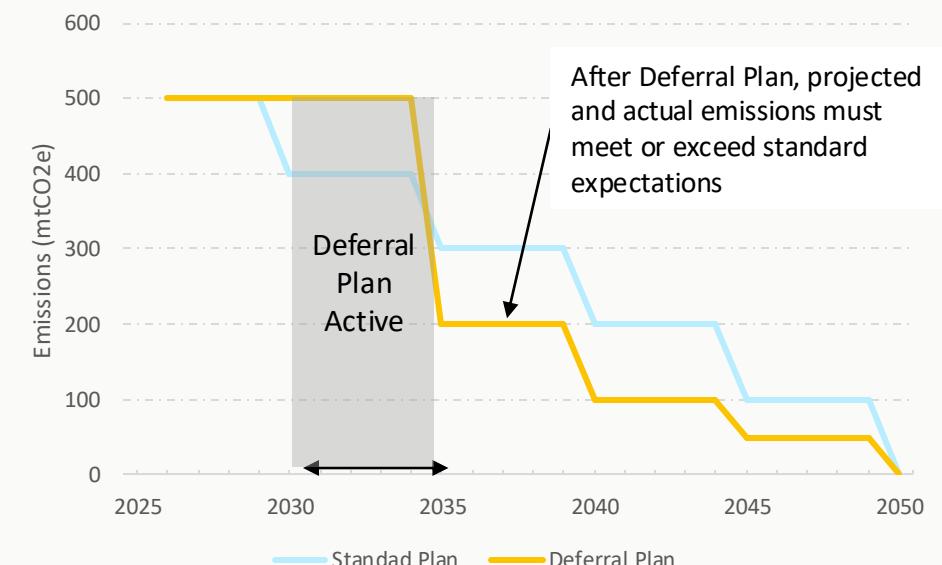
# Deferral Plans

- Deferral Plan applications do not have the requirement to choose and verify specific criteria, but the application must include **justification** for seeking deferral.
- A Covered Property Owner who has an approved Deferral Compliance Plan will be able to **temporarily reduce or (eliminate) the emissions reduction requirement** of their Covered Property for up to 5 years.
- The Covered Property's cumulative emissions, from the start of the plan through 2050, **may not exceed the total that would have resulted from the standard trajectory** for that Covered Property outlined in 8.67.100.

# Example

An Owner of a Covered Property Owner <100,000csf has **plans for a large renovation** to be completed in 2034. They submit a Deferral Plan requesting to defer all of their required reductions for 5 years (2030-2034).

The plan outlines the additional reductions to be made in future Compliance Period(s), to ensure that total emissions through 2050 do not exceed what they would have been with the standard trajectory.



Baseline: 500 mtCO2e

Total Emissions standard plan : 7000 mt CO2e

Total Emissions Deferral: 6250

# Applications

Owners must provide information supporting the Deferral they are requesting:

- A **narrative description of the reasons** that a deferral is being sought including a description of other planned work at the Covered Property which is expected to impact emissions.
- The **requested scope and length of deferral** requested, including a proposed schedule for completing the emission reduction activities by the end of the deferral period
- The amount of emissions reductions expected to be achieved each year through 2050.

# Hardship and Deferral Application Process

## When to Apply

- Applications can be submitted on a rolling basis
- To be used in the same year, the following deadlines apply:
  - Long term (3-5 years) Hardship applications – due July 1
  - Short term (1-2 years) Hardship applications – due October 1

## How to Apply

- Application process and guidance to be released in February

## Approvals

- Determinations are issued within 65 days of application

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# Additional Updates

- **Renewable Electricity** – Section VIII.B.ii updated to include **Tenant contracts** as approved REC procurement projects
- **Grid Comparison** – Section VIII.E.i.5 updated to specify that emissions from cogenerated electricity, which are compared to the grid for determination of REC allowance, will be calculated **using a Marginal emissions rate** which is scaled to account for the Massachusetts Renewable Portfolio Standard.
- **Multi-Use Buildings** – Section VII.B.iii.2 updated to clarify that a Covered Property approved as Multi-Use will reduce emissions of the Non-Residential portion using the timelines in 8.67.100, **based on the Non-Residential covered square footage** of the building.

# Next Steps

- Phase 3 Comment period closes January 23<sup>rd</sup>, final language to be released early February. Submit comments [here](#).
- **Property Configuration** and **Alternative Baseline selection** were due to the City December 31. Submit these forms as soon as possible, and formally request additional time if needed.
  - The BEUDO Helpdesk can answer many questions related to configuring your Covered Property or choosing your Baseline.  
Email [BEUDO@cambridgema.gov](mailto:BEUDO@cambridgema.gov)
  - Office Hours are now available for 1:1 support with City Staff to understand complex questions not addressed by Technical Guides (all on the [BEUDO website](#)).

# Thank you!

- Questions?