City of Cambridge
Executive Department

YI-AN HUANG
City Manager

CMA 2026-253
IN CITY COUNCIL
September 14, 2026

To the Honorable, the City Council:

Pursuant to M.G.L. c. 44, §53½ and Chapter 3.24 of the Cambridge Municipal Code ("Municipal Code"), I request that the City Council amend the City of Cambridge's Authorized Revolving Fund Ordinance to establish a new revolving fund for the Renewable Energy and Greenhouse Gas ("GHG") Reduction to serve the City's municipal energy use. The Law Department has prepared a proposed ordinance amendment and order for your consideration. This amendment would add Subsection C to Section 3.24.070 of the Municipal Code. A copy of Section 3.24.070 with this proposed new language is included with this correspondence.

Establishing this revolving fund is essential for the City to receive and pay funds associated with virtual Power Purchase Agreement (vPPAs) that the City has entered into in keeping with its Net Zero Action Plan objectives. In addition to potential vPPA revenue, the Municipal Revolving Fund will receive revenues from the sale of the City's Solar Renewable Energy Certificates (SRECs) and Renewable Energy Certificates (RECs) generated by our onsite photovoltaic (PV) systems. Revenues deposited into the Revolving Fund will serve as the primary source for vPPA payments, supplemented by other City-appropriated funds as needed.

For clarification, a REC represents the environmental attributes associated with one megawatt-hour (MWh) of renewable electricity generation. Massachusetts utilities and other electricity suppliers are required to purchase a certain number of RECs each year. SRECs, which apply specifically to eligible solar PV systems based on their construction date and other factors, command significantly higher market value than other RECs. The City's onsite systems that generate SRECs—located at the MLK, Jr. School, Main Library, Fletcher-Maynard Academy, Spring Street School and 859 Mass. Ave—produce certificates with high market value. These SRECs could potentially generate between $150,000 and $200,000 annually until the program sunsets in 2028.

Timely establishment of this revolving fund is critical, as the Bowman Wind project is now operational.

Given the timeliness of these activities, I therefore request that the City Council in this instance forgo the referral of this matter to the Ordinance Committee and instead move it directly to a second reading.

Very truly yours,

Yi-An Huang
City Manager

CITY OF CAMBRIDGE

In the Year Two Thousand and Twenty-Four

AN ORDINANCE

In amendment to the Ordinance entitled "Cambridge Municipal Code."

Be it ordained by the City Council of the City of Cambridge that the Municipal Code of the City of Cambridge be amended as follows:

Section 3.24.070, entitled "Authorized Revolving Funds" be amended by adding a subsection (C), entitled "Municipal Renewable Energy Fund," to read as follows:

C. Municipal Renewable Energy Fund

1. Fund Name. There shall be a separate fund called the "Municipal Renewable Energy Fund, (MREF)" for use by the Department of Public Works.

2. Definitions Applicable to this Subsection.

   a. "vPPA" shall mean virtual power purchase agreement, which is an agreement to acquire environmental attributes known as Renewable Energy Certificates (RECs) from a renewable energy project. vPPAs shall not include contracts for physical energy or contracts that impact conventional energy use or procurement. Instead, vPPAs shall consist of financially settled "contracts for differences," where a Buyer ensures the Seller a secure revenue stream from the sale of the project output necessary to support financing for the project, with the Buyer receiving the RECs and paying, or receiving, the net difference between the agreed vPPA price and the Wholesale Market Prices.

   b. "RECs" shall mean renewable energy certificates, each unit of which is a legal instrument that proves the bearer owns the environmental attributes of one megawatt-hour (MWh) of renewable electricity. RECs track and claim ownership of renewable energy generation, enabling individuals, organizations and businesses to support renewable energy and claim a reduction in their carbon footprint, even if they cannot generate their own green power. RECs are supported by several different levels of government, regional electricity transmission authorities, non-governmental organizations (NGO's), and trade associations.

   c. "vPPA contract" shall mean a Virtual Power Purchase Agreement (vPPA) contract the City of Cambridge has entered into or may enter into in the future to purchase a portion of the Environmental Attributes associated with the generation of renewable energy at a facility.

d. "Cash Positive" shall mean instances where the market electricity price exceeds the contract price and funds will flow from the Seller to the City. The funds will be deposited into the Municipal Renewable Energy Fund ("MREF") to be used for "Cash Negative" months.

e. "Cash Negative" shall mean instances where the market electricity price is below the contract price and funds will flow from the City to the Seller. In such instances, funds will first come from the MREF. If there are not sufficient funds in the MREF, the Public Works Department will use funds available in other accounts approved for this purpose.

f. "Renewable Energy" shall mean, as defined in General Laws Chapter 164, § 1, (i) resources whose common characteristic is that they are nondepletable, or are naturally replenishable but flow-limited; or (ii) existing or emerging non-fossil fuel energy sources or technologies, which have significant potential for commercialization in New England, and New York, and shall include the following: solar photovoltaic or solar thermal electric energy; wind energy; ocean thermal, wave, or tidal energy; geothermal; fuel cells; landfill gas; waste-to energy which is a component of conventional municipal solid waste plant technology in commercial use; naturally flowing water and hydroelectric; and low emission advanced biomass power conversion technologies using such fuels such as wood, by-products or waste from agricultural crops, food or animals, energy crops, biogas, liquid biofuel including but not limited to biodiesel, organic refuse-derived fuel, or algae; provided, however, that Renewable Energy supplies shall not include coal, oil, natural gas except when used in fuel cells, and nuclear power.

g. "Greenhouse Gas Mitigation" shall mean any investment or activity that measurably reduces or avoids greenhouse emissions.

3. **Revenues.** The City Treasurer shall establish the Municipal Renewable Energy Fund as a separate account of the City and credit to the fund all the revenues received from City of Cambridge virtual Power Purchase Agreement(s) established for the benefit of municipal operations, and revenue received from the sale or transfer of RECs from renewable energy systems created for the benefit of municipal operations.

4. **Purpose and Expenditures.** During the fiscal year, the department head of the Public Works Department or their designee within the department, as approved by the City Manager, will make payments from this fund on behalf of and for the benefit of the following municipal operations:

a. Monthly virtual Power Purchase Agreement payments if the market electricity price is below the contract price (cash negative).
b. Procurement of administrative/consultant/technical support for financial forecasting and potentially other administrative needs such as retiring RECs, or auditing settlements, etc.

c. Other renewable energy projects and greenhouse gas mitigation activities.

5. **Fiscal Years.** The Municipal Renewable Energy Fund shall operate for fiscal years that begin on or after July 1, 2026.

CLEAN VERSION – ***Final proposed text only, edits not shown***
Municipal Renewable Energy Revolving Fund

Amendments to Section 3.24.070 – Authorized Revolving Funds

Amend Section 3.24.070 to read as follows:

3.24.070 Authorized Revolving Funds.

C. Municipal Renewable Energy Fund

1. Fund Name. There shall be a separate fund called the "Municipal Renewable Energy Fund, (MREF)" for use by the Department of Public Works.

2. Definitions Applicable to this Subsection.

   a. "vPPA" shall mean virtual power purchase agreement, which is an agreement to acquire environmental attributes known as Renewable Energy Certificates (RECs) from a renewable energy project. vPPAs shall not include contracts for physical energy or contracts that impact conventional energy use or procurement. Instead, vPPAs shall consist of financially settled "contracts for differences," where a Buyer ensures the Seller a secure revenue stream from the sale of the project output necessary to support financing for the project, with the Buyer receiving the RECs and paying, or receiving, the net difference between the agreed vPPA price and the Wholesale Market Prices.

   b. "RECs" shall mean renewable energy certificates, each unit of which is a legal instrument that proves the bearer owns the environmental attributes of one megawatt-hour (MWh) of renewable electricity. RECs track and claim ownership of renewable energy generation, enabling individuals, organizations and businesses to support renewable energy and claim a reduction in their carbon footprint, even if they cannot generate their own green power. RECs are supported by several different levels of government, regional electricity transmission authorities, non-governmental organizations (NGO's), and trade associations.

   c. "vPPA contract" shall mean a Virtual Power Purchase Agreement (vPPA) contract the City of Cambridge has entered into or may enter into in the future to purchase a portion of the Environmental Attributes associated with the generation of renewable energy at a facility.

d. "Cash Positive" shall mean instances where the market electricity price exceeds the contract price and funds will flow from the Seller to the City. The funds will be deposited into the Municipal Renewable Energy Fund ("MREF") to be used for "Cash Negative" months.

e. "Cash Negative" shall mean instances where the market electricity price is below the contract price and funds will flow from the City to the Seller. In such instances, funds will first come from the MREF. If there are not sufficient funds in the MREF, the Public Works Department will use funds available in other accounts approved for this purpose.

f. "Renewable Energy" shall mean, as defined in General Laws Chapter 164, § 1, (i) resources whose common characteristic is that they are nondepletable, or are naturally replenishable but flow-limited; or (ii) existing or emerging non-fossil fuel energy sources or technologies, which have significant potential for commercialization in New England, and New York, and shall include the following: solar photovoltaic or solar thermal electric energy; wind energy; ocean thermal, wave, or tidal energy; geothermal; fuel cells; landfill gas; waste-to energy which is a component of conventional municipal solid waste plant technology in commercial use; naturally flowing water and hydroelectric; and low emission advanced biomass power conversion technologies using such fuels such as wood, by-products or waste from agricultural crops, food or animals, energy crops, biogas, liquid biofuel including but not limited to biodiesel, organic refuse-derived fuel, or algae; provided, however, that Renewable Energy supplies shall not include coal, oil, natural gas except when used in fuel cells, and nuclear power.

g. "Greenhouse Gas Mitigation" shall mean any investment or activity that measurably reduces or avoids greenhouse emissions.

3. **Revenues.** The City Treasurer shall establish the Municipal Renewable Energy Fund as a separate account of the City and credit to the fund all the revenues received from City of Cambridge virtual Power Purchase Agreement(s) established for the benefit of municipal operations, and revenue received from

the sale or transfer of RECs from renewable energy systems created for the benefit of municipal operations.

4. **Purpose and Expenditures.** During the fiscal year, the department head of the Public Works Department or their designee within the department, as approved by the City Manager, will make payments from this fund on behalf of and for the benefit of the following municipal operations:

   a. Monthly virtual Power Purchase Agreement payments if the market electricity price is below the contract price (cash negative).
   b. Procurement of administrative/consultant/technical support for financial forecasting and potentially other administrative needs such as retiring RECs, or auditing settlements, etc.

   c. Other renewable energy projects and greenhouse gas mitigation activities.

5. **Fiscal Years.** The Municipal Renewable Energy Fund shall operate for fiscal years that begin on or after July 1, 2026.

MARKUP VERSION – *Additions and revisions redlined,* ~~*deletions in strikethrough*~~
Municipal Renewable Energy Revolving Fund

Amendments to Section 3.24.070 – Authorized Revolving Funds

Amend Section 3.24.070 to read as follows:

3.24.070 Authorized Revolving Funds.

A. Municipal Aggregation Operational Adder Fund.

1. Fund Name. There shall be a separate fund called the "Municipal Aggregation Operational Adder Fund" for use by the Community Development Department.

2. Definitions Applicable to this Subsection.

   a. "Aggregation Plan" shall mean the Cambridge Municipal Electricity Aggregation Plan that was approved by the Massachusetts Department of Public Utilities on June 2, 2017, and as may be amended by the City and approved by the Massachusetts Department of Public Utilities from time to time.

   b. "Aggregation Program" shall mean the Cambridge Municipal Electricity Aggregation Program, which was established on June 2, 2017 by order of the Massachusetts Department of Public Utilities, and as may be amended by the City and approved by the Massachusetts Department of Public Utilities from time to time.

   c. "Operational Adder" shall mean a charge that the City may elect to include in the price paid by Cambridge ratepayers who participate in the Aggregation Program for electricity to fund the operational costs of the Aggregation Program and/or to support "Renewable Energy" (as defined, below) and/or "Greenhouse Gas Mitigation" (as defined, below) projects that create benefits for Cambridge ratepayers who participate in the Aggregation Program.

   d. "Renewable Energy" shall mean, as defined in General Laws Chapter 164, § 1, (i) resources whose common characteristic is that they are nondepletable or are naturally replenishable but flow-limited; or (ii) existing or emerging non-fossil fuel energy sources or technologies, which have significant potential for commercialization in New England and New York, and shall include the following: solar photovoltaic or solar thermal electric energy; wind energy; ocean thermal, wave, or tidal energy; geothermal; fuel cells; landfill gas; waste-to-energy which is a component of conventional municipal solid waste plant technology in commercial use; naturally flowing water and hydroelectric; and low emission advanced biomass power conversion technologies using such fuels such as wood, by-products or waste from agricultural crops, food or animals, energy crops, biogas, liquid biofuel including but not limited to biodiesel, organic refuse-derived fuel, or algae; provided, however, that Renewable Energy supplies shall not include coal, oil, natural gas except when used in fuel cells, and nuclear power.

e. "Greenhouse Gas Mitigation" shall mean any investment or activity that measurably reduces or avoids greenhouse emissions.

3. Revenues. Subject to certification by the City Auditor that the revenue source described in this paragraph was not used in computing the prior fiscal year's tax levy, the City Treasurer shall establish the Municipal Aggregation Operational Adder Fund as a separate account of the City and credit to this fund all Operational Adders that are assessed to electricity ratepayers in Cambridge who participate in the Aggregation Program and are received by the City Treasurer.

4. Purpose and Expenditures. During each fiscal year, the department head of the Community Development Department or his/her designee within the Community Development Department may, as approved by the City Manager, incur liabilities against and spend monies from the Municipal Aggregation Operational Adder Fund in accordance with the Aggregation Plan.

   Salaries and wages of employees shall be paid from the annual budget appropriation of the Community Development Department and shall not be paid from this revolving fund.

5. Fiscal Years. The Municipal Aggregation Operational Adder Fund shall operate for fiscal years that begin on or after July 1, 2019.

B. Fresh Pond Golf Course Pro Shop Fund.

1. Fund Name. There shall be a separate fund called the "Fresh Pond Golf Course Pro Shop Fund" for use by the Department of Human Service Programs (DHSP), Recreation Department.

2. Revenues. The City Auditor shall establish the Fresh Pond Golf Course Pro Shop Fund as a separate account and credit to the fund all monies received by the Fresh Pond Golf Course Pro Shop from the sale and rent of golf supplies.

3. Purpose and Expenditures. During each fiscal year, the Assistant City Manager for Human Services or his/her designee within DHSP may, as approved by the City Manager, incur liabilities against and spend monies from the Fresh Pond Golf Course Pro Shop Fund as needed to purchase golf supplies for the Fresh Pond Golf Course Pro Shop as required for its operation.

   Salaries and wages of employees shall be paid from the annual budget appropriation of DHSP and shall not be paid from this revolving fund.

4. Fiscal Years. The Fresh Pond Golf Course Pro Shop Fund shall operate for fiscal years that begin on or after July 1, 2023.

C. Municipal Renewable Energy Fund

1. Fund Name. There shall be a separate fund called the "Municipal Renewable Energy Fund, (MREF)" for use by the Department of Public Works.

2. Definitions Applicable to this Subsection.

    a. "vPPA" shall mean virtual power purchase agreement, which is an agreement to acquire environmental attributes known as Renewable Energy Certificates (RECs) from a renewable energy project. vPPAs shall not include contracts for physical energy or contracts that impact conventional energy use or procurement. Instead, vPPAs shall consist of financially settled "contracts for differences," where a Buyer ensures the Seller a secure revenue stream from the sale of the project output necessary to support financing for the project, with the Buyer receiving the RECs and paying, or receiving, the net difference between the agreed vPPA price and the Wholesale Market Prices.

    b. "RECs" shall mean renewable energy certificates, each unit of which is a legal instrument that proves the bearer owns the environmental attributes of one megawatt-hour (MWh) of renewable electricity. RECs track and claim ownership of renewable energy generation, enabling individuals, organizations and businesses to support renewable energy and claim a reduction in their carbon footprint, even if they cannot generate their own green power. RECs are supported by several different levels of government, regional electricity transmission authorities, non-governmental organizations (NGO's), and trade associations.

    c. "vPPA contract" shall mean a Virtual Power Purchase Agreement (vPPA) contract the City of Cambridge has entered into or may enter into in the future to purchase a portion of the Environmental Attributes associated with the generation of renewable energy at a facility.

    d. "Cash Positive" shall mean instances where the market electricity price exceeds the contract price and funds will flow from the Seller to the City. The funds will be deposited into the Municipal Renewable Energy Fund ("MREF") to be used for "Cash Negative" months.

    e. "Cash Negative" shall mean instances where the market electricity price is below the contract price and funds will flow from the City to the Seller. In such instances, funds will first come from the MREF. If there are not sufficient funds in the MREF, the Public Works Department will use funds available in other accounts approved for this purpose.

f. “Renewable Energy” shall mean, as defined in General Laws Chapter 164, § 1, (i) resources whose common characteristic is that they are nondepletable, or are naturally replenishable but flow-limited; or (ii) existing or emerging non-fossil fuel energy sources or technologies, which have significant potential for commercialization in New England, and New York, and shall include the following: solar photovoltaic or solar thermal electric energy; wind energy; ocean thermal, wave, or tidal energy; geothermal; fuel cells; landfill gas; waste-to energy which is a component of conventional municipal solid waste plant technology in commercial use; naturally flowing water and hydroelectric; and low emission advanced biomass power conversion technologies using such fuels such as wood, by-products or waste from agricultural crops, food or animals, energy crops, biogas, liquid biofuel including but not limited to biodiesel, organic refuse-derived fuel, or algae; provided, however, that Renewable Energy supplies shall not include coal, oil, natural gas except when used in fuel cells, and nuclear power.

g. “Greenhouse Gas Mitigation” shall mean any investment or activity that measurably reduces or avoids greenhouse emissions.

3. **Revenues.** The City Treasurer shall establish the Municipal Renewable Energy Fund as a separate account of the City and credit to the fund all the revenues received from City of Cambridge virtual Power Purchase Agreement(s) established for the benefit of municipal operations, and revenue received from the sale or transfer of RECs from renewable energy systems created for the benefit of municipal operations.

4. **Purpose and Expenditures.** During the fiscal year, the department head of the Public Works Department or their designee within the department, as approved by the City Manager, will make payments from this fund on behalf of and for the benefit of the following municipal operations:

    a. Monthly virtual Power Purchase Agreement payments if the market electricity price is below the contract price (cash negative).

b. Procurement of administrative/consultant/technical support for financial forecasting and potentially other administrative needs such as retiring RECs, or auditing settlements, etc.

c. Other renewable energy projects and greenhouse gas mitigation activities.

5. **Fiscal Years.** The Municipal Renewable Energy Fund shall operate for fiscal years that begin on or after July 1, 2026.