



California Building Performance Standards Peer Learning Collaborative (CalBPS PLC)

Model Ordinance: Draft #1

Overview

December 2025

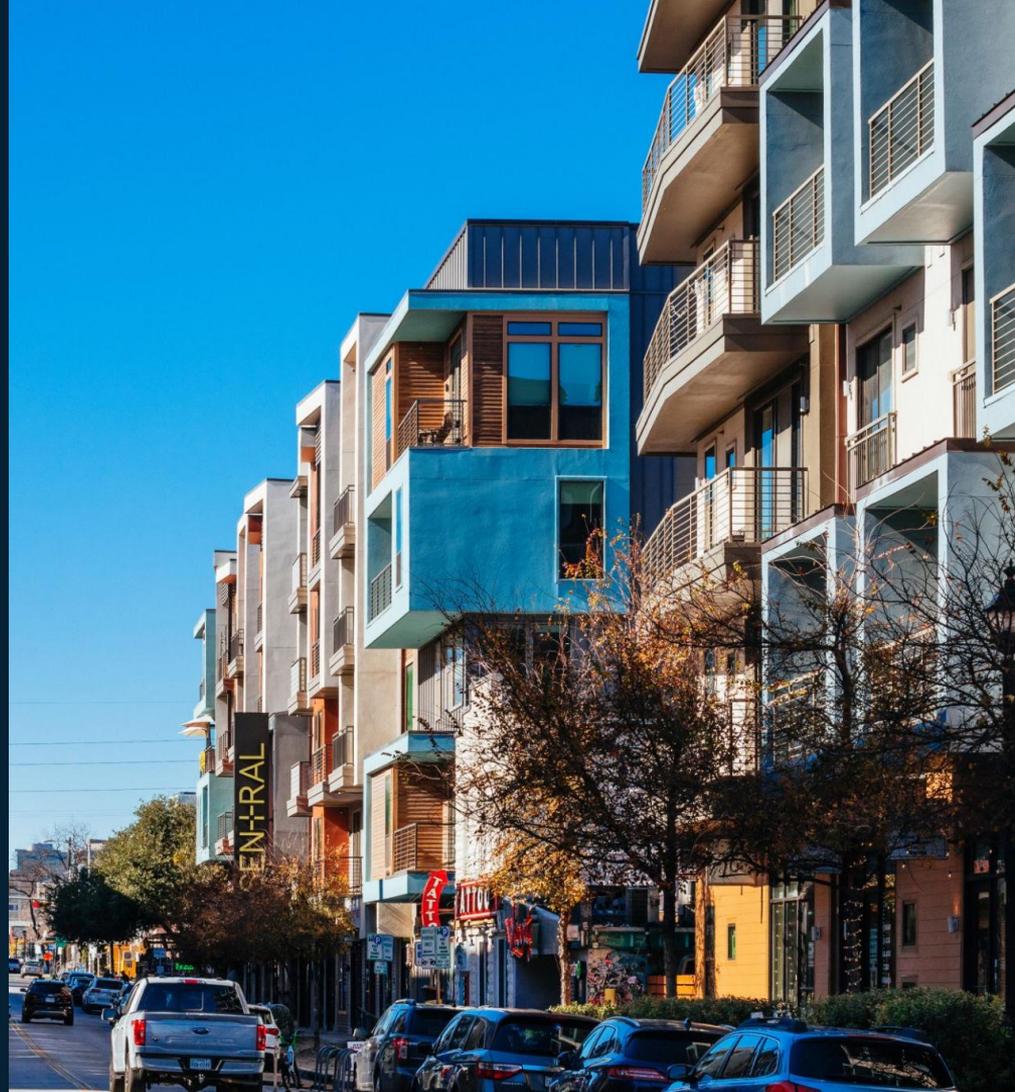




OUTLINE

- Introduction to Building Performance Standards
- Background on the model ordinance
- The Model Ordinance, Explained:
 - Covered Buildings
 - Benchmarking & Disclosure
 - Final and Interim Performance Standards
 - Temporary Exemptions & Flexibility Options
 - Individual Trajectory Option
 - Short-Term Extensions
 - Custom Compliance Pathways, Affordable Housing, and Portfolios
 - Alternative Compliance Payments and Non-Compliance Penalties
 - Building Performance Fund
 - Condos & Co-ops
 - Policy Implementation Phases (Example)

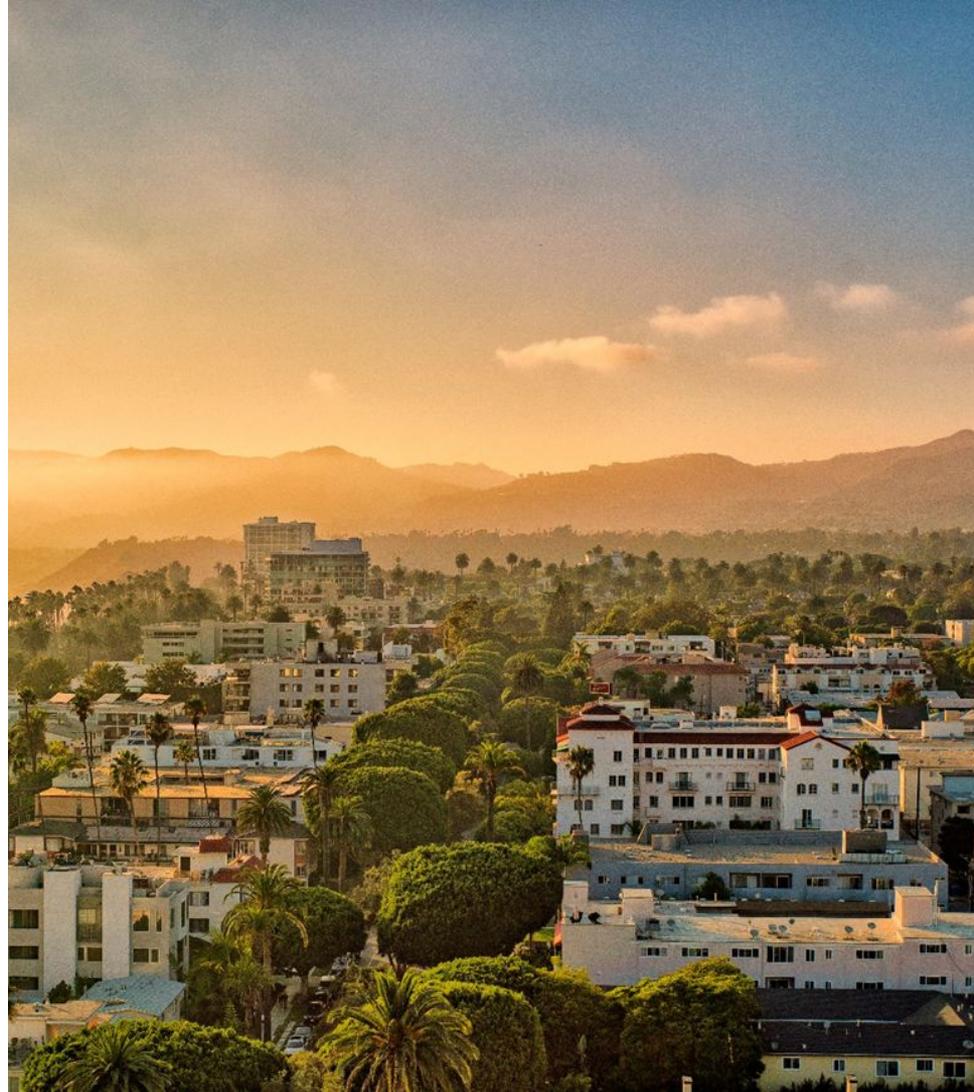
Introduction to Building Performance Standards



Building Performance Standards (BPS)

Building Performance Standards are policies that require existing large buildings (~20k+ sq. ft.) to reduce their energy usage and/or GHG emissions over time (15+ years).

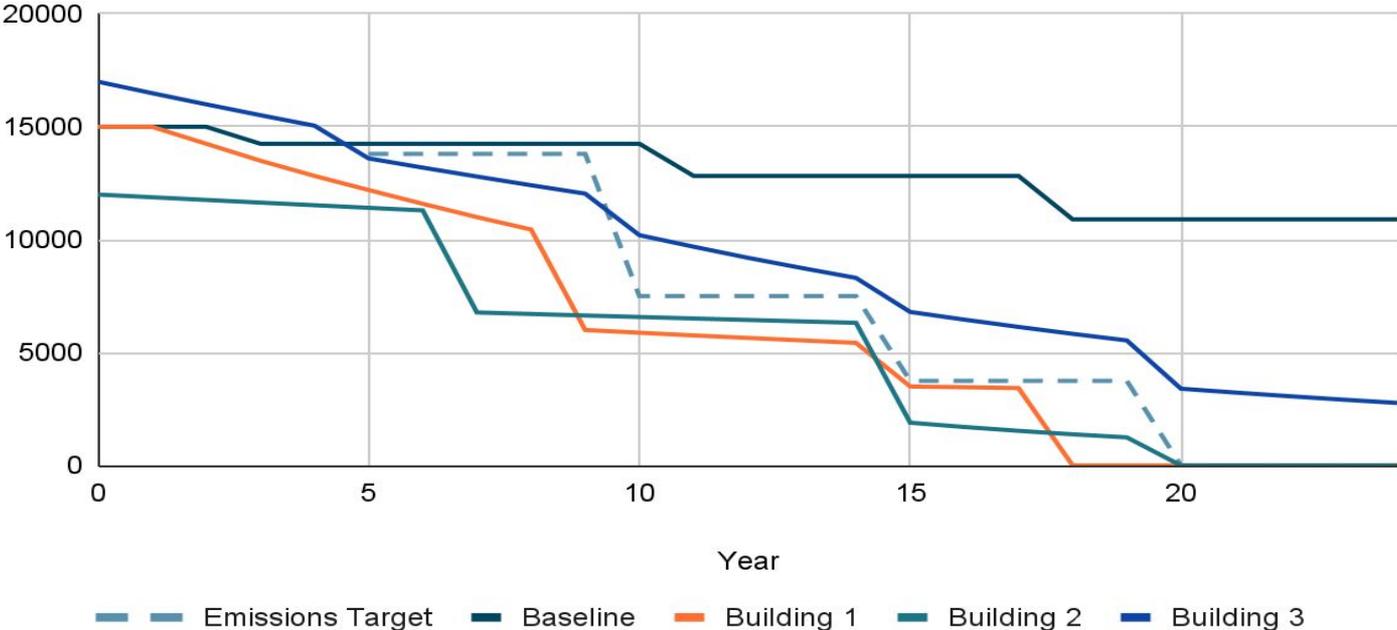
They combine the clarity of long-term targets with flexible compliance pathways, making them one of the most cost-effective ways to meet our climate goals.



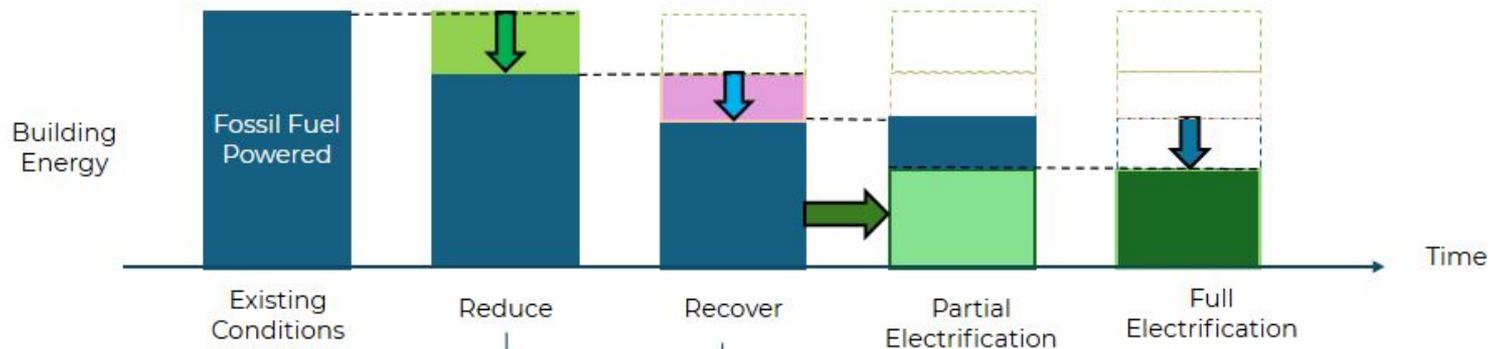
Comparing Decarbonization Scenarios

Under a BPS, property owners plan for initial, interim, and final emission targets and develop a plan for decarbonization (as an alternative to a baseline status quo) that takes into account their building's specific physical and financial situation.

Carbon Emissions Per Year



Applying Resource Efficient Decarbonization



Reduce Energy Load

- Building Envelope Improvements
- Control Optimization
- Ventilation Improvements
- Dedicated Outside Air System
- Hydronic Distribution
- Lower Heating Supply Temp.
- Terminal Units Replacement

Recover Wasted Heat

- Waterside Heat Recovery
- Airside Heat Recovery
- Wastewater Heat Recovery
- Thermal Energy Networks

Partial Electrification

Replace fossil fuel inputs and prioritize the techno-economic portion of load

- Air Source Heat Pumps
- Water Source Heat Pumps
- Geothermal
- Thermal Layering

Full Electrification

In-time, replace or remove the remaining peak load equipment

- Heat Pumps
- Thermal Storage
- District Thermal Network
- Grid-interactivity

Model BPS Ordinance Background



Peer Learning Collaborative

The California BPS Peer Learning Collaborative (CalBPS PLC) was launched in 2024 to bring together cities and counties considering BPS policies or simply interested in learning more about them, and other stakeholders.

Approximately 20 members of the PLC met separately starting in July 2025 to develop a model BPS ordinance for local California jurisdictions.

Photo by [Tyrel Johnson](#) on [Unsplash](#)



Model Ordinance Background & Overview

The CalBPS model BPS ordinance is based on IMT's model BPS ordinance, which was released in 2021, and incorporates experience gained from jurisdictions across the country that have adopted BPS policies and the priorities of California jurisdictions that participated in its development.

This model ordinance has two parts:

- (1) Annual benchmarking requirements starting in year 1, and
- (2) performance targets that increase in stringency and are enforced every year after an initial benchmarking-only period.

This model ordinance currently exists only as a slide presentation explaining the key features. Ordinance language is planned for Draft #2.

Model Ordinance Goals

1. Create a common base for an effective policy that works for California jurisdictions with lots of large buildings and those with mostly smaller buildings.
2. Set realistic short-term targets while maintaining long-term ambition to reduce buildings' contribution to climate change.
3. Keep in mind equity & affordability for building owners, including owners of vintage buildings.
4. Build in flexible compliance mechanisms to reward good-faith efforts.
5. Reduce jurisdictions' implementation costs and building owners' administrative burden.
6. Align with other jurisdictions and the state.
7. Align with best practices to avoid thorny implementation challenges.

Model Ordinance Timeline

1. Model Ordinance – Draft #1 Development
July – December: BPS model ordinance development work
2. Share & Collect Feedback
Mid December: Release draft to PLC and other stakeholders
December/January: CEC's draft report to be released
February: IMT Alternative Compliance Pathways report expected
3. Model Ordinance – Draft #2 Development
February – May: Review stakeholder feedback, consider compatibility with draft state strategy and IMT ACP proposal, and develop Draft #2

Share Feedback & Learn More

Your comments, questions, or suggestions regarding this draft of the model ordinance are incredibly valuable as we move into phase two of the project.

Please use this form to submit feedback:

<https://form.jotform.com/usgbcca/bps-model-ordinance-feedback>



The CalBPS Model Ordinance, Explained



Some Definitions

MILESTONE YEAR means the year for which an interim or final performance standard is first effective for covered properties of any size or property type.

MILESTONE PERIOD refers to the years in which the interim or final performance standard is in effect.

CALENDAR YEAR DATA: Benchmarking and performance against targets are based on data from January 1 to December 31 of the prior year.

REPORTING SEASON refers to the year or time period for benchmarking the prior year's CALENDAR YEAR DATA. For example, if the reporting deadline is June 1, 2026 CALENDAR YEAR DATA should be submitted between January 1, 2027 and June 1, 2027, during the 2027 REPORTING SEASON.

PROPERTY OWNER means the individual or entity responsible for ensuring compliance with benchmarking and building performance standards for the property. In general, "Property" is used rather than "Building" because some covered properties include multiple structures that share a single meter.

Covered Properties

The BPS policy is meant to apply to large properties that make up a disproportionate portion of the jurisdiction's greenhouse gas emissions and have the ability to reduce emissions by electrification of core building systems, such as space heating and water heating. These properties typically have the conditions in place to plan around (and benefit from) the long-term targets offered by BPS. The local BPS policy should include all properties covered by California's [AB 802 benchmarking requirements](#), with a lower size threshold and potentially other expansions.

Covered Buildings

- The Benchmarking and Building Performance Standards policy will cover properties with [20,000] ft² or more of gross floor area as defined for AB 802. Exceptions include:
 - Buildings owned by state & federal governments, manufacturing/industrial buildings, and scientific labs requiring a controlled environment.
 - Residential condos and co-ops, at the discretion of the jurisdiction.
- Campuses: For the purposes of this ordinance, contiguous or adjoining properties with multiple buildings and a shared owner can be considered one property for performance target compliance.
- Portfolios: Non-contiguous properties with multiple buildings and single ownership can request to be combined for performance target compliance. This is covered in more detail later on.
- A covered properties list will be maintained by the jurisdiction.
- Certain properties can be granted temporary exemptions. This is covered in more detail later on.

Benchmarking and Disclosure

Benchmarking means to input and submit the total energy consumption and related metrics for a property for the previous calendar year. Benchmarking is a foundational element of Building Performance Standards. The covered properties list, along with the compliance status and key metrics for each property, will be made public by the jurisdiction starting in the second year of the policy.

Metrics, Benchmarking, Disclosure and Third-Party Verification

1. Covered properties will need to report (benchmark) annually by [June 1] property type and use information, water and energy consumption data, and related metrics (as defined by the jurisdiction) using ENERGY STAR Performance Manager (or other benchmarking tool approved by the jurisdiction).
2. Compliance status and performance data will be made public by the jurisdiction.
3. Third party verification of benchmarking data is required during the first Reporting Season and for Calendar Year Data of all Milestone Years (the year a new performance target goes into effect).
4. Third party verification is also required for the Calendar Year Data following any year in which the building fails to meet its performance targets.
5. The Jurisdiction has the right to audit benchmarking data.
6. Benchmarking granularity: Properties with multiple buildings and a shared meter should report performance as a single property. Otherwise, buildings should be benchmarked individually. Properties considered campuses or portfolios for performance-compliance purposes should still benchmark each building (or set of buildings) with its own meters individually.

Final Performance Targets

The ordinance is designed to encourage efficient electrification by requiring properties to eliminate greenhouse gas emissions produced on the property and to achieve a reasonable level of energy efficiency.

Greenhouse gas emissions produced during grid-side electricity generation are not considered, in part because California already has policy in place to shift 100% of electricity to clean sources. Site-based metrics were also chosen because they are more within the building owner's control.

Final Performance Targets

- Covered properties will need to demonstrate compliance with final targets (to be set at the Property Type level by the jurisdiction during rulemaking) by [2045] and every year after for the following metrics:
 - Onsite and District Thermal Energy Greenhouse Gas Intensity (Onsite GHGI)
 - kBTU per ft² for Normalized Site Energy Use Intensity (Site EUI).
- Both metrics to be required, with final Onsite GHGI set at or close to 0 based on feasibility by Property Type and Site EUI to be set at a relatively higher level, with the goal of improving efficiency in the most wasteful buildings and disincentivizing inefficient electrification, rather than requiring high efficiency.
- Properties may use an individual GHGI factor for District Thermal Energy if available, otherwise a default identified by the jurisdiction.
- Mixed-use properties will use blended targets based proportionally on property type by GFA.

Interim Performance Targets

For the first five years of the policy, building owners will not be required to hit a performance target. For some building types, this pre-performance target period will be longer, as the jurisdiction phases targets in for all buildings. This is meant to give building owners time to plan and undertake actions to reduce emissions / improve efficiency.

After this initial pre-performance target period, interim performance targets will kick in. The first “milestone year” is the first year that a property’s performance will be compared to interim targets. These targets will be enforced every year moving forward. The first interim targets will be designed to be relatively easy to achieve, and increase in stringency over time on a five year cycle toward the final targets.

Interim Performance Targets

1. Interim targets for both metrics will be set for all milestone years (the year a new target goes into effect) during rulemaking using a fixed-limit approach, and made publicly available within one year of adoption.
2. Interim targets will be based on the property type and normalization factors. The interim targets will be designed to increase in stringency toward the final targets.
3. Milestone years will start at least [5] years after passage of the Building Performance Standards law and be set [5] years apart. Properties may be grouped into tiers with different milestone years by property size and/or type. (See Illustration of Phased Implementation example on slide 30.)
4. Continuous Enforcement. Beginning with the first milestone year, calendar year data (as reported during the following year’s reporting season) must show compliance with interim performance targets. (Properties in compliance must not backslide out of compliance in following years.)

Note that property owners may apply for an alternative compliance option, as described in later slides.



Temporary Exemptions & Other Flexibility

The Interim Performance Targets described in the previous slide represent the standard compliance pathway. There are many circumstances that may make the standard compliance pathway a bad fit for certain properties. In acknowledgment of this reality and in order to reward property owners who make a good faith effort to meet the requirements of this policy, a number of temporary exemptions, time extensions, and target modification options are available.

This flexibility must be balanced with administrative burden for the jurisdiction enforcing the policy. IMT is in the process of proposing a more consistent Alternative Compliance Pathways framework, so the elements explained over the next few slides are likely to shift based on that report (planned for release in early 2026).

Temporary Exemptions

Properties facing financial distress or hardship, currently slated for demolition, or with less than 50% occupancy in the prior year can be granted a temporary exemption from meeting performance standards. Must be demonstrated annually.

Other Flexibility Options explained in forthcoming slides:

Individual Trajectory Option; Short-Term Extension Option; Long-Term Extension Option for Regulated Affordable Housing; Portfolio Option; Custom Alternative Compliance Option

Individual Trajectory Option

As an alternative to the interim performance targets for properties that have significant improvements to make, an Individual Trajectory Option is available, which allows them to be compliant based on a [20%] improvement in the relevant metric over a five year period. This option requires significant but more achievable performance improvements for these properties.

This option is dependent on good baseline data, so is only available to properties that are able to provide third-party verified benchmarking for the baseline year. Baselines are described in more detail on the following slide.

Individual Trajectory Option

For either or both performance metrics, properties may be considered compliant if they show a reduction of [20]% from an approved baseline year in the first milestone period. In subsequent cycles,

- a. EUI decrease of [20]% over a [five] year period
- b. GHGI reduction target will be increased proportionally in each milestone year (e.g. [40]% from original baseline in second milestone).

Baseline Years

As mentioned, the Individual Trajectory Option is dependent on good baseline data. The default baseline is the first year of benchmarking under the policy. In order to provide flexibility and reward properties that have made improvements prior to adoption of the policy, the property owner has the option to choose their own alternative baseline year within an available range.

Establishing a Baseline

1. **Default Baseline:** The baseline year will be the first calendar year data of benchmarking under the policy. For example, if the policy is adopted in 2026 and the first benchmarking reporting season is in 2026, the baseline would be 2025. If the first benchmarking reporting season is in 2027, then the default baseline would be 2026.
2. **Alternative Baseline:** Property owners may choose any year between five years prior to the policy's adoption and the first year of benchmarking under the policy for which a 3rd party has verified the data as their baseline year.
3. If verified benchmarking data is not available, the Individual Trajectory Option will not be available for that property. (Note that third-party verification is required for the first year, so a Baseline should be available to buildings that consistently comply with the policy.)

Short-Term Extensions

In order to reward good-faith efforts, a short-term extension of interim performance targets of up to two years may be granted at the discretion of the jurisdiction. Examples of circumstances that would merit a short term extension include:

- Retrofit delay due to delayed utility electrical capacity upgrade
- Large system end-of-service replacement planned within two years

The initial five-year period in which no performance targets are required to be met is meant to give property owners time to plan and undertake necessary steps to improve the property's performance to meet the performance targets on schedule. A property owner who has neglected to use this time period to attempt to improve their property's performance should not be granted an extension.

Short-Term Extension Option

1. At the discretion of the Department, a property that demonstrates challenges with compliance despite a good-faith effort may be granted an extension of up to 2 years with the interim performance target.
2. The property must commit to not install any new combustion equipment with over [X kBTU] of annual fuel use during this period.

Custom Alternative Compliance Plans

One of the main benefits of a BPS policy is that it gives property owners long-term performance targets and many years with which to comply with them, allowing them to build compliance into their planning and financing timelines. Ideally, they can plan ahead in order to have everything in place to replace large polluting systems, such as a central gas boiler, at the end of their expected service life with efficient non-polluting alternatives. This can reduce the incremental cost of building improvements that comply with the BPS policy.

This kind of strategic building decarbonization planning should be encouraged. Because the timelines identified in this process may differ somewhat from the timelines in the BPS, a property owner may propose their own alternative interim targets and timeframe. This compliance pathway can require significant time from the jurisdiction and therefore significant responsibility is also placed on the owner.

Custom Compliance Pathway

1. Custom Alternative Compliance Plan. With approval from the jurisdiction, a custom compliance plan, also known as a Building Performance Action Plan, may be granted.
2. The plan may change interim targets and years but may not change the final performance target or year.
3. Property must submit a decarbonization plan along with their application for this option and report annual progress.

Longer Extensions for Affordable Housing

Regulated Affordable Housing typically has a 15-year financing cycle which can make it hard to access financing for energy efficiency and electrification retrofits on a shorter timeframe. In order to address this challenge, the model ordinance allows affordable housing owners with this restriction to develop a custom compliance plan that includes performance target delays of up to 15 years.

Because of how long this window is, it is critical that the custom compliance plan application is submitted within the first cycle, and includes proper long-term planning.

Regulated Affordable Housing Compliance Pathway

1. Affordable Housing. For regulated affordable housing properties (to be defined), the custom compliance method explained on the prior slide may be extended to accommodate a refinancing cycle of up to 15 years.
2. Affordable Housing providers making use of this provision must apply for it prior to the first milestone year.
3. The plan may change interim targets and years but may not change the final performance target or year.
4. Property must submit a decarbonization plan along with their application for this option and report annual progress.

Portfolios

Property owners with multiple covered properties may prefer to centralize planning and compliance. This would allow them to exceed performance in some buildings, while falling short in others, as long as the average performance exceeds the performance targets. This option can be a useful pathway for government, higher education, non-profits, and hospitals. It will also be open to for-profit real estate companies.

In order to avoid exacerbating uneven investment in different areas of the jurisdiction, property owners must apply for a Portfolio compliance pathway. A process must be developed to review these applications, verifying ownership and applying equity guardrails.

Portfolio Compliance Pathway

1. Portfolios. A compliance option that allows for multiple covered properties within a single ownership to be combined for performance target purposes, shall be developed in rule-making. This option shall require approval by a review board and include equity guardrails, to be developed.
2. All buildings with a portfolio must have the same ownership, with identical title of ownership.
3. Within approved portfolios, benchmarking should be done at the building level, except where buildings share a utility meter.

Alternative Compliance Payments

For any year that the property fails to meet its performance target and is not in compliance with an approved alternative compliance pathway, the owner will need to make an alternative compliance payment. The alternative compliance payment is not considered a penalty. This option is available for interim performance targets because in some cases the purchase of a credit can be preferable to a penalty for property owners, but sunsets once final performance targets start.

The payment can be made by purchasing compliance credits from the jurisdiction. Compliance credits count toward both performance targets, so the cost of credits will be calculated as the maximum of the two targets. If the property owner fails to purchase enough compliance credits to cover their under-performance, they will be assessed a non-compliance fee.

Alternative Compliance Payments

1. Alternative Compliance Payment. A property owner may purchase compliance credits for [100%] of the difference between their performance and the performance target to be calculated as the greater of (A) the social cost of carbon multiplied by the number of tons of CO₂e the property exceeded the Onsite GHGI target divided by 5 and (B) [[\\$0.xx](#) / kBTU] multiplied by the property's kBTU over the Site EUI performance target.
2. To provide clarity and predictability for property owners, the social cost of carbon shall be defined by the jurisdiction and include predetermined annual inflation adjustments.
3. The option to use Alternative Compliance Payments will sunset with the start of the Final Milestone Period.
4. Alternative Compliance Payments represent compliance with both performance targets.

Non-Compliance Payments

In order to incentivize compliance with benchmarking and building performance standards, a penalty will be assessed in the form of a non-compliance fee. For benchmarking, this fee will be assessed daily. The jurisdiction also has the option to place a lien on a property that refuses to provide benchmarking reporting. The jurisdiction should make sure non-compliance fees are within what penalties are allowed under local law. Jurisdictions should also work with property owners to help them comply, allow some leeway with missed deadlines, and forgive non-compliance fees where appropriate.

For performance targets, the non-compliance fee will be based on the extent of the missed target. It will be calculated the same way as the alternative compliance credit.

Non-Compliance Fees

1. Failure to comply with annual benchmarking requirements may result in fines of up to [\$X,XXX] per day, and a lien on the property.
2. Non-compliance fees for missing reporting data may be waived if a property owner becomes compliant within [90] days after the deadline.
3. Failure to demonstrate compliance with performance targets (through performance, an approved alternative compliance pathway, or purchase of compliance credits as described on the previous slide) will result in a fine calculated as the greater of (A) the social cost of carbon as defined by the jurisdiction multiplied by the number of tons of CO₂e the property exceeded the Onsite GHGI target divided by 5 and (B) [\$0.xx / kBTU] multiplied by the property's kBTU over the Site EUI performance target

Building Performance Fund

To the extent possible, revenue from alternative compliance payments and non-compliance fees should be “recycled” into supporting property owners improve the performance of covered buildings. This will build trust in the policy and provide funding for under-resourced buildings.

The funds can be used for technical support, development of strategic building decarbonization plans, programs to lower the cost of financing, rebates for efficient non-emitting equipment, or other incentives.

Jurisdictions should set a floor for what portion of funds should go to under-resourced properties, which could include regulated and naturally-occurring affordable housing, and location-based definitions of disadvantaged communities (such as CalEnviroScreen).

Alternative Compliance Payments

1. Funds collected from Alternative Compliance Payments and non-compliance fees shall be put into a fund to support compliance by covered properties.
2. This fund can be used to pay for technical support (including staff time where appropriate), rebates or other programs to support compliance of covered properties, at the discretion of the Department.
3. At least [50%] of this fund shall go to under-resourced properties, to be defined.

Condos & Co-Ops

Condominiums and Cooperatives are challenging due to their ownership structure. The state of California excludes condos from benchmarking requirements, and many jurisdictions are likely to decide to exclude condos from their BPS policies. However, in some jurisdictions, large condominiums are common and make up a high proportion of emissions from the jurisdiction's buildings. For these jurisdictions, we have included the option within the model ordinance to include these buildings.

To reduce administrative burden, it is recommended to set a higher square footage threshold for these buildings. Jurisdictions may also want to allow these properties more time to comply and/or set different performance targets.

For simplicity, both condos and the less common co-ops are grouped together here.

(Optional) Covered Buildings: Condos and Co-Ops

1. The Benchmarking and Building Performance Standards policy will cover residential condominiums and cooperatives with [50,000] ft² or more of gross floor area as defined for AB 802.
2. Condo Properties without either centralized HVAC or water heating are excluded from the policy.

Illustration of Phased Implementation



Key

First Benchmarking Year

BPS First Milestone Year

BPS Second Milestone Year

First Performance Standard In Effect

Second Performance Standard In Effect

Share Feedback & Learn More

Your comments, questions, or suggestions regarding this draft of the model ordinance are incredibly valuable as we move into phase two of the project.

Please use this form to submit feedback:

<https://form.jotform.com/usgbcca/bps-model-ordinance-feedback>

