



Consent Item 8

TO: East Bay Community Energy Board of Directors

FROM: Helen Mejia, Building Electrification Program Analyst

SUBJECT: Additional Funding to The Energy Council (“Stopwaste”) to Administer the Bay Area Regional Heat Pump Water Heater Contractor Incentive Program

DATE: April 19, 2023

Recommendation

Adopt a Resolution to increase funds to the Bay Area Regional Heat Pump Water Heater Contractor Incentive Program for administration of the program and incentives for heat pump water heater installations in EBCE’s service area by an additional \$300,000, for a total amount not to exceed \$660,000.

Background and Discussion

To support the developing market for building electrification, EBCE is a participating agency in a regional cooperative agreement with The Energy Council (“StopWaste”) and other participating agencies including local energy providers and public agencies to provide a \$1,000 incentive to contractors per heat pump water heater installed in their respective service territory. EBCE has been a partner in this program since April 2020, and the CEO approved contributing up to \$300,000 to the program. In November 2022, the CEO approved contributing up to an additional \$60,000 to the program.

Heat Pump Water Heaters (HPWH) provide high-efficiency water heating powered by electricity, which in the Bay Area is now cleaner than natural gas in terms of greenhouse gas emissions. HPWHs can also provide thermal storage, allowing electricity to be used only during low-emission and low-cost times of day and have the potential to reduce demand during peak periods.

Incentives for installation of HPWHs in residential buildings are necessary because the market for HPWHs in the San Francisco Bay Area is still developing and multiple barriers make HPWH installations uncommon. Incentives will bring attention to this

high-efficiency product, bring down the upfront costs of the equipment and installation, provide increased demand for contractors, and help home-owners to make the choice to install a HPWH more economical.

Staff is recommending adding funding for an additional \$300,000 to continue bringing down costs for customers who are looking to transition from gas or electric resistance water heaters to heat pump water heaters.

The primary goal of this EBCE-led initiative is to support contractors in deployment of a relatively new technology for residents and promote early adoption of HPWHs in EBCE's service area, where the market penetration for HPWHs is still low. This program also leverages other regional efforts to adopt HPWHs, including marketing assets and workforce training, and supports EBCE's goals of local investment and greenhouse gas reduction. The program has funded the installation of 314 HPWHs as of February 2023, and the additional funding will continue to bridge the gap for HPWH incentives until state funding from SGIP becomes available later this year.

Fiscal Impact

The Amendment to the Cooperative Agreement will be funded with \$300,000 from the previously approved Local Development Budget.

Attachments

- A. Resolution of the Board of Directors Authorizing Additional Funding to The Cooperative Agreement with Energy Council ("Stopwaste") to Administer the Bay Area Regional Heat Pump Water Heater Contractor Incentive Program

RESOLUTION NO. R-2022-XX

A RESOLUTION OF THE BOARD OF DIRECTORS

OF THE EAST BAY COMMUNITY ENERGY AUTHORITY AUTHORIZING ADDITIONAL FUNDING TO THE COOPERATIVE AGREEMENT WITH ENERGY COUNCIL (“STOPWASTE”) TO ADMINISTER THE BAY AREA REGIONAL HEAT PUMP WATER HEATER CONTRACTOR INCENTIVE PROGRAM

WHEREAS The East Bay Community Energy Authority (“EBCE”) was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.*, among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of EBCE and parties to the JPA in March of 2020.

WHEREAS The market for heat pump water heaters (HPWHs) in the Bay Area is still developing and multiple barriers make HPWH installations uncommon, and to support EBCE’s goals of local investment and greenhouse gas reduction,

WHEREAS In May 2020 the CEO executed a Cooperative Agreement with The Energy Council (also referred to as “StopWaste”) and other participating agencies including local energy providers and public agencies to promote early adoption of heat pump water heaters (HPWHs) in residential buildings,

WHEREAS The Energy Council is a joint powers agency comprised of Alameda County and all cities in Alameda County, with a mission to develop and implement programs and policies that reduce energy demand, increase energy efficiency, advance the use of clean and renewable resources, and help create climate resilient communities,

WHEREAS The term of the Cooperative Agreement was amended by all participating agencies to extend the termination date to March 31, 2025,

WHEREAS, to continue funding the administration of the program and incentives for heat pump water heater installations in EBCE’s service area, EBCE staff desires to increase funding by an additional \$300,000 for a total amount not to exceed \$660,000.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE EAST BAY COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Authorizes the CEO to negotiate and execute an Amendment to the Cooperative Agreement to increase funds to the Bay Area Regional Heat Pump Water

Heater Contractor Incentive Program for administration of the program and incentives for heat pump water heater installations in EBCE's service area by \$300,000 for a total amount not to exceed \$660,000 through March 30th, 2025.

ADOPTED AND APPROVED this 19 day of April, 2023.

Elisa Marquez, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board