



**CAC Item C8
Consent Item 13**

TO: Ava Community Energy Authority

FROM: Dan Bertoldi, Electrification Program Manager

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

DATE: June 12, 2024

Recommendation

Adopt a Resolution to authorize additional funding for the Cooperative Agreement with the Energy Council (“StopWaste”) to administer the Bay Area Regional Heat Pump Water Heater Contractor Incentive Program by an additional \$1,000,000, for a total amount not to exceed \$1,660,000.

Background and Discussion

To support the developing market for building electrification, Ava Community Energy 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 administer the Bay Area Regional Heat Pump Water Heater Contractor Incentive Program (“Program”). The Program provides a \$1,000 incentive to contractors per heat pump water heater installed. Ava has been a partner in the Program since April 2020, with an initial contribution of \$300,000 to support the Program. In FY 22/23, Ava added another \$360,000, for a total not to exceed of \$660,000, which carried the program through the launch of TECH Clean CA incentives in October of 2023.

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.

The primary goal of this Ava-led initiative is to support contractors in deployment of a relatively new technology for residents and promote early adoption of HPWHs in Ava'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 Ava's goals of local investment and greenhouse gas reduction. The program has funded the installation of 550 HPWHs as of October 2023. The additional funding will continue to fill the gap for much needed HPWH incentives, which is critical in making forward progress when other HPWH incentives are depleted. Ava engaged with StopWaste to attempt to provide higher incentives for low-income customers. However, StopWaste informed Ava that it would need to restructure program administration, develop a distinct pathway to reach low-income customers, and require all jurisdictions participating in the program via StopWaste to also provide higher incentives for low-income customers, therefore Ava will address incentives for heat pump water heaters for low-income customers through other efforts.

Staff is recommending adding an additional \$1,000,000 to the Cooperative Agreement with StopWaste to continue bringing down costs for customers who are looking to transition from gas to heat pump water heaters.

Fiscal Impact

The Amendment to the Cooperative Agreement will be funded with \$1,000,000 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-2024-XX
A RESOLUTION OF THE BOARD OF DIRECTORS
OF AVA COMMUNITY ENERGY AUTHORITY TO AUTHORIZE ADDITIONAL
FUNDING FOR THE ENERGY COUNCIL (“STOPWASTE”) TO ADMINISTER THE
BAY AREA REGIONAL HEAT PUMP WATER HEATER CONTRACTOR INCENTIVE
PROGRAM

WHEREAS The Ava Community Energy Authority (“Ava”) 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 Ava and parties to the JPA in March of 2020. The city of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The city of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023. On October 24, 2023, the Authority legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

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 Ava’s goals of local investment and greenhouse gas reduction; and

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; and

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; and

WHEREAS in 2023, the term of the Cooperative Agreement was amended by all participating agencies to extend the termination date to March 31, 2025; and

WHEREAS to continue funding the administration of the program and incentives for heat pump water heater installations in Ava’s service area, Ava staff seeks to increase funding by an additional \$1,000,000 for a total amount not to exceed \$1,660,000.

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

Section 1. Authorizes the CEO to add an additional \$1,000,000, for a total amount not to exceed \$1,660,000, to the Cooperative Agreement with the Energy Council (“StopWaste”) to administer the Bay Area Regional Heat Pump Water Heater Contractor Incentive Program.

ADOPTED AND APPROVED this 12th day of June, 2024.

Jack Balch, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board