



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MAY 20, 2025**

FROM: PUBLIC UTILITIES DEPARTMENT **WARDS: ALL**

SUBJECT: ENERGY SAVINGS ASSISTANCE PROGRAM MASTER INTER-UTILITY AGREEMENT WITH SOUTHERN CALIFORNIA GAS COMPANY FOR ENERGY EFFICIENCY, RESOURCE SAVINGS, AND RELATED ACTIVITIES IN THE AMOUNT OF \$750,000 ANNUALLY FOR FISCAL YEARS 2025/26 AND 2026/27 FOR A TOTAL CONTRACT AMOUNT OF \$1,500,000

ISSUE:

Approve the Energy Savings Assistance Program Master Inter-Utility Agreement between Southern California Gas Company and City of Riverside Public Utilities for energy efficiency, resource savings, and related activities in the annual amount of \$750,000 per Fiscal Year for 2025/26 and 2026/27 for a total contract amount of \$1,500,000.

RECOMMENDATIONS:

That the City Council:

1. Approve the Energy Savings Assistance Program Master Inter-Utility Agreement with Southern California Gas Company in the annual amount of \$750,000 for Fiscal Years 2025/26 and 2026/27 for a total contract amount of \$1,500,000; and
2. Authorize the City Manager, or designee, to execute the Master Inter-Utility Agreement with Southern California Gas Company including the ability to make any minor, non-substantive changes.

BOARD RECOMMENDATION:

On April 28, 2025, the Board of Public Utilities voted unanimously to approve the Energy Savings Assistance Program Master Inter-Utility Agreement between Southern California Gas Company and City of Riverside Public Utilities for energy efficiency, resource savings, and related activities in the annual amount of \$750,000 per Fiscal Year for 2025/26 and 2026/27 for a total contract amount of \$1,500,000.

LEGISLATIVE HISTORY:

Assembly Bill 1890 was adopted in 1996, which requires publicly owned utilities (POUs) to collect and utilize Public Benefits Charge funds for low-income assistance, energy efficiency and conservation programs, renewable energy, and research, development, and demonstration projects.

Senate Bill X 2-2 was adopted in 2001, which requires POUs to streamline their enrollment for low-income programs by collaborating with existing providers for the Low-Income Home Energy Assistance Program (LIHEAP) and other electric or gas providers within the same service territory.

BACKGROUND:

In January 2012, Riverside Public Utilities (RPU) and Southern California Gas Company (SoCal Gas) entered into an Inter-Utility Agreement to create the Energy Savings Assistance Program (ESAP), an energy efficiency program for qualifying low-income homeowners and renters. SoCal Gas offers ESAP as part of a broad program that provides energy efficiency measures at no cost to qualified, low-income customers, to assist in lowering utility bills and improving home energy efficiency.

Eligibility for the ESAP no-cost energy efficiency home improvement program is based on income and household size. Households may be eligible based on participation in certain public assistance programs such as RPU's Sharing Households Assist Riverside's Energy (SHARE) Program, which assists income-qualified, residential customers with their electric utility bills and deposits. RPU prioritizes SHARE participants to receive ESAP program benefits to provide the additional support for lower utility charges through direct energy savings and education.

On May 5, 2020, in response to the pandemic, the City Council approved to authorize the City Manager, or designee, to adjust or temporarily suspend any or all programs funded with Public Benefit Funds, except for the Emergency Response Assistance Program (ERAP) and SHARE programs to assist low-income residential electric customers that were adversely financially impacted by COVID-19. The ESAP program was suspended during COVID-19 until the amended and restated Agreement was approved by the City Council on February 8, 2022.

On May 17, 2022, the City Council expanded access to ESAP and other low-income assistance programs by increasing the income eligibility requirement, raising it from 200% to 250% of the Federal Poverty Level Guidelines. This action aligned RPU's income qualification to that of SoCal Gas, which has resulted in increased participation and improvements to the program's administration.

On December 12, 2023, the City Council approved the ESAP inter-utility agreement renewal, which included program expansion adding 2 new measures:

- Whole house fan 2500 CFM (cubic feet)
- Whole house fan 3300 CFM

These new measures have provided substantial energy efficiency solutions for customers and contributed significant kWh savings, which are applied to RPU's annual efficiency targets. The whole house fan measure has robust participation, the chart below outlines the number of whole house fans installed and the associated kWh savings made.

Program Detail	FY 23/24*	FY 24/25 YTD**	Total
WH Fans Installed	105	136	241
kWh Savings	62,355	79,153	141,508

*1/1/24-6/30/24

**7/1/24-1/31/25

DISCUSSION:

RPU and SoCal Gas have worked collaboratively for over a decade to assist RPU's income-qualified customers by providing energy efficiency measures. The co-branded ESAP program offers the direct installation of a range of energy efficient measures and through this partnership, RPU can continue to utilize SoCal Gas energy savings data collection methods and reporting tools to account for energy savings associated with the program. The current ESAP program offers a wide range of measures including:

- Whole house fan 2500 CFM (cubic feet)
- Whole house fan 3300 CFM
- Refrigerators (and refrigerator recycling)
- LED lighting (including floodlamps, porch lights, etc.)
- Duct sealing and testing
- ECM motors
- Ceiling insulation
- Occupancy sensors
- Smart thermostats
- Computer smart power strips
- Nightlights

As part of the new Agreement, the program will offer two new measures that will further benefit qualified customers with increased opportunities for energy savings; these include enhancements for residents switching from traditional AC units to heat pumps:

- Lifecycle refrigerant management (for Gas Furnace & Heat Pumps)
- Smart fan control switch (for Gas Furnace & Heat Pumps)

These new measures will help ESAP participants save substantial kWh compared to the previous traditional measures which include AC tune-ups and HVAC efficient fan control switches. The chart below highlights the differences each of these measures provide in kWh savings:

Old Measure	kWh Savings	New Measure	kWh Savings
HVAC Efficient Control Switch	566	Smart Fan Efficient Control Switch	700
AC Tune-up	74 (per ton)	Lifecycle refrigerant management	292-705*

*kWh savings depend on unit

These program enhancements will ensure that there are more opportunities for customers to realize energy savings than the previous agreement; in addition, customers can access innovative

energy efficiency tools which can help to maximize their energy savings.

The ESAP program continues to offer qualified, low-income customers a cost-effective program to improve the energy efficiency of their homes at a significantly lower cost to the utility by utilizing economies of scale and utility collaboration. While RPU can only support electric efficiency measures, partnering with SoCal Gas means that customers can benefit from gas and water measures that RPU cannot offer. It also means that instead of multiple and different contractor visits to complete upgrades, program participants can get the full range of energy savings measures installed simultaneously.

The chart below shows program participation, kWh savings and costs since 2021/22.

Program Details	FY 21/22*	FY 22/23	FY 23/24	FY 24/25**
Homes Served	456	709	398	262
kWh Saved	642,570	884,862	437,972	223,320
Program Cost (RPU)	\$313,941.52	\$443,591.48	\$455,740.57	\$428,142.95

*FY 21/22 program was only available for 4 months due to COVID-19 restrictions and contract expiration.

**7/1/24-1/31/25

Since the Agreement was restated in 2021/22, program participation has been steady, seeing a peak in 2022/23 as the outreach campaign gathered momentum. Participant numbers decreased in 2023/24 due to pricing changes and economic impacts. Furthermore, focus shifted to concentrate on providing larger, more significant kWh savings measures, e.g. whole house fans. This year, the program has experienced consistent participation numbers, which are projected to increase as more customers learn about the benefits and savings the program can offer.

Purchasing Resolution 24101, Section 702 (w) states that, “Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required in any of the following circumstances.... (w) When approved by the Manager, Services not subject to the bidding requirements of Section 1109 of the City Charter, which are of such a nature that suitable technical or performance specifications describing them are not readily available and cannot be developed in a timely manner to meet the needs of the City, in which case the Manager shall be authorized to negotiate with any Person or Persons for the Procurement thereof upon the price, terms and conditions need by the Manager to be in the best interest of the City and in doing so may utilize Informal Procurement or Negotiated Procurement process.”

The Purchasing Manager concurs that this recommendation is in compliance with Purchasing Resolution 24101.

STRATEGIC PLAN ALIGNMENT:

The ESAP program contributes to the **Strategic Priority 4 – Environmental Stewardship and Goal 4.4** - to implement measures and educate the community to responsibly manage goods, products and services throughout their life to achieve waste reduction.

The ESAP program promotes electric efficiency by offering a range of diverse efficiency and conservation tools and devices that can be installed at no cost to qualified, low-income customers and aligns with EACH of the five Cross-Cutting Threads.

1. **Community Trust** – The ESAP program will serve low-income qualifying customers, providing a high-quality program, where the key focus is on energy efficiency through an inter-utility collaboration.
2. **Equity** – ESAP ensures that low-income customers can access energy efficiency savings measures and make their homes more efficient with new devices and technology
3. **Fiscal Responsibility** –. The program parameters ensure that quality public services are accessible across the community. This program is also provided in collaboration with SoCal Gas and requires that there is collective oversight of program funds.
4. **Innovation** – The enhanced measures of the ESAP program align with the community's changing needs and will ensure that the City is helping to provide sector-leading technologies to our customers in response to energy efficiency.
5. **Sustainability & Resiliency** – ESAP is committed to meeting the energy efficiency needs of our low-income customers and those of the City by providing direct install of measures helping customers to achieve energy savings and increased sustainability.

FISCAL IMPACT:

The total fiscal impact is \$750,000 per fiscal year 2025/26 and 2026/27 for a total contract amount of \$1,500,000. Funding for fiscal year 2025/26 is available in the Electric Public Benefits Fund, Programs Energy Savings Assistance Program Account No. 6020100-456083 with a budget transfer from the Electric Public Benefits Fund, Unprogrammed Funds Account No. 6020100-453001. Funding for fiscal year 2026/27 will be included as part of the biennial budget approval process.

Prepared by:	Tracy Sato, Utilities Assistant General Manager/Strategic Initiatives
Approved by:	David A. Garcia, Utilities General Manager
Certified as to availability of funds	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Rafael Guzman, Assistant City Manager
Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. Master Inter-Utility Agreement between Southern California Gas Company and City of Riverside Public Utilities
2. Presentation