RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES **DATE: APRIL 27, 2026**

SUBJECT: **UPDATES TO ELECTRIFY RIVERSIDE CITY FACILITY PUBLICLY AVAILABLE EV CHARGER INSTALLATION PROGRAM USING LOW CARBON FUEL STANDARD REVENUE FOR A TOTAL OF $3,000,000 – SUPPLEMENAL APPROPRIATION**

ISSUE:

Consider approving updates to Electrify Riverside City Facility Publicly Available EV Charger Installation program using Low Carbon Fuel Standard revenue.

RECOMMENDATIONS:

That the Board of Public Utilities recommends that the City Council:

1. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record a supplemental appropriation in the total amount of $3,000,000 from the Electric Fund Low Carbon Fuel Reserve Account and appropriate expenditures to the EV Charger Install at Public Facilities Account; and

2. Authorize the City Manager, or designee, to execute the Electrify Riverside Programs and take all necessary actions required or advisable to implement, administer, fund, and carry out the City of Riverside's responsibilities under the Electrify Riverside Programs, including the ability to make minor and non-substantive changes and to execute future amendments to the Electrify Riverside Programs under substantially similar terms and conditions.

LEGISLATIVE AND REGULATORY HISTORY:

The Low Carbon Fuel Standard (LCFS) Program is one of several programs established by the State of California and the California Air Resources Board (CARB) for the purposes of reducing statewide greenhouse gas (GHG) emissions to 40% below 1990 levels by 2030. These goals were put in place by the California Global Warming Solutions Act of 2006 (Assembly Bill 32 or "AB 32") and the Clean Energy and Pollution Reduction Act of 2015 (Senate Bill 350 or "SB 350"), respectively. The goal of the LCFS Program is to achieve a 20% reduction in the carbon intensity of transportation fuels from a 2010 baseline by 2030.

The LCFS Program is a market-based regulation in which clean transportation fuels earn credits for each metric ton of carbon emissions avoided. Transportation fuel providers with fuels that emit more than the permitted amount in a given year, must turn in credits. Electric distribution utilities

(EDUs), like Riverside Public Utilities (RPU), are not required to participate in the program; however, if the utility opts in, the utility will receive credits for the electricity that fuels their vehicles at their homes. The regulation specifies the requirements around the use of the value generated by the LCFS that are distributed to the utility. EDUs are required to use the value for the benefit of existing and future owners of electric vehicles.

Amendments to the regulation in 2018, among other changes, required electric distribution utilities that had opted into the program and would receive LCFS emissions credits for the estimated residential electric vehicle charging to develop a statewide point-of-purchase rebate program. The opted in participants were also required to contribute a minimum percentage of their credits from residential charging, called base credits, to the point-of-purchase rebate program. Utilities that did not participate in this program were not eligible to receive the credits from residential charging. The point-of-purchase rebate program was called the California Clean Fuel Reward Program (CCFR) and provided a point-of-purchase rebate to buyers who purchased a new, light-duty electric vehicle.

In November 2024, CARB adopted additional amendments to the regulation that went into effect July 1, 2025. Due to changes required by the California Office of Administrative Law, the final regulation was not available until late June 2025. The final regulatory changes included

1. Point-of-purchase rebate program will provide a price reduction only for new and/or used commercial medium- or heavy-duty electric vehicles rather than new light duty electric vehicles.
2. RPU was reclassified as a small publicly owned utility (POU) and will no longer have an obligation to contribute to the point-of-purchase rebate program in order to receive base credits.
3. The list of preapproved projects for holdback credits:
    a. Removed marketing, education, and outreach; and
    b. Added workforce development, grid-side distribution infrastructure investments, and vehicle-grid integration projects.
4. POUs are no longer eligible to receive credits generated by electricity used by electric forklifts and will only receive electricity base credits for residential electric vehicle charging.

<u>BACKGROUND</u>:

On March 13, 2018, the City Council authorized RPU to opt into the LCFS Program. The LCFS regulation requires entities generating credits using electricity pathways (referred to as “electricity credit”) to use the resulting credit proceeds to benefit electric vehicle (EV) drivers and their customers and invest in projects that promote transportation electrification in California. The LCFS regulation provides specific electricity base credit proceeds spending requirements for Load-Serving Entities (LSEs) such as RPU.

On August 9, 2021, and September 13, 2021, the creation of RPU’s Electrify Riverside EV related programs using LCFS funds was approved by the Riverside Board and City Council, respectively. The programs included the following:

1. Residential Used EV Purchase Rebate
2. Residential EV Charger Rebate
3. Public Access EV Charger Rebate (originally termed the Non-Residential/Multifamily EV Charger Rebate)

4. Outreach and Educational Programming (removed in 2025 as required by the 2025 LCFS regulation updates with approval on October 27, 2025 and November 18, 2025, by the Riverside Board and City Council, respectively)
5. City Facility Publicly Available EV Charger Installation Program (approved on October 24, 2022 and December 6, 2022, by the Riverside Board and City Council, respectively)

On October 27, 2025 and November 18, 2025, the Riverside Board and City Council, respectively approved updates to the existing Electrify Riverside EV program, as well as the removal of the Outreach and Educational Programming as required by the LCFS regulation updates and the approval of the following new programs:

6. Public Access EV Electrical Infrastructure Rebate
7. Electric Public Transit Rebate

Holdback Credit Proceeds

LSEs may use the remaining electricity credit proceeds from residential charging, called holdback credits, to invest in transportation electrification projects in the same category or sector. Through the annual reporting, entities may demonstrate that they have exhausted opportunities to promote electric transportation in a specific category or sector and use credit proceeds to support transportation electrification in another category or sector.

Examples that would meet the new holdback credit proceeds spending requirements for an LSE are:

1. Providing incentive support for purchasing/leasing EVs or other electric transportation equipment (for example, electric buses, electric trucks, etc.).
2. Providing incentive or direct investment for installing residential or non-residential EV charging infrastructure, including panel and service upgrades.
3. Providing rate options or incentives to encourage EV charging during off-peak hours to provide grid benefits.
4. Investments in grid-side distribution infrastructure necessary for EV charging.

The above list of examples is not exhaustive. Entities may use electricity credit proceeds to support other transportation electrification projects which are not included in the list but would meet the LCFS requirements. Entities also have the option to spend all electricity credit proceeds in a single program or project. Notably, however, entities are not allowed to use the funding to pay for the ongoing maintenance and operation of EV chargers expecting that these costs would be recuperated by the sale of the electricity for charging vehicles. Starting in 2022, the regulations also require that up to 50 percent of LCFS revenue be spent on supporting transportation electrification projects that benefit disadvantaged, low-income, and rural communities.

At the end of CY 2025, RPU had approximately $6.1 million in the Electric Fund Low Carbon Fuel Cash Reserve account. Of this amount, approximately $4 million has been allocated for approved Electrify Riverside programs, RPU’s final California Clean Fuel Reward contribution, and the approved grant match should the City be awarded a grant to construct an EV charging hub at the Airport. This leaves approximately $2.1 million in funds that have not yet been allocated.

<u>DISCUSSION</u>:

RPU has approximately $3.1 million available in LCFS reserve funds. This includes:

- $2.1 million in the LCFS reserve fund that was to be used for a future rebate program; and,
- Approximately $1 million that had been designated for use as a grant match is now available because the City was not awarded the grant.

On October 28, 2024 and November 19, 2024, the Board and City Council approved a supplemental appropriation of $1,001,807 to the EV Charger Install at Public Facilities program, respectively. These funds were to be used as a 20% match for the U.S. Department of Transportation Charging and Fueling Infrastructure (CFI) Discretionary Grant, if awarded, for the development of a 24-station EV light-, medium-, and heavy-duty vehicle charging hub at the Riverside Municipal Airport. The appropriation of these funds was contingent upon the City being awarded the CFI grant funding. Since the City has not been selected for award, these funds were not appropriated for the grant funded project are still available to be appropriated towards other programs allowable under the LCFS regulations, bringing the amount of unallocated funding available from $2.1 million to $3.1 million.

<u>City of Riverside Economic Development and EV Infrastructure</u>

On November 4, 2025, the City Council approved a non-binding Memorandum of Understanding (MOU) with Chaevi Co., Ltd., a Korean-based electric vehicle charging solution company to meet the needs of the City’s sustainability goals of expanding local EV infrastructure and attracting foreign direct investment aligned with economic and environmental objectives for collaboration on economic development.

Per the MOU, the City committed to present to the City Council for approval an agreement for the purchase and installation of no less than 45 Chaevi EV chargers, including support for site selection, permits, and utility coordination.

To support this effort, the City requested that RPU determine funds available under the LCFS program would be eligible expenditure for the procurement and utility infrastructure costs of 45 Chaevi EV chargers. At the time of this report and based on the City’s proposed potential locations (requiring continual analysis and highly dependent on final selected site locations), staff have determined that rebate covering the initial cost of procuring the Chaevi EV chargers is considered an allowable use of the LCFS funds. Additionally, the preliminary estimates to upgrade utility infrastructure would also be considered allowable per state and federal regulations to be used for the above purposes.

There are other costs and support associated with the City’s MOU commitment related to the Chaevi EV chargers that RPU is not allowed to fund, such as site improvements. These costs are being reviewed by other City departments to provide the remaining funding.

Based on preliminary estimates and available LCFS funds, RPU has determined that the utility can rebate the City for its direct purchase of 45 Chaevi EV chargers and the remaining funds could be used towards a rebate that will fund a portion of the utility infrastructure costs dependent on the sites selected. The use of the LCFS funds for this purpose is dependent on the expansion of RPU’s existing Electrify Riverside City Facility Publicly Available EV Charger Installation Program.

Propose Program Updates

The Electrify Riverside City Facility Publicly Available EV Charger Installation Program allows RPU to work with other City departments to identify City facility locations such as City Hall, libraries, and community centers to provide publicly available EV charging that will support the community. The program focuses on funding rebates in low-income and disadvantaged communities (DAC) areas of the City that have limited access to public EV charging. Funding from this program is used to rebate the cost of the chargers and the upstream infrastructure costs associated with the EV chargers. It is important to note that charging will not be free. Customers using the chargers will pay a fee that covers the electricity used and cost of the ongoing maintenance of the charging equipment. Consistent with state regulations, the charging equipment must also accept multiple forms of payment (e.g., credit card and/or payment through an application on a mobile device).

Staff recommends the following changes to this rebate program:

1. Clarify the allowable expenses for rebate per the amended LCFS regulations in 2025: Eligible expenditures for the rebate include the cost of publicly available EV charger(s) and the utility infrastructure improvement costs to support the EV chargers. Site improvements for the EV Chargers are not eligible for reimbursement.

2. Specify that a minimum of 50% of any funding rebated to the City be spent in designated disadvantaged communities (DACs) as required by the LCFS regulations.

3. Expanded funding of $3 million must be utilized for eligible rebates within 3 years of the program's approval (anticipated to be May 2026 with the program ending May 2029) to ensure that funds are expended in a timely manner. If not rebated within 3 years, funds will return to the LCFS reserve fund to be allocated to other programs that will meet the requirements of the LCFS regulations.

4. Transfer $3,000,000 to the "City Facility Publicly Available EV Charger Installation" account to be added to the existing appropriation of $500,000 for a total program amount of $3,500,000 for FY 2025/26.

Funds expended on this rebate must be in compliance with the LCFS regulations. RPU and the City are required to report annually on the expenditure of the funds, subject to financial penalty and potential court litigation for misuse of the funds.

FISCAL IMPACT:

Total fiscal impact is $3,000,000. Upon Council approval, a supplemental appropriation in the amount of $3,000,000 will be appropriated from the Electric Fund Low Carbon Fuel Reserve Account No. 0000510-101094 to the EV Charger Install at Public Facilities Account No. 6009000-456105.

Account Name	Account Number	Adopted FY 25/26	Proposed Adjustment	Amended FY 25/26
EV Charger Install at Public Facilities	6009000-456105	$500,000	$3,000,000	$3,500,000

These funds are legally restricted and can only be used for applicable expenditures under the State requirements mentioned above. Any unspent funding from the allocated Electrify Riverside programs budget remaining on June 30, 2026, will carry over to Fiscal Year 2026/27 to fund the continuation of the program through its duration.

Prepared by:	Tracy Sato, Utilities Assistant General Manager/Strategic Initiatives
Approved by:	David A. Garcia, Utilities General Manager
Certified as to availability of funds:	Julie Nemes, Interim Finance Director
Approved by:	Gilbert Hernandez, Interim Assistant City Manager
Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. November 4, 2025 City Council Report
2. Memorandum of Understanding between City of Riverside and Chaevi Co., Ltd
3. Redline City Facility Publicly Available EV Charger Installation Program Guidelines
4. Presentation