



HEAT PUMP REBATE PROGRAM

Riverside Public Utilities

City Council
March 25, 2025

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LEGISLATIVE HISTORY

1. Assembly Bill (AB) 1890 (Brulte, 1996) requires that 2.85% of electric revenue be utilized to fund public benefits programming and limits its use to at least one of four specified uses: demand side energy reduction, new renewables procurement for customers, low-income assistance, and research and demonstration projects
2. Senate Bill (SB) 1037 (Kehoe, 2005) sets ambitious energy conservation policies and goals requiring publicly owned utilities (POU' s) to report annually kilowatt hour (kWh) savings
3. SB 350 (De Leon, 2015) establishes annual targets for statewide energy efficiency savings and demand reduction that will achieve a cumulative doubling of statewide energy efficiency savings in electricity and natural gas by January 1, 2030



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BACKGROUND – AC/HEAT PUMP REBATES

1. December 7, 1999: City Council approved the Air Conditioning / Heat Pump Rebate Program
2. July 1, 2010: The combined Air Conditioning/ Heat Pump Rebate Program guidelines were revised and changed to a flat rebate
3. June 25, 2024: City Council approved separate A/C and Heat Pump rebates with the heat pump program rebate set at \$750/ton with an annual budget of \$375,000



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DISCUSSION

1. New heat pump program has steady customer participation
2. More customers are choosing the heat pump program compared to the A/C program
3. Heat pump program has double the uptake of the standard air conditioning program

Rebates Issued by Program

Month 2024	Heat Pump	Gas/Electric A/C
August	22	23
September	17	7
October	21	14
November	35	7
December	29	14
Totals	124	65



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PROGRAM STATUS

1. The Heat Pump Program has exhausted all funds for the current fiscal year (24/25)
2. Future participation projected to remain steady
3. Staff proposed to increase annual program fund to \$2,000,000 to meet increased demand



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PROGRAM COST EFFECTIVENESS

1. Heat pump program is more cost effective than the air conditioning program (same SEER)

	Heat Pump \$750/ton	Gas/Electric A/C
First year kWh savings cost	\$0.96/kWh	\$1.04/kWh
Lifetime kWh savings cost	\$0.064/kWh	\$0.069/kWh



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STRATEGIC PLAN ALIGNMENT



Strategic Priority 4 – Environmental Stewardship

Program deliverables will focus on helping customers maximize energy efficiency practices and support the Priority goals of championing proactive and equitable climate solutions based in science to ensure clean air, safe water, a vibrant natural world and a resilient green new economy for current and future generations

Cross-Cutting Threads



Community Trust



Equity



Fiscal Responsibility



Innovation



Sustainability & Resiliency



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RECOMMENDATIONS

That the City Council approve:

1. Increasing the heat pump program annual budget from \$375,000 to \$2,000,000; and,
2. Maintaining the current rebate amount of \$750/ton for future years.



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