

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: MAY 11, 2026

SUBJECT: ENERGY EFFICIENCY AND PUBLIC BENEFITS FUNDS COMMUNITY WORKING GROUP OUTCOME AND DISCUSSION OF A PREFERRED SPENDING PLAN FOR THE PUBLIC BENEFITS ENERGY SURCHARGE FUND AVAILABLE RESERVES

ISSUE:

Consider the outcomes of the Energy Efficiency and Public Benefits Funds Community Working Group and discuss and provide direction to staff for a preferred spending plan for the Public Benefits Energy Surcharge Fund available reserves.

RECOMMENDATIONS:

That the Board of Public Utilities:

1. Receive a presentation on the outcome of the Energy Efficiency and Public Benefits Funds Community Working Group and discuss the options for the expenditure of the funds as recommended by working group members;
2. Provide staff with direction on the Board's preferred spending plan for the Public Benefits Energy Surcharge Fund available reserves to forward to the City Council for consideration; and

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

3. Receive a presentation on the outcome of the Energy Efficiency and Public Benefits Fund Community Working Group and Board recommendations; and
4. Approve the preferred spending plan for the Public Benefits Energy Surcharge Fund available reserves.

LEGISLATIVE HISTORY:

Assembly Bill (AB) 1890 (Brulte, 1996) requires each local publicly owned utility (POU) to establish a non-bypassable, usage-based charge of 2.85% of electric revenue to be utilized to fund public benefits programming which must be used in at least one of four areas: cost-effective demand side management (energy efficiency and energy conservation), new investment in renewable energy, low-income assistance and education, or research, development, and

demonstration. The usage-based charge is known as the Public Benefits Charge (PBC).

Senate Bill (SB) 1939 (Alarcon, 2000) required utilities that had not implemented programs for low-income electricity customers to prepare a needs assessment for those customers.

SB 2x-2 (Alarcon, 2001) expanded the requirements around the needs assessment to include the requirement that publicly owned utilities consider increasing the level of discounts or raising eligibility levels to reflect customer need, streamline enrollment, and to establish participation goals.

SB 1037 (Kehoe, 2005) set ambitious energy conservation policies and goals requiring POU's to report annually the kilowatt hour (kWh) savings to the California Energy Commission (CEC) and to its customers.

AB 2021 (Levine, 2006) required all California POU's beginning in 2007, and every three years thereafter, to identify all potentially achievable cost-effective energy efficient savings and establish annual targets for energy savings and demand reduction over a ten-year period.

AB 2227 (Bradford, 2012) changed the frequency of the energy efficiency ten-year target setting requirements of AB 2021 from once every three years to once every four years.

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. The bill requires local POU's to establish annual targets for energy efficiency savings and demand reduction consistent with this goal.

BACKGROUND:

Riverside Public Utilities (RPU) has had a suite of robust customer programs and support since the requirements to collect the PBC were enacted. RPU began its low-income support in the late 1980's, prior to AB 1890, by establishing the Sharing Households Assist Riverside's Energy (SHARE) program with donations from customers. Educational programming around utility services has also been provided since the mid-1990s. With the passage of AB 1890, RPU's customer programs expanded to predominantly provide rebates to improve energy efficiency and support renewable energy development.

On January 13, 2025, the RPU Board was provided with an update on the variety of programs and services that are funded with the PBC funds and the accumulation of funds in the Public Benefits Energy Surcharge Fund reserve account (PBC reserve funds). Staff informed the Board that \$32 million was available in the Public Benefits Energy Surcharge Fund reserve account. The Board requested that staff return to the RPU Board with a spending plan that included timelines for each project or program proposed. (Note that the PBC reserve funds had grown to \$34 million by the start of fiscal year 2025/2026.)

On April 22, 2025, the mayor requested staff to establish a task force for the mandated energy efficiency programs and for utility bill support for low-income residents to include knowledgeable stakeholders and members of the community to determine the best way to spend the PBC reserve funds to serve Riverside Public Utilities' customers and present its findings to the Board of Public Utilities and City Council by the end of 2025.

RPU formed a Community Working Group in June 2025 comprised of 14 members (some members had assistants attend as well). Initially intended to meet three times, the Working Group requested a fourth meeting that took the group meetings into January 2026. The Working Group met on the following dates: July 31, 2025, October 7, 2025, December 18, 2025, and January 14, 2026. The Working Group dissolved on January 15, 2026 after their last meeting. All meeting materials, presentations, and discussion minutes were posted on RPU's website and are attached to this staff report for reference.

Working Group members invited to participate included:

Member Name	Representing
Mayor Patricia Lock Dawson	City of Riverside, Mayor's Office
(then) Vice Chair Dr. Brian Siana	City of Riverside, Riverside Public Utilities Board
Board Member Tom Evans	City of Riverside, Riverside Public Utilities Board
Dr. Matt Barth	University of California, Riverside
Nick Adcock	Chamber of Commerce (2 members)
Mark Dowling	Inland Valleys Assn of Realtors
Victor Cao	California Apartment Association
David Hahn	Habitat for Humanity Riverside
Rose Mayes	Fair Housing Council of Riverside County Inc
Tom Donahue	Resident
Faustino Alvarez	Community Access Ctr
Chris Hasco Trujillo	Heat pump industry
Christopher Kern	Compelle Media
Michael Berger	Compelle Media
Maria Alvarez	Community Access Ctr

Each meeting included a focus on topics, responses from staff or additional information, and staff recommendations of programs and considerations for the final Spending Plan. The meetings are summarized below (see the attachments for details about each meeting).

- Meeting 1 | July 31, 2025:** This meeting was primarily educational to provide Working Group members with an overview of the task and responsibility of the members, an overview of the historical PBC fund expenditures and explanation for the surplus in the reserve fund of \$34 million (hereafter referred to as the PBC reserve fund), an overview of the requirements surrounding the use of the PBC funding, and the current programs offered by RPU. Members discussed the current programs and how the benefits of energy efficiency provide comfort and safety as well as requesting information on how customers use energy and information on low-income customers and programs.
- Meeting 2 | October 7, 2025:** The second meeting responded to the questions asked at the first meeting and provided information on the co-benefits of energy efficiency and other programs that are or could be offered using the PBC reserve funds. This topic included the non-energy impacts and motivations for customers to install energy efficiency improvements, where most energy is used in a household, and information on RPU's peak demand (when the most electricity is used). RPU staff reported that studies show that comfort, safety and saving money were primary motivators for the installation of energy efficiency measures. Additionally, staff provided an overview of low-income customers and programs offered by RPU.

To start the discussion of projects and programs to spend the PBC reserve funds on, the concept of a demonstration project similar to those done by other public utilities in California was introduced to the Community Working Group. Members were not supportive of the demonstration center as a pilot but were supportive of providing education through the annual programming provided by the PBC and through other enhancements. Members provided additional input for program considerations to define the suite of programs they would like to consider at Meeting 3 including adding solar PV rebates or projects, considering refunding of the PBC reserve funds, and parameters that included focusing on direct customer benefit and benefit to all customers.

- **Meeting 3 | December 18, 2025:** This meeting provided an overview of the concepts discussed at the prior two meetings and RPU staff identified an initial proposal for programs based on the input from the Working Group. To inform the discussion and because the Working Group had focused primarily on providing additional solar photovoltaic (PV) systems in various locations, RPU staff provided an overview on the status of solar PV in the City and the utility, the impact of solar in the California Independent System Operators (CAISO) energy markets, and the price of solar across the country as well as for RPU.

RPU staff also explained that it is not legally possible to refund the PBC reserve funds to customers. Staff also proposed adding battery energy storage options to solar PV programming to enhance and improve the cost effectiveness of the programs for RPU.

The Community Working Group members reviewed a suite of programs proposed by RPU staff based on input from the prior two meetings. Members present provided comments to refine the programs and to identify timelines. They also requested a 4th meeting be added so that they could review a final recommendation.

- **Meeting 4 | January 15, 2026:** RPU staff provided a review of the project proposals with the modifications requested including changing programs and adding timelines. Additional programs were identified with the final list presented in the next section of this report.

Staff committed to continuing the conversation about low- and fixed income customer programs with some members and the entire community to be included as outreach associated with the Energy Planning project funded by the Energy Efficiency and Conservation Block Grant Program.

Working Group members have been invited to attend both the RPU Board meeting and the City Council meeting for the discussion of these outcomes.

DISCUSSION:

This report provides the Board with a summary of the Community Working Group recommendations as a foundation for discussion. The Board is asked to consider the Working Group recommendations and discuss the options for the programs and projects using the available PBC reserve funds of approximately \$34 million (at the start of Fiscal year 2025/2026 and subject to the performance of existing programs over the year) and recommend programs for the City Council to consider. The Board may recommend changes or additions to the programs and projects presented. Staff will bring back the programs with a supplemental budget request at future meetings.

Operational Recommendations and Program Parameters

At the meetings, Community Working Group members provided recommendations to improve communications around programs funded by the PBC fund and outlined parameters to consider in the development of the suite of programs and projects to fund. Before providing the list of programs, the following consolidates and summarizes recommendations and considerations provided:

1. Messaging and marketing of programs should include all of the benefits that the measure provides, including comfort and safety.
2. Expanded outreach is supported to ensure that customers know about the programs.
 - a. This includes expanded outreach through community event participation and expanding outreach to partner organizations such as the United Way.
 - b. Expanded messaging on how energy efficiency improvements can be incorporated into home improvements.
3. Programming needs to continue focusing on low- and fixed-income customers.
4. Energy efficiency programs should be stackable with other rebates and programs offered by other agencies. As an example, if RPU offers a rebate for heat pumps, the customer should also be able to apply and receive (stack) a rebate from another agency offering a heat pump rebate if it does not exceed the total cost of the heat pump.
5. Energy efficiency programming should focus on where energy is most used or where it will benefit all RPU customers.
6. Programs should focus on identifiable benefits to RPU's customers and the community.
7. Members also recommended that RPU seek energy independence. While staff appreciates the goal of this recommendation, PBC funding is insufficient to fund this effort. This comment, however, reflects a desire for added resiliency for customers and RPU and the comment was integrated into the program and project recommendations where possible by the Working Group members and staff.

Programs and Projects Recommended by the Community Working Group

The following table and discussion provides a summary of the recommended programs, funding amounts, and timelines as developed by and with the Community Working group. Total funding for each program will be dependent on the balance available at the end of the current fiscal year and the actual program need after program guidelines are completed. Details of each program are provided following the table.

	Program	Timeline	Funding
1.	Residential Energy Storage Rebate Program	5 years	\$5,000,000
2.	Community and Emergency Centers Solar PV, Battery Storage, and Energy Efficiency Rebate Program	6 years	\$12,000,000
3.	Resiliency at the Utility Operations Center and City Emergency Operations Center Solar and Battery Rebate Program	3 years	\$5,000,000
4.	Residential Battery Energy Storage or Solar with Battery Energy Storage Pilot Program for residential to test high concentration of battery and solar and potential demand response programs (limited area)	5 years	\$9,000,000
5.	Energy Savings Assistance Program and Mobile Home and Multifamily Program (expansion of existing programs)	2 years	\$2,000,000
6.	Riverside Universities Research Grant Program (expansion of existing program)	4 years	\$1,000,000
Total		2-6 years	\$34,000,000

Brief program details are described below. If the Community Working Group did not specify a timeline, staff have provided a recommended timeline for discussion purposes.

1. **Residential Energy Storage Rebate Program.** This program has been in development since mid-2025 due to its potential positive impact on the resilience of the overall distribution system and its benefit to customers. It was intended to be introduced in early 2026. The program will provide a \$500/kWh rebate with an additional rebate amount for low-income customers for the installation of energy storage systems at residences.
 - a. Proposed funding: \$5 million
 - b. Timeline: 5-year program with annual review
 - c. RPU staff comment: Staff evaluated whether to increase the rebate amount as had been recommended by one Working Group member. Additional eligible customer benefits that also maintained the cost effectiveness of the rebate were not identified. Staff will continue to research the potential to increase the rebate amount as the program progresses and will adjust it if it can meet cost effectiveness requirements.
2. **Community and Emergency Centers Solar and Battery Rebate Program.** This program is intended to provide the City's community centers that serve as community resiliency centers and operate during emergencies with solar, battery storage and deep energy efficiency rebates so that they can support RPU customers and city residents at times of extreme heat or during emergencies, including power outages.
 - a. Proposed funding: \$12 million (proposed funding incorporates two Working Group recommendations to fund \$1 million towards educational centers in the community and \$1 million to fund a Daytime Solar Support Program which staff recommend delaying for the reasons discussed later in the report.)
 - b. Timeline: 6-year program with annual review (This timeline allows the City Departments to identify and develop the proposals and potentially utilize these funds as grant matches)
 - c. RPU staff comment: If this program is approved, the City's Parks, Recreation and Community Services (Parks) Department confirmed their interest and has already identified an initial project. The project is the reconstruction of the Nicols Park Community Center which is already in development. This program would provide the opportunity to include energy efficiency and other RPU education, a solar PV system, a battery storage system, and additional energy efficiency upgrades. The additional upgrades to the building will allow this location to serve as a cooling and emergency center, even in the event of a power outage.
3. **Resiliency at the Utility Operations Center and City Emergency Operations Center Solar and Battery Rebate Program.** This program is intended to provide solar and battery storage with microgrid capabilities for operation during significant power outages. The solar at the Utility Operation Center will support the community's energy usage when not being used as a microgrid.
 - a. Proposed funding: \$5 million
 - b. Timeline: Encumbered 3-year program with annual review
4. **Residential Battery Energy Storage or Solar with Battery Energy Storage Rebate for residents for residential to test high concentration of battery and solar and potential demand response programs.**
 - a. Proposed funding: \$9 million
 - b. Timeline: 3 years from program commencement with annual review

- c. **RPU Staff Comment:** Staff recommend that RPU develop a list of eligible vendors for customer protection. Staff will identify the RPU customers who will be eligible for this program. These customers will be limited in number and within a single residential neighborhood area of the City for the intent of testing potential demand response programs in areas with high concentration of battery energy storage systems (BESS) and solar. This program will complement the first program listed above. The full \$9 million may not be needed for this program and may be able to be redistributed to alternative programs.
5. **Energy Savings Assistance Program (ESAP):** The additional funding to this existing program will accelerate energy savings for low-income and fixed income households/customers. Staff recommend adding that the funding could be applied to the highly successful Mobile Home and Multifamily Program (MHMFP) in addition to the ESAP to also accelerate the energy savings for those customers that are specified housing types. Both programs are provided with the same vendor and are direct install programs with similar energy savings measures. RPU staff will increase program outreach for these and other programs including reaching out to organizations such as the United Way.
 - a. Proposed funding: \$2 million
 - b. Timeline: 2 years from the time that the agreement(s) with the vendor can be updated and amended.
6. **Riverside Universities Research Grant Program:** Expand the University Grants funding to provide grant supported research for energy efficiency programs as well as support new technologies that are intended to support RPU customers. Once a grant is issued, it will take time for the researchers to complete their work and analysis. Due to these factors, funding may not be expended within a year of award. Staff recommend that funding for this grant be provided at \$100,000 to \$500,000 with the expenditure of funds to be completed within 2 years of award.
 - a. Proposed funding: \$1 million
 - b. Timeline: 4-year program or until funds fully encumbered. Annual review to be provided.

As noted in the program descriptions, the expenditures of each of these programs would, if approved by the Board, be reported to the Board of Public Utilities annually. If any of the proposed funding amounts are not expended during the proposed timelines or if there is a need to change a program and adjust the funding, staff will bring the item to the Board and City Council for approval. As an example, there could be a need to change a program due to changes in state law, regulations, or different priorities or needs of the community.

Recommendations Considered but Not Included

Throughout the course of the meetings, Community Working Group members and staff provided recommendations for the expenditures. Each recommendation was considered at the meetings but was not carried forward for various reasons, as noted below.

The Community Working Group recommended a new Daytime Solar Support Program for customers. However, the inverter technology for customers with existing solar needs to be reviewed by RPU staff to determine if this program can meet the requirements of the use of the PBC reserve funds, particularly the cost effectiveness requirement, and program rebate level. Staff must also review the existing RPU electric rules to verify that the rules would allow this technology or if the rules need to be amended. In order to not delay the expenditure of the PBC reserve funds, staff is recommending that this program be funded in the future after the rebate

program is developed. The intent of the program will be to provide funding for inverters and other components required to convert customers with existing solar PV systems to provide daylight resiliency benefits to their homes in the event of a power outage. The technology, costs, and customer benefits will be reviewed for the development of a new program. Staff believe that if the program can meet the various requirements, funding can be provided by any future annual accrual of PBC reserve funds in the reserve account or by adjusting annual program funding.

The Community Working Group did not continue the following programs for the reasons noted:

- Support for the Springs Battery Storage Project was not included because other funding sources have been identified for that project.
- Development of a Demonstration Facility Project similar to what has been done by other utilities did not continue for discussion because Working Group members did not believe that it provided sufficient direct benefit to customers.
- Refund of PBC reserve funds to customers was not moved forward because, after review by the City Attorney's Office, it was determined that it would not be legal under State law.
- Solar PV installations at various locations in the City were refined to the programs identified in the recommendation list and incorporated battery energy storage rebates.
 - Solar over the Gage Canal was not included due to the lack of available land for the solar PV structures and maintenance vehicles.
 - Solar PV Parking Structures at City facilities was refined to focus on adding resiliency to Community Centers and the Emergency Operations Center to provide direct benefit to the community and ratepayers.
 - Solar PV on warehouses or to customers in various locations and at different rebate levels – after discussion the program was refined to provide solar to customers whose residences are in a small concentrated area of the City to allow for evaluation of potential additional programs.
 - All solar PV recommendations were modified based on the discussion of the status of solar in energy markets and with RPU. The Working Group pivoted some recommendations to include battery energy storage systems.

Additional Information

RPU's customer programs have performed very well this year. Over the last year, a few programs were expanded with the goal of ensuring that revenue received from the PBC this year was spent this year ensuring that the reserve did not grow. Programs that have been successfully expanded include several direct install programs with vendors that perform no-cost to the customer installations of energy efficiency measures including:

- Small Business Direct Install Program
- Mobile Home and Multi-family Direct Install Program
- Business Outdoor Lighting Direct Install Program

Additionally, the expanded heat pump rebate program has been successful in providing more rebates that initially anticipated.

Because of these successes, these programs may, by the end of the fiscal year exceed the PBC funds received for the year resulting in a reduction of the \$34 million that was initially in the PBC reserve fund. A final year-end balance of the account, anticipated in August or September, will inform the amount that is ultimately available for each program. Staff forecasts that available funding may be reduced to about \$31 million depending on the next few months of program performance. Staff also notes that maintaining the higher levels of funding for these successful programs may be a valid use of the PBC reserve funds in place of some of the programs listed.

Because of this, the final funding for the programs identified by the Community Working Group should be flexible as it may need to be adjusted for program needs. The rebate program titled Resiliency at the Utility Operations Center and City Emergency Operations Center Solar and Battery Rebate Program (with funding of \$5 million identified) could be reduced to cover the decrease in available funds and ensure that all other programs receive adequate funding.

Next Steps

If directed by the Board, staff will present this report and the Board's recommended spending plan to the City Council. If the City Council confirms the programs and funding levels, staff will bring forward to the Board and Council a final spending plan as program guidelines are finalized, the supplemental appropriations to each program.

However, staff notes that the first program, the Energy Storage Rebate Program was in development prior to the Community Working Group meetings and received their support. Staff had noted in both Meeting 3 and 4 that this program would be brought forward in early 2026. Staff can present the full program as early as May 2026 if the program is approved as part of this package.

Additionally, the community discussions of the programs offered by the annual collection of the PBC funds will be continuing this summer as RPU and its consultant team complete the Energy Planning work being performed through the Energy Efficiency and Conservation Block Grant. A community survey will be conducted, and community meetings will be attended and held to discuss the annual programming for the PBC annual funds. The results will be reported following the completion of the energy planning work efforts.

FISCAL IMPACT:

There is no fiscal impact associated with this report. Final appropriations of the funds will be brought forward at future meetings and will be dependent on available funding at that time.

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Attachments:

1. Community Working Group Meeting 1 presentation
2. Community Working Group Meeting 1 minutes
3. Community Working Group Meeting 1 materials
4. Community Working Group Meeting 2 presentation
5. Community Working Group Meeting 2 minutes
6. Community Working Group Meeting 2 materials
7. Community Working Group Meeting 3 presentation
8. Community Working Group Meeting 3 minutes
9. Community Working Group Meeting 4 presentation
10. Community Working Group Meeting 4 minutes

11. Community Working Group Meeting 4 materials

12. Presentation