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**DATE:** May 24, 2023  
**TO:** Energy Council  
**FROM:** Jennifer West, Program Manager  
**SUBJECT:** Heat Pump Water Heater Contractor Incentive Program Update

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### **SUMMARY**

StopWaste staff is requesting Energy Council approval to increase the amount of funding authorized to be received from local energy providers who are participating agencies in our Heat Pump Water Heater (HPWH) Contractor Incentive Program, administered under BayREN.

### **DISCUSSION**

In 2020 the Energy Council approved the creation of a regional midstream incentive program for HPWHs that pays contractors \$1,000 per installed HPWH unit replacing a fossil gas water heater. The program has now been in place for three years and was extended to March 31, 2025. We currently have over 90 contractors enrolled in the program and we have paid out incentives for 550 HPWHs. This program can be layered with BayREN's Home+ program and other programs, including the statewide TECH (Technology and Equipment for Clean Heating) program that started in 2022, and the soon-to-be-launched SGIP (Self-Generation Incentive Program). The purpose of our program was to develop this nascent market and to engage with supply chain actors, such as manufacturers, distributors, and contractors, which we have done successfully, making the Bay Area a fertile ground for an increasing number of HPWH installations.

Four participating agencies fund the incentives: East Bay Community Energy, MCE, CleanPowerSF, and Silicon Valley Power. The program covers customers of these four agencies in six counties and one city: the Counties of Alameda, Contra Costa, Solano, Napa, Marin, San Francisco and the City of Santa Clara.

In 2020, Energy Council entered a Cooperative Agreement with local energy providers for implementation of the HPWH Contractor Incentive Program. When the Cooperative Agreement was approved, the board authorized the Energy Council to accept up to \$1.2 million for the program. In 2023 the program was extended by an amendment to March 31, 2025. We request an increase in the authorized amount of funds up to \$4.2 million (an additional \$3 million), allowing staff to continue accepting and distributing funds under this program through the March 31, 2025, end date.

### **RECOMMENDATION**

Staff recommends that the Energy Council increase the authorization for accepting funds for the HPWH Contractor Incentive Program to up to \$4.2 million.

**ENERGY COUNCIL  
RESOLUTION #EC 2023 -**

**MOVED:  
SECONDED:**

**AT THE MEETING HELD May 24, 2023**

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ACCEPT INCREASED FUNDING FOR THE  
HEAT PUMP WATER HEATER INCENTIVE PROGRAM AND OTHER RELATED ACTIONS**

**WHEREAS**, the Energy Council recognizes that it is in the interest of local, regional, state, and federal agencies to stimulate the economy, create and retain jobs, reduce fossil fuel emissions, and reduce total energy usage and improve energy efficiency; and

**WHEREAS**, the Energy Council was formed to seek funding to develop and implement programs and policies that reduce energy demand, increase energy efficiency, advance the use of clean, efficient and renewable resources, and help create climate resilient communities; and

**WHEREAS**, the Energy Council adopted electrification as a priority area for external grant seeking; and

**WHEREAS**, in consultation with the Energy Council Technical Advisory Group (TAG), staff identified in 2020 that heat pump water heaters are a promising technology; and

**WHEREAS**, the Energy Council partnered with the Bay Area Regional Energy Network (BayREN) to develop a regional contractor incentive program for heat pump water heaters; and

**WHEREAS**, in 2020, the Energy Council entered a Cooperative Agreement with Local Energy Providers for implementation of the HPWH Contractor Incentive Program; to date, the Energy Council has engaged with four Local Energy Providers to fund contractor incentives for installing heat pump water heaters; and

**WHEREAS**, the Cooperative Agreement was amended by all participating agencies to extend the program through March 31, 2025; and

**WHEREAS**, the participating Local Energy Providers would like to supplement the initial funding pool in order to maintain continuity of program incentives.

**NOW THEREFORE, BE IT RESOLVED**, that the Energy Council hereby authorizes the Executive Director to:

1. Accept funds not to exceed \$4,200,000 (an increase of \$3,000,000 from the previous amount of \$1,200,000) and make any necessary changes to the FY 2022-2023 budget to Project 1311: HPWH Grant.
2. Enter into all necessary contracts and agreements with program providers.

3. Approve any required time extensions, modifications, or amendments thereto.
4. Allocate the necessary resources to implement and carry out the amended scope of work.

**ADOPTED this 24<sup>th</sup> day of May, 2023, by the following votes:**

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAINED:**

I certify that under the penalty of perjury that the foregoing is a full, true and correct copy of Resolution #EC 2023-

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ARLISS DUNN  
Clerk of the Board