



## CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

### **AGENDA ITEM**

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Report: Revisions to the Public Benefits Charge (PBC) and Reallocation of 2018-2024 PBC Funds to Authorized Renewable Energy, Energy Efficiency, Demand Response and Energy Efficiency Customer Incentives.

- 1) Introduction of Ordinance amending Section 13.44.425 of the Glendale Municipal Code, 1995, pertaining to the current Public Benefits Charge of 3.6% to the rate mandated by State law.
- 2) Resolution adopting 2.85% as the Public Benefits Charge, pursuant to Glendale Municipal Code, 1995, Section 13.44.425, effective November 7, 2024.
- 3) Motion declaring the allocation and use of funds collected from the 0.75% increase in Public Benefits Charge inadvertently collected from July 1, 2018 through November 6, 2024 for all authorized renewable energy, energy efficiency, demand response, and energy efficiency customer incentives.
- 4) Resolution for the reallocation of the remaining \$3,394,937 from the 2018-24 0.75% Public Benefits Charge, plus all additional unspent PBC revenues collected therefrom through November 6, 2024, to the "Home Energy and Water Savings Rebate Program" to fund energy efficiency enhancements.
- 5) Resolution of Appropriation to appropriate \$3,394,937, and all additional unspent revenues from the 2018-24 0.75% Public Benefits Charge collected through November 6, 2024, to fund energy efficiency enhancements to the "Home Energy and Water Savings Rebate Program."

### **COUNCIL ACTION**

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**Item Type:** Action

**Approved for** October 1, 2024 **calendar**

### **EXECUTIVE SUMMARY**

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Assembly Bill 1890 (AB -1890) and the California Public Utilities Code Section 385 require that municipal utilities establish a PBC equal to 2.85% of annual retail electric rate revenues to fund investments in one or more of the following areas:

- Cost-effective demand side management services to promote energy efficiency

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and energy conservation.

- New investment in renewable energy resources and technologies.
- Research, development and demonstration programs.
- Services provided for low-income electricity customers, including but not limited to, targeted energy efficiency service and rate discounts.

In February 2008, GWP raised its PBC from 2.85% to 3.6% of annual electric revenues to fund solar energy incentives required by Senate Bill 1 (SB-1). SB-1 mandated new statewide expenditure requirements for solar incentive programs and required municipal utilities to offer incentives to all customer classes starting January 1, 2008, and meet certain California Energy Commission guidelines starting January 1, 2009.

Based on our share of the statewide municipal utility load at the time, GWP was required to fund up to \$15.3 million of incentives over ten years through fiscal year 2017-18. At the end of that fiscal year, the 0.75% increase in the PBC rate should have been reduced back down to the state-mandated rate of 2.85%, but this was inadvertently missed by staff, and the 3.6% rate remained in place until present time. As a result, the PBC fund over-collected approximately \$9.2 million between FY 2018-19 and FY 2023-24. However, \$5.8 million was properly and lawfully budgeted and spent on solar incentives during the over-collection period, leaving \$3.4 million of over-collected funds in the Fund.

The increase in the PBC rate was intended to fund SB-1 solar incentives, which is one of the four authorized categories. Since there are no existing solar incentive programs offered by GWP at this time, staff recommends retroactively approving the 0.75% PBC rate increase through November 6, 2024, for energy efficiency programs to help customers reduce energy usage and lower their electricity bills. These recommended actions reallocate \$3.4 million of funds, plus any additional over-collections up to and including November 6, 2024, to enhance the existing “Home Energy and Water Savings Rebate Program,” including increases in rebates for efficient “Energy Star” air conditioners, heat pumps, water heaters, electric stoves, and electric ovens that will help GWP customers transition to cleaner and more efficient technologies.

## **RECOMMENDATION**

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That the City Council approve the following:

- 1) Introduction of Ordinance amending Section 13.44.425 of the Glendale Municipal Code, 1995’s current PBC of 3.6% to the rate mandated by the State law
- 2) Resolution adopting 2.85% as the PBC, pursuant to Glendale Municipal Code, 1995 Section 13.44.425, effective November 7, 2024.
- 3) Motion declaring the allocation and use of over-collected funds from July 1, 2018 through October 31, 2024, for all authorized renewable energy, energy efficiency, demand response, and energy efficiency customer incentives.

- 4) Resolution for the reallocation of the remaining \$3,394,937 plus any additional PBC over-collections from revenues collected up to and including November 6, 2024, to the “Home Energy and Water Savings Rebate Program” to fund energy efficiency enhancements, and
- 5) Resolution of Appropriation to appropriate \$3,394,937, and any additional PBC over-collections from revenues collected up to and including November 6, 2024, to fund energy efficiency enhancements to the “Home Energy and Water Savings Rebate Program.”

## **ANALYSIS**

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Since 2002, 1,539 solar photovoltaic systems were incentivized with a total nameplate capacity of 12.4 MW, totaling approx. \$24.8 million in expenditures:

- ~\$3.7 million in expenditures between 2002 to 2007 (prior to SB-1 Mandate);
- ~\$17.2 million in expenditures between 2008 and 2018;
- ~\$3.9 million in expenditures between 2019 to 2024.

Expenditures for solar programs and initiatives have totaled approximately \$21.1 million since implementation of the SB-1 mandate (between 2008-24). Following the 0.75% PBC increase, \$15.3 million was collected through FY 2017-18, with an additional over-collection of \$9.2 million from FY 2017-18 through FY 2023-24, bringing the total collection to \$24.5 million. Comparing the expenditures to the collections provides a remaining over-collection of approximately \$3.4 million.

Staff recommends reallocating the \$3,394,937, and any additional PBC overcollections up to and including November 6, 2024, to enhance the existing “Home Energy and Water Saving Rebates Program,” with the following rebate modifications:

- ENERGY STAR® Refrigerator/Freezer: Increase rebate from \$80 (inside Glendale)/\$60 (outside Glendale) to \$200, regardless of purchase location.
- ENERGY STAR® Room or Portable Air Conditioner: Increase rebate from \$60 (inside Glendale)/\$50 (outside Glendale) to \$400 per unit, regardless of purchase location with total not to exceed \$800.
- ENERGY STAR® Central Air or Mini-Split Air Conditioner/Heat Pump: Increase rebate from \$250/Ton (inside Glendale)/\$230/Ton (outside Glendale) to \$500/Ton, regardless of purchase location with total not to exceed \$2,500.
- ENERGY STAR® Electric Heat Pump Water Heaters: Increase rebate from \$525 (inside Glendale)/\$500 (outside Glendale) to \$1000, regardless of purchase location.
- ENERGY STAR® Ceiling Fans: Increase rebate from \$30 (inside Glendale)/\$25 (outside Glendale) to \$100 regardless of purchase location.
- Electric Range, Range/Oven Combo, or Wall Oven: Increase rebate from \$220 (inside Glendale)/\$200 (outside Glendale) to \$400, regardless of purchase location.

These adjusted rebates will remain in effect until the over-collected funds are exhausted, at which point the original rebate amounts will be re-established.

By increasing these rebates, staff aims to accelerate the deployment of energy efficient appliances, which will provide ongoing energy savings, bill reductions, and reduced greenhouse gas emissions. Also, air conditioning loads significantly contribute to GWP’s peak load during the summer, and efficient air conditioners will achieve peak-load reductions. Finally, the structure of the \$400 portable and room air conditioning rebates pay for almost 100% of the units (maximum of two per household), which will help low-income and multi-family customers participate in the above benefits.

**STAKEHOLDERS/OUTREACH**

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Not applicable.

**FISCAL IMPACT**

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Staff is requesting an appropriation of an estimated \$3,394,937 to fund energy efficiency enhancements to the “Home Energy and Water Savings Rebate Program” as outlined below:

<b>Requesting Appropriation</b>			
<b>Amount</b>	<b>From (Account String)</b>	<b>To (Account String)</b>	<b>Funding Source</b>
<b>\$3,394,937</b>	<b>24217-2910-000</b>	<b>45512-2910-GWP-0020-P0000 PL: GWP01305AN</b>	<b>Public Benefit Fund Balance</b>

The appropriation is an estimate since revenues for July 1, 2024 through November 6, 2024 are not yet finalized. Therefore, any over-collection resulting from the PBC rate between July 1, 2024 and November 6, 2024 will be added to the \$3,394,937.

The ongoing impacts of re-setting the rate to 2.85% is dependent on the annual electric rate revenues collected. For FY 2024-25, it is estimated that revenues will be impacted by a decrease of approx. \$1.3 million. Any shortage of revenue for FY 2024-25 will be offset by the use of fund balance.

**ENVIRONMENTAL REVIEW (CEQA/NEPA)**

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Not applicable. The action herein is not a project as defined under the California Environmental Quality Act (CEQA).

**CAMPAIGN DISCLOSURE**

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Not applicable.

**ALTERNATIVES TO STAFF RECOMMENDATION**

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Alternative 1: Choose to not authorize the actions recommended in this report, which will result in continuing to charge GWP customers a 3.6% PBC rate, which was not previously authorized beyond December 31, 2018.

Alternative 2: Consider any other alternative not proposed by staff.

## **ADMINISTRATIVE ACTION**

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**Submitted by:**

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**Prepared by:**

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Adrine Isayan, Assistant General Manager - Finance & Risk Management

**Approved by:**

Roubik R. Golanian, P.E., City Manager

## **EXHIBITS/ATTACHMENTS**

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None.