

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 11

To: Board of Directors

From: Mitch Sears, Executive Officer
Rebecca Kuczynski, Director of Customer Care and Marketing
Mary-Kathryn Rueff, Program & Community Engagement Associate Analyst

Subject: Phase 2 of the Electric Vehicle Rebate Pilot Program

Date: November 14, 2024

RECOMMENDATION

Review and approve Phase 2 of Valley Clean Energy's Electric Vehicle Rebate Pilot Program.

BACKGROUND

In September 2022, VCE launched an Electric Vehicle (EV) Rebate Pilot Program to align with member jurisdictions' transportation electrification goals and the state and national movement toward transportation electrification. VCE designed a program that stacked with existing EV rebates and incentives, providing VCE customers with additional funding opportunities.

Phase 1 provided rebates for new electric vehicles with proof that the customer received a rebate from the California Vehicle Rebate Project (CVRP). The program was very successful, with 10 low-income rebates and 31 standard rebates disbursed. VCE received positive feedback from participating customers, and at least one previously opted-out customer returned to VCE to qualify for the rebate. In May 2023, the Board extended Phase 1 funding by \$20,000 and approved the reallocation of an additional unused \$20,000 allotted to program administration for rebates. This funding was exhausted within two months, demonstrating a growing demand for EV Rebates among VCE customers.

In August 2023, the Community Advisory Committee (CAC) provided feedback on and recommended Board approval of Phase 2 of the EV Rebate Pilot Program. The staff proposal was developed based on the performance of Phase 1 and feedback from the CAC's Programs and Outreach Task Group (POTG). Staff also integrated feedback from a survey on EV Program Design that received nearly 550 completed responses as of September 1, 2023. Shortly before the Board was able to review phase 2, the CVRP program temporarily suspended its rebates and no new applicants have been accepted since November 2023. A waiting list of VCE applicants were previously informed they would be first to determine rebate eligibility should phase 2 be approved by VCE's Board, and staff will prioritize applications from this waiting list before considering new, Phase 2, applicants. Since VCE relied on the CVRP EV purchase and income verification to approve its rebate recipients' eligibility, phase 2 was delayed until there

was sufficient staff time to implement an alternative program design. Staff has been finalizing proposed program elements, and the Community Advisory Committee has provided feedback on, and recommended approval of, the proposed program design at its October 24, 2024 meeting.¹

PHASE 2 PROGRAM DESIGN

Phase 2 includes three components:

1. Incentives for vehicle purchase
2. Incentives for at-home and workplace charging systems
 - a. Bonus for VGI-capable charging equipment
3. Incentives for panel upgrades

Vehicle Incentives

Staff recommends adjustment of the amounts of the EV Rebates in Phase 2, while continuing to provide a larger incentive for low-income customers.² Staff believes that the lower amounts will still provide adequate incentives while providing a greater number of overall rebates to VCE customers. Due to the continuous growth of the EV Rebate Program Waitlist (55+ customers), staff recommends adjusting the rebate amounts for the battery electric vehicle (BEV) and plug-in hybrid to \$1,000 for standard applicants, and the battery electric vehicle (BEV) and plug-in hybrid low-income rebate amount to \$2,000.

Charging System Incentives

According to the US Department of Energy, 80% of EV charging is done at home.³ Without incentives for charging, the transition to an electric vehicle can seem out of reach for many customers. Staff recommends providing incentives for in-home residential charging installations and panel upgrades in Phase 2. Customers would be able to stack the incentives for charging and panel upgrades because the need for panel upgrades can sometimes stall the charger installation process. VCE customers would be eligible for charging incentives, as well as panel upgrades, even if they do not apply for EV Rebates. Charging availability in multi-family housing and for workplace charging is very important to incentivize, as EVs are sometimes inaccessible for customers who do not own their home or have easy access to charging.

Bidirectional Charging Bonus

When phase 2 of this pilot was reviewed by the CAC in 2023, the importance of bidirectional charging was emphasized. Bidirectional charging is charging equipment that is capable of using energy from the grid, but also can put energy back on the grid or power a customer's home or business in peak (expensive) times or in times when there is a power shutoff. Since the CAC's 2023 review, VCE launched a CEC-funded electric tractor charging incentive program with bidirectional charging capability (REACT) and is planning to participate in the upcoming PG&E-

¹ The CAC put forth a Phase 2 recommendation that only included multi-family (not workplace) charging incentives for the non-residential component. After receiving feedback, staff modified the eligibility criteria to include workplace charging incentives.

² Low-income customers are customers that are enrolled in the CARE (California Alternate Rates for Energy) or FERA (Family Electric Rate assistance) programs. Income eligibility requirements here:

<https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-costs/care-fera-program>

³ <https://www.nrel.gov/docs/fy21osti/78540.pdf>

administered Vehicle-to-Grid pilots, also with bidirectional charging capability. However, the technology is still somewhat new, is not widely adopted by customers, and could benefit from additional incentives. To this end, staff proposes a \$500 bidirectional charging bonus rebate be given to customers that install bidirectional charging equipment and agree to participate in one of the dynamic rate pilots (e.g. Hourly Flex Pricing, VGI, etc.)

Proposed incentive amounts are as follows:

Proposed Incentive	Proposed Amount	Proposed Budget
EV Rebates	\$2,000 (low-income); \$1,000 (standard)	\$120,000
VGI Bonus with HFP Participation	\$500	
In-home residential charging	\$500	\$40,000
In-home panel upgrades	\$500	
Multi-family housing or workplace charging	\$3,000 each, up to \$21,000/property	\$100,000
Program Admin	---	\$20,000
Program Contingency	---	\$20,000
Total	---	\$300,000

Customer Eligibility

Staff recommends working with a third party to certify income eligibility, as well as potentially certifying the purchase of vehicles or installation of panel upgrades. This could save staff time as well as minimize any liability that may result from retaining confidential customer information such as income.

If Board approval were given for Phase 2 implementation, the terms and conditions from Phase 1 would be modified to clarify:

- Eligibility criteria and timing among the various incentives
- Diverse geographical distribution of multi-family and workplace charging incentives
- Efficient administrative process for customers and staff
- Security of confidential customer information

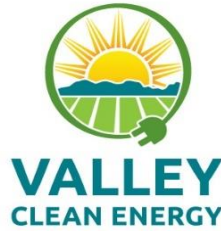
FINANCIAL IMPACT

Total proposed Phase 2 program budget is \$300,000. Should demand for rebates be high, staff has reserved \$20,000 in the budget for additional as-needed consultant support. That amount would be reallocated to rebates should staff not need the support. As with Phase 1, 25% of EV rebate funds (\$30,000) would be reserved for income-qualified applicants. If these reserved funds were not exhausted 6 months after Phase 2 launch, the funds would be released for standard applications.

CONCLUSION

Staff is recommending that the Board approve Phase 2 of Valley Clean Energy's Electric Vehicle Rebate Pilot Program.

Attachment: Phase 2 - EV Rebates Program Design/Implementation Form Draft



Program Preliminary Design/Implementation Form

Program Concept: Phase 2 - Electric Vehicle (EV) Rebates Pilot

Date: 11/14/24

Staff Resources and Support:

Assigned Program Managers: Rebecca Kuczynski, Mary-Kathryn Rueff
 Programs and Outreach Task Group members: David Springer, Keith Taylor, Diccon Westworth
 Consultant names: (potentially; still TBD) SMUD, Jim Parks

Scope: Continue to disburse rebates for Electric Vehicles, add incentives for charging infrastructure, VGI charging capability and electrical panel upgrades for qualifying customers until allocated program funds are exhausted. Income-qualified customers are eligible for higher EV rebates.

Timing: Announce phase 2 program roll-out after Board approval in Fall 2024. Begin phase 2 of program implementation in January/February 2025 (pending Board approval). Begin providing rebates at the start of implementation, and close rebate application process when funds are provisionally allocated, and before funds are exhausted.

Program Design Criteria Evaluation:

	Criteria 1	Criteria 2	Criteria 3
Criteria Type	<u>Availability of Funds</u>	<u>Staff Time</u>	<u>Strategic Plan Alignment</u>
Reasoning for Program Score	Scored high; we have internal funds set aside for such programs and have used few funds due to most programs in 2023-2024 receiving reimbursable (grant) funds	Scored high with third party assistance	Scored medium to high on strategic plan alignment: <u>Reduces GHG Emissions</u> Higher penetration of EVs in Yolo County would lead to less emissions from transportation. Incentivizing bidirectional charging is innovative and could help market penetration <u>Customer Satisfaction</u> Addresses an issue of importance to customers as stated in a customer survey <u>Addresses Environmental Justice</u> Addresses the needs of the underserved, underprivileged and/or lower-income customers by making EVs more accessible <u>Regulatory & Legislative Goals Alignment</u> Aligns with state goals of increasing penetration of EVs in CA <u>Strategic Partnerships</u> Level of collaboration with local organizations: we could potentially work with California Air Resources Board, EV dealers, Yolo-Solano Air Quality Management District, low-income communities, community-based organizations, and additional stakeholders



Program Metrics and Goals:

Metrics: The total number of EVs purchased utilizing VCE’s rebate program; number of EVs purchased and total dollars provided to low-income qualified applicants; number of charging incentives provided.

Goals:

- 50 EVs incentivized, including 10 income-qualified recipients
- 30 residential charging installations, including 10 panel upgrades
- 20 multi-family or workplace charging installations

Proposed Programs Budget:

Resource	Source	Proposed Budget
Rebates and Incentives	Programs Budget	\$260,000
Program Admin & Support	Programs Budget	\$20,000
Program Contingency	Programs Budget	\$20,000
	Total	\$300,000

Budget details:

\$2,000 rebate for new or leased Battery Electric Vehicles (BEV) or Plug-In Hybrid Electric Vehicles (PHEV) for income-qualified customers. \$1,000 for standard applicants (not low-income) for new or leased Battery Electric Vehicles (BEV) or Plug-In Hybrid Electric Vehicles (PHEV). \$500 bonus incentive for bidirectional charging capable charging equipment. \$500 incentive for in-home electrical panel upgrades. \$3,000 for multi-family or workplace charging installation (up to \$21,000 per property). \$20,000 for third-party program administration, and \$20,000 contingency for program admin (both of which can be reallocated to rebates if not used).

Organizational Goals Addressed:



Alignment with VCE's Strategic Plan? Yes

- **Goal 3.** Prioritize VCE's community benefits and increase customer satisfaction and retention and;
 - 3.2 **Objective:** *Develop programs and initiatives to better support community goals, including supporting member agency achievement of energy-sector emissions reduction targets.*
 - 3.5 **Objective:** *Develop customer programs and initiatives that prioritize decarbonization, community resiliency and customer savings.*

Phase 2 Program Eligibility:

1. For residential customers:
 - a. Must be a Yolo County resident and an existing customer of Valley Clean Energy; one vehicle rebate per household. Vehicle rebate may be combined with all charging and panel upgrade rebates.
 - i. Please note that for all charging and panel upgrade incentives, the customer need not qualify for the VCE Electric Vehicle rebate to be eligible.
 - b. Must apply and be approved by Valley Clean Energy.
 - c. Low-income eligibility requirements must be verified.
 - d. Purchase an eligible vehicle:
 - i. New or leased EV
 1. Not all EV models are eligible
 2. Includes a luxury vehicle cap, currently set at \$45,000
 - e. Must be a plug-in hybrid or battery-powered EV
2. For non-residential customers:
 - a. Must be a Yolo County housing development or workplace, and an existing customer of Valley Clean Energy; up to seven charger rebates per property (\$21,000 per property). Non-residential charging rebate may not be combined with residential charging rebates.

Application Process:

Applications will be processed on a first-come, first-served basis until the budget is exhausted. As with Phase 1, 25% of rebate funds would be reserved for income-qualified applicants. If these reserved funds were not exhausted (or "on hold") 6 months after program launch, the funds are released for standard applications. Customer applications will be available on VCE website in both English and Spanish. Delivery by email is preferred but applications will also be accepted by mail, fax, or drop-off.

Valley Clean Energy or a contracted 3rd party will provide application support to our interested customers, as well as help them find information on and apply for additional EV rebates. We encourage all applicants, especially low-income, to apply for additional rebate programs.



Dispersal of funds:

VCE will write a check using the applicant's information.

Marketing, Education and Outreach (ME+O) Strategy:

Until Phase 1 waitlist is exhausted, no additional ME+O is recommended. Once the waitlist is cleared and EV Rebate funds remain, strategy could be as follows: promote on social media, website, and evaluate cross-promotion with aligned organizations (e.g. RISE, Inc., Mutual Housing, Grid Alternatives, Davis Electric Vehicle Associations). Potential to initiate targeted mail and/or email campaigns, print or radio advertisement campaigns, as well as create marketing materials for use in car dealerships.

Board, CAC, POTG Input:

The Programs and Outreach Task Group (POTG) has played a fundamental role in the development of this rebate pilot from its conception in early 2021.

Next Steps: Seek Board approval, formalize budget; develop full list of eligibility criteria and terms & conditions; refine ME+O Strategy; implement pilot Phase 2.