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# Decarbonization Programs and Policy Update

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# The Community Choice Energy Agency for 13 Santa Clara County communities

Mission: Reduce dependence on fossil fuels by providing carbon free, affordable, and reliable electricity and innovative programs for the SVCE community.



**Campbell**



**CUPERTINO**



**Gilroy**



**Los Altos**



**Los Altos Hills**



**Los Gatos**



**Milpitas**



**Monte Sereno**



**Morgan Hill**



**City of Mountain View**



**Mountain View | Santa Clara County**



**Saratoga**



**Sunnyvale**

# Locally Governed Board of Directors

George Tyson  
Town of Los Altos Hills

Garry Barbadillo  
City of Milpitas

Bryan Mekechuk  
City of Monte Sereno

Yvonne Martinez Beltran  
City of Morgan Hill

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# Customer Benefits



## Local Reinvestment

All net revenues are returned to customers through lower rates/bill discounts, grants, and other local investments.



## Clean Power

Committed to 100% clean energy on an annual basis and advancing the state's energy transition.



## Accelerate adoption of electric technologies

Reducing the use of fossil fuels will drive down customer bills and reduce local pollution.



# Results & Impact



## Local Reinvestment

Saved all customers more than \$203M.

\$135M program investments.



## Clean Power

More than \$4B committed in 26 long-term contracts for clean power

1,045 MW of renewable power and 2,045 MWh of battery storage.



## Accelerate adoption of electric technologies

Thousands of rebates issued for heat pump equipment

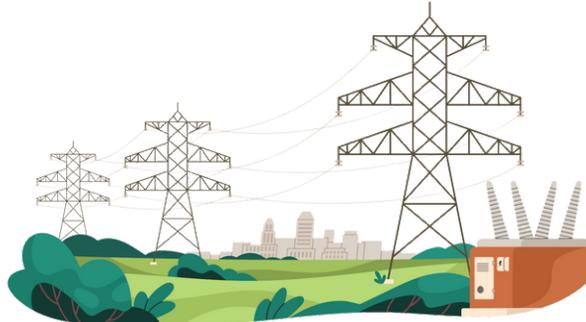
Installed hundreds of EV chargers at multifamily properties

# How does it work?



## SVCE

Buying and building  
energy supplies  
from clean sources



## PG&E

Delivering energy,  
repairing power lines,  
billing, servicing  
customers



## YOU

Benefitting  
from cleaner  
energy, local  
control



# Bay Area Air District Zero NOx Rules



**Regulation 9, Rule 4:**  
Nitrogen Oxides from  
Fan Type Residential  
Central Furnaces



**Regulation 9, Rule 6:**  
Nitrogen Oxides from  
Natural Gas-Fired  
Boilers  
and Water Heaters

## Zero NOx Compliance Dates

Rule 9-6	1/1/2027	Residential tanked water heaters (less than 75,000 BTU/hr)
Rule 9-4	1/1/2029	All Applicable natural gas-fired furnaces
Rule 9-6	1/1/2031	Larger tanked water heaters and tankless (75,000 – 2 million BTU/hr)

### Do not apply to:

- Stoves, dryers, or water heaters and boilers larger than 2 million BTU/hr, or other appliances
- Appliances that use propane or other non-natural gas fuels
- Mobile home furnaces



# Proposed Exemptions

## Exemptions to Rule 9 -6 (water heaters)

- Small volume gas water heaters (<35 gal.)
  - Will continue to be sold without need for exemption process
- Applicant-based exemptions requiring certification
  - Low-income homeowners
  - Businesses with special needs (e.g. restaurants, dry cleaners, etc.)
  - Emergency replacements loaners
- Project-based exemptions requiring certification
  - Space constrained homes – structural modifications or WH relocation required
  - Hydronic Systems
  - Electrical Constraints (e.g. Knob and tube electrical, panel constraints, etc. )



# Proposed Low -Income Exemptions

## Option A

- Enrollment in existing low-income program (Enrollment in existing low-income program ( $\leq 250\%$  of federal poverty guidelines OR
- Mortgage and property taxes  $\geq 28\%$  of gross income

## Option B

- $\leq 80\%$  AMI



# Air District Rule Timeline

December 2025	<b>Rule 9-6</b> flexibility amendments at Stationary Source Committee
February 2026	<b>Rule 9-6</b> low-income flexibility amendments at Stationary Source Committee
Q1 2026	<b>Rule 9-6</b> flexibility amendments public workshop
May/June 2026	<b>Rule 9-6</b> update on exemptions for full Air District Board
Q3 2026	<b>Rule 9-6</b> Full Air District Board vote
Fall 2026	<b>Rule 9-4</b> presentation to Stationary Source Committee
December 2026	<b>Rule 9-4</b> Implementation Readiness report and presentation to Air District Board of Directors
January 1, 2027	<b>Rule 9-6</b> compliance start date, subject to change per flexibility amendments process, outcomes and administrative requirements

Rule 9-6 = residential water heaters; Rule 9-4 = furnaces



# Bay Area CCA Coordination

Bay Area CCAs have been working together to support customers in preparing for decarbonization. Our agencies have also met with Air District officials since 2023.

## Key Areas of Focus

Contractor  
Engagement

Streamlined  
Financing

Incentive  
Support

Permitting

This 2026 roadmap will build off of seven years of work to build a plan focused to overcome future challenges.





# The Decarbonization Roadmap effort will provide evaluation tools to help guide strategic decisions.

## 1. Enhanced electrification planning:

- Refine fuel-switching adoption scenarios
- Connect supply-side planning and forecasting to decarbonization program strategy

## 2. Decarbonization program evaluation framework:

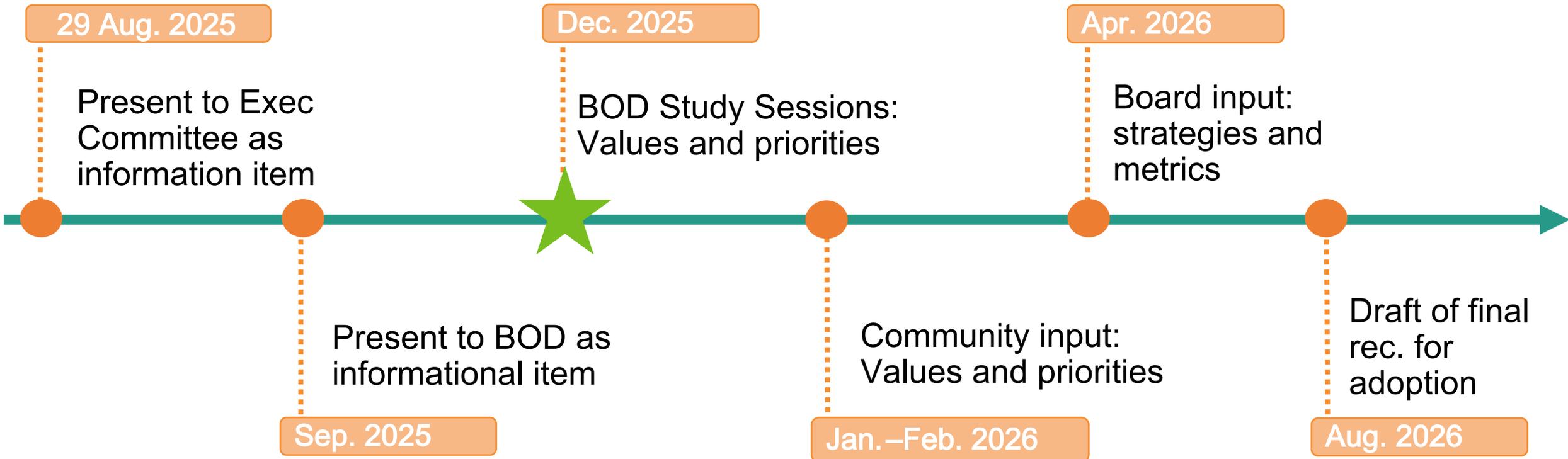
- Develop metrics to guide investments and track program performance
- Grow capacity for internal reporting and ongoing planning

## 3. Prioritized recommendations

- Guiding principles to help adapt and scale decarbonization efforts over 3-5 years



# Next Step: Board Discussion & Input



\*Timeline subject to change

# Programs Impact Summary

1. Programs overview
2. What we've accomplished
3. What we've learned
4. Where we're going next

# Why run programs?

To help customers electrify quickly, easily, and cost effectively, while meeting their priorities.



Programs



30 active programs



\$138M committed



\$28M carve-out for income-qualified



# Typical SVCE Customer

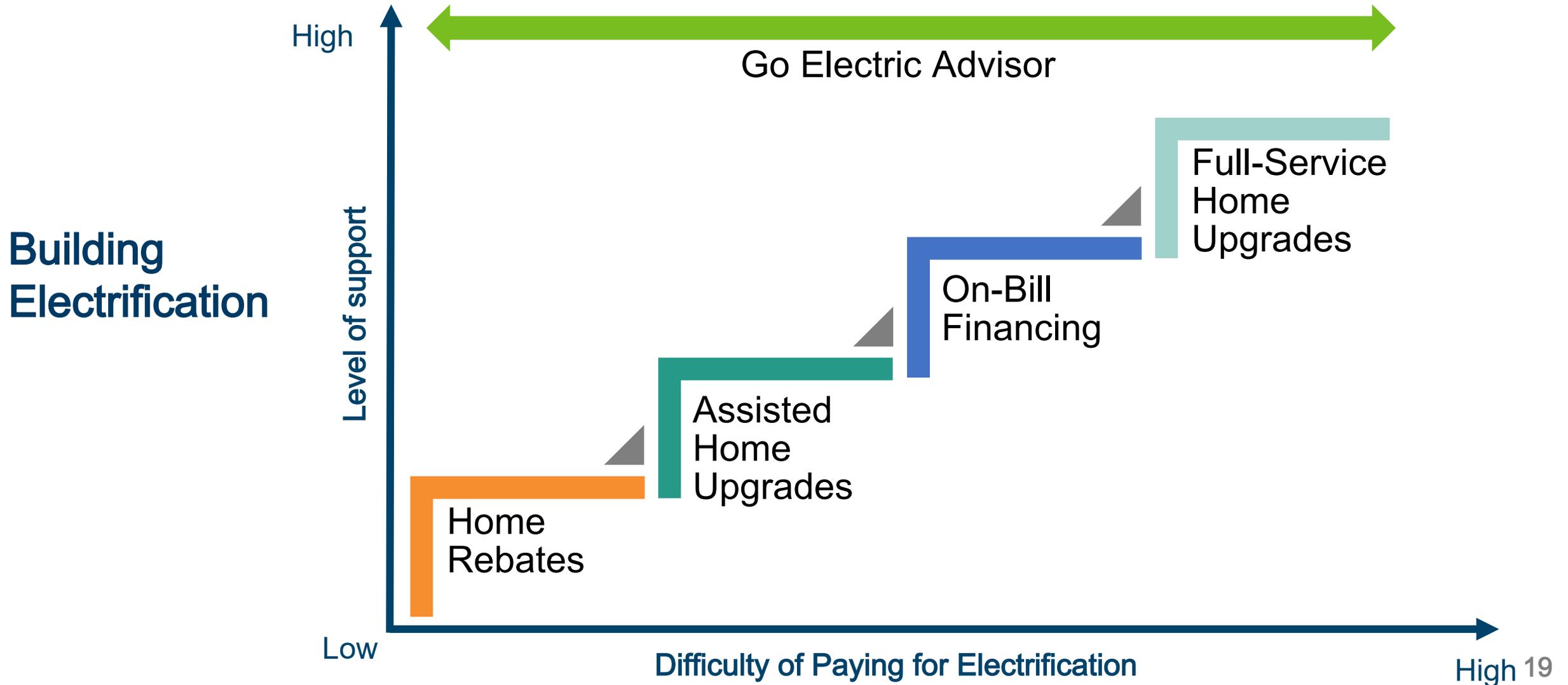
- Not interested in or aware of electrification
- Financially strapped
- Overwhelmed by options
- Doesn't know where to start
- **Needs a quick, convenient solution**



All customers just want to enjoy their hot water!



# Our programs provide full support



# Our programs provide full support

## Transportation Electrification



EV Charging  
Technical  
Assistance\*



EV Charging  
Rebates



EV Rebates



E-bike  
Rebates\*

Infrastructure & E -mobility

*\*Launching in 2026*

# 2025 Rearview

*What We've  
Accomplished*





# Sunnyvale Impacts by the Numbers: Buildings (homes)



502

customers served through Go Electric Advisor service (+331)



\$2.2M

incentives paid out for home electrification (+\$900k)



257

heat pump water heaters installed (+86)



3

emergency water heater replacements (new in 2025)



4

homes receiving electric appliances installed by SVCE (new in 2025)



512

heat pump space heating and cooling systems installed (+222)



56

induction cooktops or ranges installed (+33)



# Sunnyvale Impacts by the Numbers: Buildings (businesses)



**\$48,500**

incentives paid out  
for building  
decarbonization

**5**

large businesses enrolled  
in decarbonization  
planning



**11**

contractors  
trained

**1**

small or medium  
businesses partially  
or fully electrified



# Sunnyvale Impacts by the Numbers: Transportation



**\$958k**

incentives paid for  
EV charger  
installations  
(+54k)



**155**

Level 1 or 2  
chargers installed  
(+10)



**4**

DC Fast Charger  
ports installed



**112**

EV Rebates  
Paid  
(+102)



**11**

multifamily  
properties that  
installed EV  
charging  
(+1)



**30**

properties received  
EV charging  
technical support  
(+4)

# 2025 Rearview

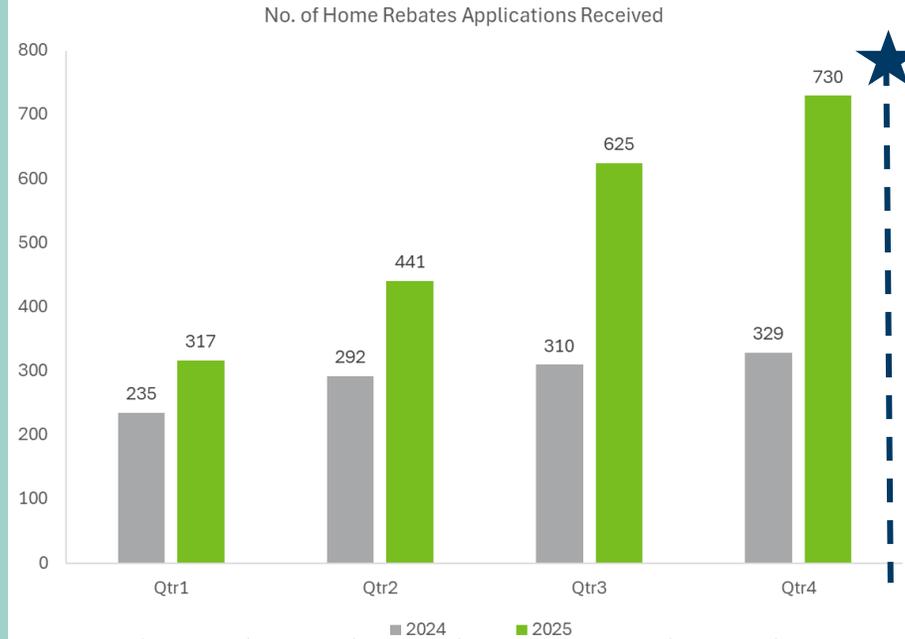
## *What We've Learned*



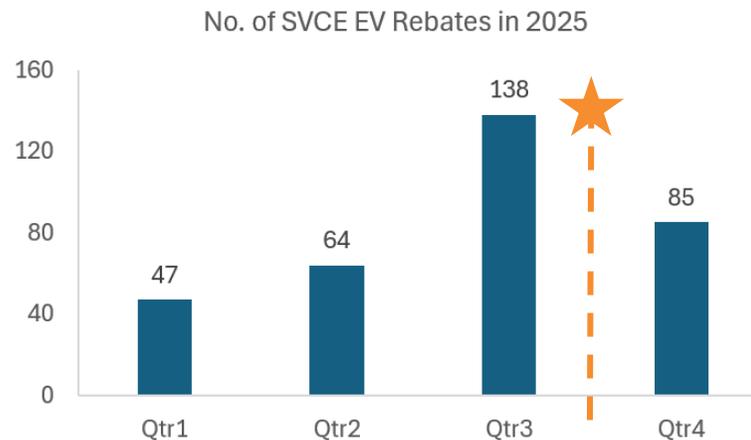


# 1. Incentives are a key driver for electrification (especially when disappearing!)

- Federal tax credits sunsetting encouraged many people to apply or claim rebates in second half of 2025



- **+81%** applications received vs. 2024
- **61%** of claims in 2025 were in Q3-Q4



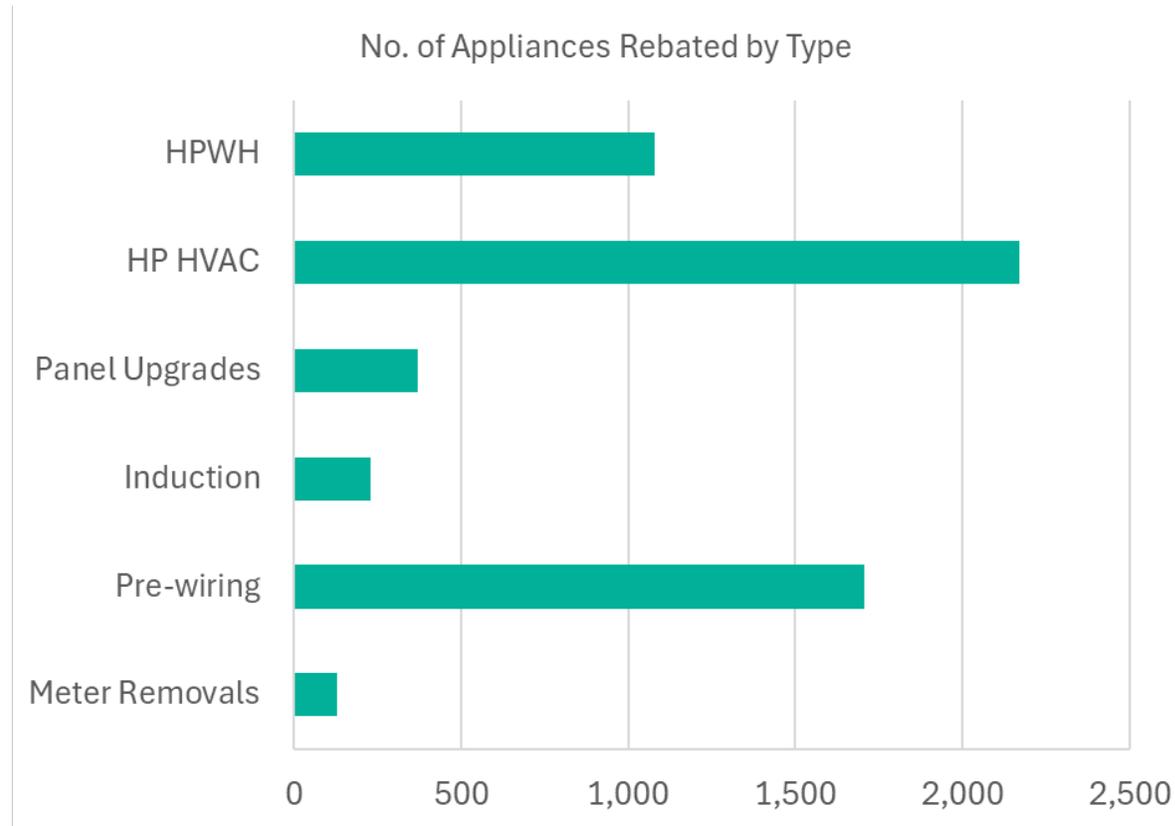
- **50% more EV rebates** claimed in Q3-Q4

★ Heat pump tax credits ended 12/31/25  
★ EV tax credits ended 9/30/25



## 2. HP HVAC and Prewiring are the most popular rebates ; HPWHs still need support

- HP HVAC rebates soared, likely due to AC demand
- Prewiring rebate is critical for compliance with local reach codes and Air District Rules
- HPWHs need continued support



- **+18% more HP HVACs** in 2025 vs. 2024
- **-20% fewer HPWHs** in 2025 vs. 2024



# 3. Panel optimization is possible, especially when encouraged

- Industry data shows electrification within 100A capacity is possible
- In April 2025, SVCE limited panel rebate eligibility to replacements or upgrades within 100A

**Top 5 Tips for Going Electric and Preventing Costly Electrical Service Upgrade** 

By implementing these best practices, contractors can help homeowners potentially save between \$3,000 and \$20,000+ while also reducing project delays by 6 to 12+ months.

Recent advances in technology and electric home equipment mean that costly electrical panel or service upgrades, such as increasing from 100 to 200 amps, are often unnecessary when transitioning to efficient heat pumps, electric appliances, and home electric vehicle chargers. In the past, service upgrades were a common recommendation, but today there are practical ways to avoid expensive upgrades thanks to ongoing efficiency improvements and research. Making the switch to all-electric not only reduces pollution but also improves community health and safety.

Recent data indicates that over 90% of homes will be able to fully electrify on 100 amps without requiring a larger panel or utility service upgrade. The following guidelines can help contractors and customers maximize a home's existing power.

<b>Panel Optimization</b>	<p><b>Consolidate:</b> If there are more lighting or convenience circuits than needed, consolidate circuits within a new junction box or other method of combining two lightly loaded branch circuits and run a new wire from that junction box to an existing 120V breaker.</p> <p><b>Free panel space:</b> If all breaker slots are full, use skinny ("slimline") or tandem breakers that provide two distinct breakers in one 1" breaker slot.</p>	10-20A saved
<b>HVAC</b>	<p>Specify variable speed heat pump HVAC systems with 120V air handlers and manufacturer provided "communicating" (2-wire) thermostats. Not only do these systems save energy and lower customer bills, but they can also power the air handler off the heat pump's circuit, avoiding a separate 240V air handler circuit and freeing up the existing 15A furnace circuit.</p> <p><b>Note:</b> In our climate, auxiliary heat ("electric strip heating") should be avoided by properly air-sealing conditioned spaces and sizing HVAC systems and any needed ductwork appropriately.</p>	30-60A saved
<b>Heat Pump Water Heater (HPWH)</b>	<p>Install a 240V 15A or a 120V 15A HPWH instead of a 240V 30A model when possible.</p> <p><b>Note:</b> Installers typically recommend selecting HPWH products based on first-hour rating requirements, which often includes upsizing the tank size by one or two sizes when replacing a gas storage tank water heater.</p>	15A saved

- More customer and contractor education is needed to avoid panel upgrades through rebate programs

- 100% of customers (20 installs) in full-service direct install program could electrify without an upsized panel



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## 2026 Preview

*Where We're  
Going Next*

**With time,  
SVCE  
programs will  
evolve – our  
goal remains to  
reach all  
customers**

**\*New in 2026\***

**Four Member Agencies offering City Rebates**

- Milpitas (continued from 2025)
- Mountain View (continued from 2025)
- Sunnyvale
- Los Altos

- Rebates will eventually phase out as costs come down
- State/local financing options will grow to support mandates
- Renters and low-income customers will need ongoing support (e.g., direct installation services) to electrify



# As the clean energy transition progresses, needs and opportunities for Demand Flexibility are

Past ...

Now and Future ...

Supply

- Fossil-based
- Predictable capacity
- Seasonal price volatility



- Renewable
- Variable capacity
- Daily price volatility

Demand

- Mixed fuel
- Flat/declining load
- Dumb on/off appliances



- All-electric
- 70%+ load growth
- Connected/flexible loads

Demand/Supply  
Matching

- Manual load reduction during extreme peak events



- Dynamic rates
- Automated control & optimization



# Looking ahead to 2026 and beyond

- **Continue to scale programs** to reach more customers
- **Refine program operations** to ensure seamless delivery for future customers
- **Prepare programs to support and comply** with new policies

## Learn more about programs

- Quarterly Programs Report linked in SVCE's Board agenda
- eHub: <https://ehub.svcleanenergy.org>

**Thank you!**

