



456 West Olive Avenue
Sunnyvale, CA 94088-3707

408-730-7473
Sunnyvale.ca.gov

March 2, 2026

The Honorable Dr. Aisha Wahab
California State Senate
1020 O Street, Suite 8530
Sacramento, CA 95814

RE: State Funding Request for the City of Sunnyvale – Heat Pump HVAC Rebate Topper Program

Dear Senator Dr. Wahab:

Larry Klein
Mayor

On behalf of the City of Sunnyvale, I would like to express our sincere gratitude for your past and ongoing support of our city and region.

Richard Mehlinger
Vice Mayor

Alysa Cisneros
Councilmember

I recognize that the current State budget and fiscal landscape are uncertain and in flux. I am writing to respectfully request that if the opportunity arises, that the state direct funding toward a critical public safety need for Sunnyvale.

Murali Srinivasan
Councilmember

Linda Sell
Councilmember

The City of Sunnyvale seeks \$200,000 in state funding to support an extension of the Rebate Topper program, currently administered in collaboration with Silicon Valley Clean Energy (SVCE). Through this program, residents that replace gas furnaces with heat pump HVAC systems receive rebates from SVCE to offset the higher upfront costs of heat pump installation. Sunnyvale residents are eligible to receive additional City funding to further close the remaining cost gap.

Charlsie Chang
Councilmember

Eileen Le
Councilmember

The current program is scheduled to run through June 2027 and is expected to serve approximately 350 households. An additional \$200,000 in funding would allow roughly 200 more Sunnyvale residents to participate, expanding the program's total reach to approximately 550 households and helping residents prepare for compliance with Sunnyvale's upcoming building code requirements. At the bottom of this letter is a breakdown of the rebates offered.

In 2024, the global mean temperature exceeded 1.5°C above pre-industrial levels, underscoring the urgency of climate action. Rising temperatures are increasing demand for heating and cooling systems to maintain indoor comfort during more frequent and



severe heat events. Residential heating and cooling account for approximately 60 percent of home energy emissions yet heat pumps can reduce heating-related fossil fuel use by 40 percent or more. Transitioning to heat pumps is therefore a critical strategy for achieving both Sunnyvale's and California's long-term climate goals.

Unlike gas or propane fueled heating systems, heat pumps produce zero on-site greenhouse gas emissions and reduce the risk of carbon monoxide exposure. Together, these benefits make heat pumps an essential tool in reducing emissions, improving public health and safety, and supporting the City's broader climate resilience efforts.

I am proud of the values and priorities that our community has maintained and am optimistic that this project request aligns with state climate goals and would be a worthy investment of state funds. Thank you for your consideration. Please do not hesitate to contact me or Michelle Zahraie, Sr. Management Analyst at mzahraie@sunnyvale.ca.gov, if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Larry Klein".

Larry Klein
Mayor

cc: City Council
Tim Kirby, City Manager
Sarah Johnson-Rios, Assistant City Manager



The breakdown of the rebates offered, and the percent of incremental cost covered is displayed in the table below.

Customer Category	Appliance Type	Value of Sunnyvale Rebate	Value of SVCE Rebate	Total	% of Incremental Cost Covered by Rebates
Market-rate customers	Heat Pump HVAC (replacing gas furnace)	\$1,000	\$2,500	\$3,500	65%
Income-qualified customer	Heat Pump HVAC (replacing gas furnace)	\$1,500	\$3,500	\$5,000	93%

(Sunnyvale offers a higher value rebate for income-qualified participants. The additional \$200,000 would allow more funding to support the low-moderate income homeowners.)

Otto Lee
President
Supervisor, District Three
County of Santa Clara



Government Center, East Wing
70 West Hedding Street, 10th Floor
San Jose, California 95110
Tel: (408) 299-5030 Fax: (408) 298-6637
supervisor.lee@bos.sccgov.org www.supervisorlee.org

March 3, 2026

The Honorable Dr. Aisha Wahab
California State Senate
1020 O Street, Suite 8530
Sacramento, CA 95814

**RE: STATE FUNDING REQUEST FOR THE CITY OF SUNNYVALE – HEAT PUMP HVAC
REBATE TOPPER PROGRAM**

Dear Senator Dr. Wahab,

I am writing in strong support of Sunnyvale’s request for state funding to expand its Heat Pump Rebate Program. California has set ambitious greenhouse gas reduction targets, and meeting them will require bold, practical action at the local level. Study after study demonstrates that building electrification — replacing furnaces, water heaters, stoves, and ovens powered by fossil fuels with high-efficiency electric appliances connected to California’s increasingly clean grid — is among the most effective strategies available. Widespread electrification could reduce U.S. greenhouse gas emissions by an estimated 1.5 percent by 2035. Moreover, it will reduce GHG emissions while significantly reducing utility costs.

Utility costs have an outsized impact on homeowners, adding roughly 25% to monthly housing expenses, averaging \$2,700 annually per single-family home. These recurring costs affect affordability, with historically high utility bills forcing some buyers to reduce budgets or reconsider purchasing a home altogether. Heat pumps reduce those fixed costs, saving households between \$10,000 and \$20,000 over twenty years through lower energy and maintenance costs.

The City of Sunnyvale is seeking \$200,000 in state funding to extend its Rebate Topper Program, administered in partnership with Silicon Valley Clean Energy. Through this collaboration, residents who replace gas furnaces with high-efficiency heat pump HVAC systems receive rebates from SVCE to offset upfront installation costs. Sunnyvale supplements these rebates with additional City funding, helping to close the remaining cost gap and make clean heating and cooling technologies accessible to more households.

The current program is scheduled to run through June 2027 and is expected to serve approximately 350 households. An additional \$200,000 investment would enable roughly 200 more Sunnyvale residents to participate, expanding the program’s reach to an estimated 550 households. This expansion would not only accelerate emissions reductions but also help residents prepare for compliance with Sunnyvale’s forthcoming building code requirements.

The urgency of this investment cannot be overstated. In 2024, global average temperatures exceeded 1.5°C above pre-industrial levels, a stark reminder that climate change is no longer a distant threat but a present reality. As extreme heat events become more frequent and severe, demand for reliable, efficient heating and

cooling systems continues to rise. Residential space heating and cooling account for roughly 60 percent of home energy emissions. Heat pumps, however, can reduce heating-related fossil fuel use by 40 percent or more, making them a critical lever for achieving both Sunnyvale's and California's long-term climate goals. Unlike gas or propane-fueled systems, heat pumps produce zero on-site greenhouse gas emissions and eliminate the risk of carbon monoxide exposure. Beyond emissions reductions, they improve indoor air quality, enhance public health and safety, and strengthen community resilience in the face of a changing climate. For these reasons, state support for Sunnyvale's Heat Pump Rebate Program represents a prudent, high-impact investment, one that advances California's climate leadership while delivering tangible financial and health benefits to residents.

I am optimistic that this project request aligns with state climate goals and would be a worthy investment of state funds. Thank you for your consideration. Please feel free to contact me anytime at Supervisor.Lee@bos.sccgov.org.

Sincerely,

A handwritten signature in blue ink, appearing to read "Otto Lee", written in a cursive style.

Otto O. Lee
Board President



333 W El Camino Real, Suite 330 | Sunnyvale, CA 94087 | 1-844-474-SVCE (7823) | SVCleanEnergy.org

March 9, 2026

The Honorable Aisha Wahab
California State Senate
1020 O Street, Suite 8530
Sacramento, CA 95814

Re: Support for the City of Sunnyvale's State Funding Request for the Heat Pump Rebate Topper Program

Dear Senator Wahab,

On behalf of Silicon Valley Clean Energy (SVCE), I would like to express our support for the City of Sunnyvale in their request for \$200,000 in funding for their Heat Pump Rebate Topper program, which will provide building electrification incentives for city residents and will leverage a successful existing effort that helps residents layer multiple rebates to reduce out-of-pocket costs.

As background, SVCE is a community-owned agency serving the majority of Santa Clara County communities, acquiring clean, carbon-free electricity on behalf of more than 270,000 residential and commercial customers. Since SVCE's service launch in 2017, SVCE has avoided 530 million pounds of pollution (CO₂) being released into the air that contributes to climate change and saved local electricity customers more than \$174 million. In addition to providing clean electricity at competitive rates, SVCE's mission includes providing innovative community programs for ongoing decarbonization in the built environment and transportation.

Natural gas consumption represents over 80% of building greenhouse gas emissions in our service territory¹. Decarbonizing existing buildings is essential to our ability to achieve our collective greenhouse gas emission reduction goals. SVCE's Board is prioritizing this work. SVCE's flagship building decarbonization program, Home Rebates, has disbursed nearly \$10 million in incentives to single-family and small multifamily customers to install heat pump water heaters, heat pump space heating/cooling systems, and related upgrades. Sunnyvale residents have had the highest engagement in this program across SVCE's member jurisdictions, with 692 customers supported, over \$2.2 million in rebates paid out, and an additional \$500,000 in reserved rebates to date.

Despite this success, SVCE's community funding alone is not sufficient to decarbonize existing buildings at the scale needed or to meet community demand.

¹ According to SVCE's Buildings Baseline Study 2020. http://svcleanenergy.org/wp-content/uploads/2020/02/SVCE-Buildings-Baseline-Study_FINAL_share.pdf



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When cities like Sunnyvale fund rebates that layer with SVCE incentives, this approach further reduces customers' out-of-pocket costs and has shown to significantly increase rebate program participation². Additionally, with SVCE administering rebate toppers on Sunnyvale's behalf through our existing rebate application system, this efficient partnership maximizes the amount of funding going to customers and simplifies the customer experience. This is why we are excited to support Sunnyvale's Heat Pump Rebate Topper Program funding request. The Program will fund residential building electrification incentives that can leverage complementary funding sources and SVCE's supporting programs, mentioned previously, for maximal impact.

The City of Sunnyvale's current rebate funding is expected to support 350 households through June 2027. With an additional \$200,000 in requested state funding, the rebate program could be expanded to approximately 200 more Sunnyvale residents, bringing the program's total estimated impact to 550 households. SVCE estimates the City of Sunnyvale's Heat Pump Rebate Topper Program can lead to greenhouse gas reductions of up to 1.2 million pounds of CO₂ per year, while also providing residents with improved indoor air quality and lower utility bills^{3,4}.

This funding would support Sunnyvale residents updating to modern efficient equipment that provides access to cooling and helps the city achieve its carbon reduction goals. For these reasons, we support this program and the \$200,000 request for funding.

If you have any questions, please do not hesitate to contact SVCE's Director of Customer Success, Justin Zagunis at justin.zagunis@svcleanenergy.org.

Sincerely,

DocuSigned by:

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Monica Padilla
Chief Executive Officer

² In fall 2025, cities in SVCE territory with rebate toppers saw 50% higher participation compared to our region.

³ EPA, Improving Indoor Air Quality. <https://www.epa.gov/indoor-air-quality-iaq/improving-indoor-air-quality>

⁴ SVCE, Bill Impacts of Home Electrification. https://svcleanenergy.org/wp-content/uploads/Bill-Impacts-of-Home-Electrification-Feb-2025_1.pdf