



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Toni J. Taber, CMC
City Clerk

A handwritten signature in blue ink, appearing to read "Toni J. Taber", is written over the printed name and title.

SUBJECT: SEE BELOW

DATE: October 29, 2024

SUBJECT: Climate Smart San José Plan Semi-Annual Update

Recommendation

As recommended by the Transportation and Environment Committee on October 7, 2024, accept the semi-annual report on the Climate Smart San José plan from March through August 2024. CEQA: Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action. (Environmental Services) [Transportation and Environment Committee referral - 10/7/2024 - Item (d)1]



Memorandum

TO: TRANSPORTATION AND ENVIRONMENT COMMITTEE

FROM: Lori Mitchell

SUBJECT: Climate Smart San José Plan Semi-Annual Update

DATE: September 16, 2024

Approved

Date:

9/27/24

COUNCIL DISTRICT: Citywide

RECOMMENDATION

- (a) Accept a semi-annual report on the Climate Smart San José plan from March through August 2024 and
- (b) refer this item to the City Council for consideration at the October 29, 2024, City Council meeting.

SUMMARY AND OUTCOME

This semi-annual Climate Smart San José (“Climate Smart”) update highlights the key activities completed, underway, and planned as of the March through August 2024 reporting period to keep City leadership and the San José community informed. Highlights include launching the City’s new Climate Advisory Commission, creating a new multilingual electric vehicle (EV) shopping tool, launching a new building electrification incentive program, launching a new residential rate pilot to incentive EV charging during times when the grid is typically flush with solar energy, and acquiring over \$6.3 million to support climate initiatives. While the City continues to progress towards its City Council-approved climate goals, continued City investment and focus are necessary to reach those goals.

BACKGROUND

In February 2018, City Council approved Climate Smart with specific goals and milestones to reduce communitywide greenhouse gas emissions in alignment with the 2016 Paris Agreement, designed to prevent global temperatures from rising by more than 2°C (or 3.6°F). Environmental Services Department staff provide semi-annual updates on Climate Smart activities and produce communitywide and municipal (City government operations) greenhouse gas inventories in alternating years to measure

greenhouse gas emissions reduction progress. Staff updates the City's publicly accessible Climate Smart Dashboard annually to track and report on progress toward achieving Climate Smart goals.

In September 2019, City Council passed a Resolution declaring a climate emergency, acknowledging the urgency of climate change and the City's need to take action. In November 2021, City Council adopted a resolution setting a communitywide carbon neutral by 2030 goal for San José. City Council approved the *Pathway to Carbon Neutrality by 2030* in June 2022 to focus staff's efforts on the following four key strategies to accelerate movement toward the achievement of this new carbon neutrality goal: move to zero-emission vehicles; reduce the miles we travel in our vehicles by at least 20 percent; switch our appliances from fossil fuels to electric; and power our community with 100 percent carbon-neutral electricity. Staff is working on an administrative update of Climate Smart, which will include the incorporation of the carbon neutrality by 2030 goal.

ANALYSIS

City staff across multiple departments (and in collaboration with various community partners) have continued to make significant progress, as detailed below, on programs and policies supporting Climate Smart goals.

Climate Smart Core Resources and Activities

Funding and Resources for Climate Smart Initiatives

Environmental Services Department staff collaborate across City divisions and departments to track and pursue private, state, and federal funding opportunities to support Climate Smart initiatives. Table 1 provides a summary of Climate Smart's external resource acquisition in the reporting period and total to date for Fiscal Year (FY) 2024-2025.

Table 1. Value of Acquired External Resources Supporting Climate Smart Goals

	Total Amount of Awards Executed in Reporting Period (Mar. – Aug. 2024)	Total Amount of Awards Executed in FY 2024-2025 (July – Aug. 2024)
Direct Funding	\$6,375,000 ¹	\$1,175,000 ²
In-Kind Resources	\$0	\$0
Total	\$6,375,000¹	\$1,175,000²

Total funding awarded from granting agencies thus far in FY 2024-2025 includes support for initiatives to further transit-oriented communities, provide bike education and programming, and expand bike-share. These grants are being recognized and implemented by the Department of Transportation.

City staff directly applied for an additional \$18.96 million in external funding in this reporting period, with several award negotiations or notices pending. City staff is also planning to submit applications for over \$18 million in funding for Climate Smart initiatives in the next reporting period. City staff is closely monitoring and preparing for external funding opportunities to support Climate Smart goals such as building electrification, energy efficiency, weatherization, electric vehicles (EVs) and EV charging infrastructure, transportation mode shifting, and microgrids. City staff also continue to leverage and promote available external resources, incentives, and programs that align with Climate Smart goals.

Climate Smart Staffing

With City Council adoption of the 2024-2025 Operating Budget, the Planner IV position previously housed in the Environmental Service Department’s Climate Smart Division moved to the Energy Department to align with funding and topic coverage by the Energy Department and to continue to support Climate Smart priorities. As directed by City Council, this position will focus on activities to enable building and transportation electrification, including updates to the City’s codes for existing buildings, new construction, and workforce development.

Climate Advisory Commission

In March 2024, the Climate Advisory Commission held its first meeting, followed by meetings in May and July. The commissioners have been briefed on items such as the FY 2024-2025 outreach and advocacy strategy, upcoming legislative and regulatory items, and the update to the Climate Smart Plan that is in progress. In addition, the

¹ Does not include \$7.3 million in CA Energy Commission Electric Program Investment Charge funding for an electric panel decision tool being led by Build It Green and TRC Companies, Inc. to which the City supported and is serving as a partner.

² Does not include August 2024 notification of \$10 million in direct funding from the federal Department of Energy/s Latest and Zero Building Codes grant award, currently under negotiations to execute.

Climate Advisory Commission took action to draft and approve an annual work plan for FY 2024-2025 and an annual report for FY 2023-2024, as well as commission bylaws. The Departments of Environmental Services, Transportation, Community Energy, and Planning, Building, and Code Enforcement will co-lead the commission, with the Environmental Services Department serving as the primary commission facilitator.

Climate Smart Community Outreach and Engagement

- **Climate Art Program** – The Office of Cultural Affairs, supported by grant funding from the San Francisco Foundation’s Bay Area Creative Corps funded by the California Arts Council, launched its San José Climate Art Program in June 2023. During the reporting period, this pilot program created a Carbon Neutral Creative Network with cross-sector business opportunities for the sustainability and culture sector; recruited fifteen San José artists from environmentally impacted communities to provide an economic opportunity to develop environmentally resilient leadership skills; hired a Culture Strategist in Climate Art to map out a strategy aligning the arts and culture sector with the Climate Smart program; and has received national recognition through the PBS News Hour for being the first-of-its-kind program in the country. The Office of Cultural Affairs will host a regional Climate Art Symposium in October 2024 and develop a regional Climate Art Resource Hub on its website.
- **Electric Home Tour** – San José Clean Energy (SJCE) will sponsor the regional Electric Home Tour on October 19, 2024, which will offer residents the opportunity to visit homes across the Peninsula and South Bay that have transitioned from traditional "natural gas" to clean electricity. The Energy and Environmental Services Departments will promote the tour to residents and recruit homeowners to showcase their energy-efficient appliances, such as electric water heaters, heating, ventilation, air conditioning systems, dryers, and induction cooktops.
- **Events Participation** - Environmental Services staff have been actively engaged in 15 community events during the reporting period to raise awareness and disseminate information about Climate Smart programs, including the induction cooktop checkout program and available building electrification incentives. These events included the Earth Day Celebration, Viva CalleSJ, Building Safety Open House, Cinco de Mayo, Older Adult 50+ Resource Fair, Juneteenth Annual Event, Financial Incentives Clinic and EV Expo, Santa Clara County Fair, Youth Leadership Summit, National Night Out, and Silicon Valley Pride. As a result of these efforts, staff have successfully engaged with a total of 1024 individuals, facilitating discussions and connections within the community regarding sustainable practices and initiatives.
- **Equity-focused Co-creation with Community-Based Organizations:** The following Climate Smart initiatives are leading in the effort to develop City policies and programs more equitably by using a co-creation approach working with

residents in and/or community-based organizations representing historically marginalized communities:

- **EVs and Shared E-Mobility Services** – In March 2024, the City was awarded \$5.2 million from the California Air Resources Board’s Clean Mobility in Schools grant program to deliver the East San José Mobility Project, an engagement and education project co-led by the City and the community-based organization SOMOS Mayfair. The project will deliver bike education, mechanic apprenticeship, and “earn an e-bike” programs for underserved high school youth; support bike education and traffic safety events for underserved K-8 students; fund a mobility wallet program that will provide a sustainable transportation subsidy for 300 very low-income residents and their families; and funding to advance research to develop a micro-transit worker cooperative. In August 2024, Department of Transportation staff applied to the Environmental Protection Agency’s Inflation Reduction Act Community Change Grants Program for the development of an electric micro-transit pilot as part of the East San José Mobility Project. The proposal of \$12.5 million, co-developed in partnership with SOMOS Mayfair and other local community-based organizations, includes the purchase of EVs and EV charging stations. The City and its partners will continue to seek grant funds to implement e-mobility programs and services as well as build the capacity of environmentally focused community-based organizations in East San José.
- **EV Outreach and Education:** Energy Department staff continue to provide education to and engage with priority communities around EVs. During the reporting period, staff hosted a neighborhood EV ride and drive in partnership with Breathe California of the Bay Area. The ride and drive took place in a disadvantaged community and had 70 test drives and 150 attendees. The Silicon Valley Clean Cities Coalition, which is hosted by Breathe California of the Bay Area, and the Energy Department secured funding from the National Renewable Energy Laboratory to conduct a transportation electrification needs assessment, which kicked off in August 2024. The Energy Department also sponsored and co-hosted two multilingual EV financial incentive clinics with Acterra. These clinics were targeted to priority communities and the in-person event was hosted in a disadvantaged community.
- **Climate Smart Challenge:** Environmental Services Department staff continue to promote the City’s Climate Smart Challenge platform, available at www.climatesmartsjchallenge.org, which currently has 1,305 users, an increase of 86 San José residents from the previous reporting period. Participants have completed over 4,100 climate actions and committed to an additional 885 actions that have resulted in \$132,664 saved, 367 tons of CO₂ avoided, and 620,663

gallons of water saved. Most notably, staff is currently implementing the Climate Smart Summer Challenge, running from July to September 2024, as a campaign to increase participation on the platform using sustainability-related prizes as incentives, gaining over 50 participants as of August 2024. Given the platform's significant growth, staff have also made the content available in Spanish and Vietnamese, with Mandarin coming soon, to improve equitable access to the diverse set of languages spoken in San José.

- **Building Electrification Webinars:** Building upon a successful webinar series in 2023, Environmental Services staff contracted with Redwood Energy to host five home electrification webinars between April through June 2024 covering a variety of topic areas, including a general question and answer format, avoiding electric panel upgrades, and building electrification incentives. One of the webinars, the Ask Sean Show (on home electrification), was presented in three different languages: English, Spanish, and Vietnamese. The other two webinars offered Spanish and Vietnamese simultaneous interpretation services provided by a contractor. After conducting thorough research on best practices to promote these webinars among Spanish and Vietnamese-speaking communities, staff partnered with Project Hope to conduct outreach among their local connections within these communities and to host in-person viewings of the non-English webinars at community centers with provided food and refreshments. The webinar series attracted a total of 131 attendees, with 55 of these individuals attending the in-person Spanish or Vietnamese viewings.
- **Social Media:** City staff deployed social media campaigns and shared 59 posts on the Environmental Services Department's and SJCE's Facebook, Instagram, X (formally Twitter), and LinkedIn platforms to highlight program initiatives. City staff also posted various trilingual Google ads, two NextDoor ads, and one Spotify audio ad.
- **EV Shopping Tool:** In July 2024, SJCE launched an online multilingual website (<https://ev.sanjosecleanenergy.zappy-ride.com/>) that helps customers choose an EV that works for their lifestyle, compare the lifetime costs and emissions for EVs versus gas-powered cars, find incentives for EVs and charging infrastructure, and discover nearby chargers.

Climate Smart Program and Policy Updates

Below are Climate Smart program and policy highlights from March through August 2024 reporting period, grouped within the four key strategies in the Pathway to Carbon Neutrality by 2030.

Power Our Community with 100 percent Carbon-neutral Electricity

Carbon Neutral Power

In full operation since February 2019, SJCE now serves about 350,000 homes and businesses. SJCE's default GreenSource service is 60 percent renewable, and its TotalGreen service is 100 percent renewable. SJCE is working towards achieving carbon neutrality by 2030. Approximately 1,700 residential and commercial customers have upgraded to TotalGreen. SJCE maintains a 97 percent participation rate, which means only 3 percent of customers have opted out of SJCE to receive full service from PG&E.

To date, SJCE has invested in more than 850 megawatts of new renewable energy and storage resources, including wind, solar, geothermal, solar plus storage, and long-duration storage. SJCE has contracted for these resources at cost-effective prices through long-term power purchase agreements, helping it provide competitive, stable rates.

Peak Rewards Expansion

In July 2024, SJCE expanded its demand response program to residential customers. Now all SJCE customers can participate and receive payment for saving energy during critical hours of the year when the grid operator projects a shortfall of electricity or energy prices spike. In addition, SJCE contracted with Uplight to grow the program; support automated participation through technologies like smart thermostats, EV chargers, and home batteries; and achieve 5 MW of peak reductions by the end of FY 2024-2025.

Residential Super Off-Peak Rate Pilot

In August 2024, the Energy Department launched a new rate pilot for residential customers with an EV, battery storage, heat pump water heater, heat pump HVAC, or on the Solar Billing Plan. The pilot adds a new "E-ELEC-SJ" rate plan with a new super off-peak period from 9 a.m. to 2 p.m. with the lowest rates of the day to incentivize EV charging (and other electrification uses) when the grid is typically flush with solar energy. For the pilot, SJCE will not raise rates in the other time-of-use periods in E-ELEC to compensate for the lower rates in the super off-peak period. The pilot will run for one year or until the \$200,000 allocated to it is exhausted. The Energy Department will automatically enroll current customers in the E-ELEC rate plan that are not on a legacy Net Energy Metering tariff into E-ELEC-SJ. Staff will study rate plan uptake and resulting load shifting, GHG reductions, and revenue impacts.

Switch Our Appliances from Fossil Fuels to Electric

Electric Homes San José

On Earth Day, April 22, 2024, Environmental Services Department staff launched the City's residential building electrification incentive program, Electric Homes San José. In this reporting period, City staff worked with its contractor to complete the following: 1)

finalized an incentive structure that will target 50 percent of funds to be designated for designated equity communities; 2) held a Community Advisory Board meeting in March 2024 to provide a draft program overview prior to launch and gather feedback; and 3) finalized customer application forms. By May 2024, the program achieved a reservation of 100 percent of the first round of funding, accounting for over 100 planned building electrification measures. The program currently has a waitlist pending additional incentive funding.

Heat Pump Incentive Program and On-Bill Financing Pilot

Energy Department staff is developing a new heat pump incentive program and on-bill financing pilot for residential customers and plans to launch in fall 2024. Staff has started working with a consultant, the Sacramento Municipal Utility District, to develop and implement the heat pump incentive program and are developing documents and processes to implement the on-bill financing pilot in-house. Staff expect its heat pump incentive budget of approximately \$1.2 million to result in at least 500 heat pump installations in FY 2024-2025, or a reduction of approximately 2,900 metric tons of CO₂. Energy staff will work with Environmental Services staff to limit customer confusion about the separate building electrification incentive programs.

Energy Efficiency Programs

In September 2022, SJCE launched two energy efficiency programs, the Home Appliance Savings Program, and the Energy Efficient Business Program, which will end in the last quarter of calendar year 2024 and are estimated to result in 2,800 megawatt-hours of annual savings over the lifetimes of the energy-saving equipment – equal to the annual energy usage of about 560 homes.

The Home Appliance Savings Program saw a large increase in participation over the reporting period. Through August 2024, customers have requested 536 appliance redemption codes (up from 189), resulting in the purchase of 230 clothes washer, dryers, refrigerators, and induction cooktops at Airport Home Appliance.³ In addition, the program has delivered 312 smart thermostats, 140 smart plugs, 172 energy-efficient shower heads, and 290 portable induction hotplates to customers, the latter two being new measures introduced over the last reporting period. The San José Energy Efficient Business Program⁴ provides technical assistance and 20 to 90 percent discounts for HVAC, water heating, and refrigeration systems and components for small- and medium-sized businesses and schools. The program has served over 775 businesses (up from 640) and is in the process of serving an additional 25 businesses. The California Public Utilities Commission sunset the program's popular refrigeration measures at the end of March 2024. Since then, the program has focused on promoting a new HVAC upgrade.

³ [San José Home Appliance Savings Program webpage](#) (also available in [Spanish](#) and [Vietnamese](#)).

⁴ [San José Energy Efficient Business Program webpage](#) (also available in [Spanish](#) and [Vietnamese](#))

The Energy Department is receiving free technical assistance from the American Council for an Energy Efficiency Economy to increase renter participation in electrification and energy efficiency programs, engage landlords and tenants, and develop renter protection policies for future energy efficiency and electrification programs.

Building Electrification Workforce Development

The Energy Department initiated a consultant study and is interviewing labor stakeholders to 1) determine the workforce size needed to meet the Bay Area Air Quality Management District 2027 and 2029 regulations and the City’s carbon neutral by 2030 goal, and 2) identify training and career pathways that should be developed to help ensure that the workforce represents San José’s diverse communities, the jobs are high quality, and the workforce that supports the installation and maintenance of gas appliances can transition to supporting building electrification or other scopes of work. Energy Department staff continue to attend the High Road Training Partnership member meetings and will collaborate with IBEW and other unions, labor groups, contractor groups, and the City’s Office of Economic Development and Cultural Affairs this fall to inform the design of workforce development programs, to be brought to the City Council for consideration in 2025.

Energy & Water Building Performance Ordinance

2024 marked the second year of the “Beyond Benchmarking” phase of the City’s Energy & Water Building Performance Ordinance (“Building Performance Ordinance”) ordinance. Beyond Benchmarking is an every 5-year requirement and requires covered buildings to meet energy and water efficiency standards or take specified improvement actions. The 2024 Beyond Benchmarking cohort is approximately 400 of the 1,975 covered buildings under the Building Performance Ordinance. Table 2 provides an overview of the program compliance rates over time.

Table 2. Building Performance Ordinance Compliance Rates

Compliance Year	Annual Benchmarking	Beyond Benchmarking
2019	43%	N/A
2020	29%	N/A
2021	68%	N/A
2022	74%	N/A
2023	88%	65%
2024	83% (to date ⁵)	35% (to date ⁵)

⁵ Compliance rates will be finalized in November 2024.

The City of San José owns 52 buildings that fall within the ordinance's covered buildings characteristics. The City's Public Works Department oversees the Building Performance Ordinance compliance for these buildings. All City properties are in compliance with the annual 2024 reporting; however, a lack of funding is limiting the Public Work Department's ability to be in full compliance with Beyond Benchmarking requirements. There are currently 15 buildings that are not in compliance from 2023 and 2024. Public Works completed a Request for Proposals process and selected a consultant to perform Beyond Benchmarking pending available funding. The ordinance requires third-party verification of data for covered buildings that meet performance standards and if the building does not meet performance standards, then the consultant will perform an audit, retro commissioning, or targeted efficiency upgrades. Public Works is currently unfunded to comply with these requirements. In order to lead by example, Public Works intends to submit future budget requests that will cover anticipated costs.

Reduce the Miles We Travel in our Vehicles by at least 20 Percent

Better Bike Plan 2025

Department of Transportation staff anticipate upgrading most of the new Class 2 bikeways installed in 2023 with bollards, which will reclassify them as Class 4 (protected bikeways) in 2024. In the spring of 2024, the Department of Transportation upgraded one mile of these Class 2 bikeways along two corridors to Class 4. In order to reach Climate Smart goals, Department of Transportation staff are striving toward achieving 10 percent of trips made by bikes by 2030. City staff are developing their next Better Bikes Survey to measure progress toward that goal. In addition, once the City's decision support system 2.0 is operational in Spring/ Summer 2025, City staff will start using data analytics to track changes in mode share over time.

Bike Share Service Expansion

Department of Transportation staff continue to work closely with the Metropolitan Transportation Commission and Lyft, the Bay Wheels bike share operator, to expand the program's reach in equity-priority communities. This expansion includes the purchase of 575 new e-bikes and the installation of approximately 37 new Bike Share stations. In August 2024, Department of Transportation staff received notification of a \$1 million grant from the Environmental Protection Agency's Environmental Justice Government to Government Grant to expand bikeshare access along the King/Story corridor. These investments aim to significantly enhance station coverage and system accessibility in underserved neighborhoods across San José.

Micro-Mobility Hubs on San Fernando Street

In July 2023, the City received a \$1.5 million grant award from the Metropolitan Transportation Commission's Mobility Hub Program to develop two micro-mobility hubs between 2nd and 7th San Fernando Street, which is currently being re-designed to better accommodate bike, pedestrian, and transit users. During the reporting period, the

Department of Transportation staff has been collaborating with the Swedish program initiative Street Moves and key stakeholders like the Valley Transportation Authority to co-develop design concepts for the hubs, planned for submission to the Metropolitan Transportation Commission in October 2024. The proposed micro-mobility hubs will be installed once the San Fernando project is completed (FY 2026-2027) and will further improve the services available to pedestrians and people who travel by transit, bike, or scooter.

Multimodal Transportation

In January 2024, Department of Transportation staff kicked off the North San José Multimodal Transportation Improvement Plan which incorporates key transit, bike and pedestrian infrastructure improvements. The project team has completed the existing conditions engagement, which included a series of in-person workshops, pop-ups, listening sessions, transportation audits, bike and transit tours, an online survey, and technical advisory meetings. These efforts culminated in a draft Existing Conditions Story Map offering an interactive, data-rich resource to inform planning efforts. The project has proceeded to the needs assessment and solution development phases, continuing the Department of Transportation's commitment to thorough community engagement and data-driven decision-making.

Move to Zero-Emission Vehicles

California Electric Vehicle Infrastructure Project

The California Electric Vehicle Infrastructure Project is a \$14 million rebate program for Level 2 and Direct Current Fast Charging infrastructure co-funded by SJCE and the California Energy Commission. As of August 2024, 140 Level 2 and 29 direct current fast chargers funded by the program are operational. The program is expected to conclude in Q4 2025, at which point any unspent funds committed by the City would be returned to the City. Program participants have reserved and/or received approximately \$8 million.

Building Reach Code Update

Every three years, the California Energy Commission updates its Building Energy Efficiency Standards (Efficiency Standards) and, subsequently, the City must readopt its building reach codes at minimum every three-year code cycle for the requirements to remain in effect. The City may also adopt additional reach code requirements at any time. In June 2024, the City adopted revised energy requirements for single-family residential buildings 1,200 square feet or less. This was done to create a pathway to more easily permit the construction of detached accessory dwelling units while still strongly incentivizing all-electric buildings.

Based on City Council direction, City staff also continues to assess its multifamily building direct wiring requirement and exemptions for EV parking spaces due to stakeholder concerns over any additional costs that may be incurred by multifamily

residents during EV charging. The Attachment provides an update on findings to date and planned next steps.

Climate Smart Municipal Operations Updates

The City aims to lead by example in its efforts to power its owned and operated buildings with 100 percent carbon-neutral electric, switch appliances from fossil fuel to electric, and move to zero-emission vehicles. The Public Works Department provides updates on the City's municipal facilities biannually during its Deferred Maintenance Backlog Report. The Departments of Energy, Public Works, and Transportation provide updates on the City's fleet electrification and installation of accompanying EV charging infrastructure annually to the Transportation & Environment Committee.

Looking Ahead

City staff plans to complete the following items in the next reporting period (September 2024 – February 2025):

- Host the Climate Art Symposium on October 11 and 12, 2024 at the San José Museum of Art and the Environmental Innovation Center;
- Launch a heat pump incentive program and on-bill financing pilot for SJCE residential customers;
- Launch a telematics-based managed charging program for SJCE residential customers with EVs;
- Develop a fleet electrification master plan for the City of San José;
- Execute consultant agreement for the development of a publicly accessible decision support system that informs the priorities of the City's transportation investments, monitors citywide progress towards transportation goals, and communicates project status;
- Launch a Curb Management Pilot in Downtown San José
- Launch the Downtown Curb Digitization and Management Pilot to assess current curb inventory and usage
- Execute grant agreement with the Department of Energy for the development of a Building Performance Standard;
- Finalize the new Climate Smart Zero Waste Element;
- Host September, November, and January Climate Advisory Commission meetings;
- Launch the inaugural Climate Smart e-newsletter; and
- Develop a draft Climate Smart Leadership Training (online series).

Staff also expects to bring the following Climate Smart items to City Council:

- Climate Smart Plan Administrative Update (Fall 2024), and
- SJCE Workforce Development Programs (Winter 2025).

While the City continues to progress towards its City Council-approved climate goals, continued City investment and focus are necessary to reach those goals.

Racial Equity Impact Analysis

Historically marginalized communities of San José are already experiencing and are more likely to be burdened by the impacts of climate change while also being the least able to, due to financial and other constraints, take advantage of climate initiatives that can bring significant health and financial benefits with them.

Many Climate Smart initiatives are leading in the effort to develop City policies and programs more equitably by using a community co-creation approach, employing outreach tactics to better reach historically marginalized communities, and ensuring a portion of program benefits will go to these communities.

Climate Smart San José Analysis

Climate Smart initiatives detailed in this memorandum are helping to advance several City climate goals by facilitating:

- the reduction of energy or water use consumption or increases in demand for renewable energy,
- the energy and water efficiency of homes and commercial buildings, and the choice of mobility choices other than single-occupancy, gas-powered vehicles.

EVALUATION AND FOLLOW-UP

Staff will provide progress updates to the Transportation and Environment Committee and City Council on Climate Smart activities on a semi-annual basis.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, the City Manager's Budget Office, the Office of Economic Development and Cultural Affairs, and the Departments of Energy, Public Works, and Transportation.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the October 29, 2024, City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

During the meeting on July 18, 2024, the Climate Advisory Commission agreed with staff recommendations on the Fall 2024 Climate Smart Semi-Annual Update. The Climate Advisory Commission recommended that the memo should be more accessible to the community by providing the key text in primary languages spoken in San José beyond English and requested that the Environmental Services Department determine how to try and address this concern.

CEQA

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/
Lori Mitchell
Acting Director, Environmental Services

For questions, please contact Julie Benabente, Deputy Director, Environmental Services at Julie.Benabente@sanjoseca.gov or (408) 975-2537.

ATTACHMENT – Summary of Multifamily Electric Vehicle Rate Management Options

Attachment: Summary of Multifamily Electric Vehicle Rate Management Options

Options for Maintaining Retail Electricity Rates for EV Charging in Multifamily Complexes: Below are the City’s findings to-date and next steps, led by the Energy Department, on options available to maintain the lowest retail electricity rates for EV charging in multifamily complexes:

Category	Option	Description	Previous Assessment	Status Update	City Next Steps
Technology Options	240 Volt “Quick-disconnect” technology (such as Polaris™ connectors)	Hubs that allow electric wires to be re-routed to different electric panels	<ul style="list-style-type: none"> • Limited known examples of installation in a multifamily building for this purpose • City roughly estimates the installation cost for additional equipment at \$25-100/space, where feasible • City roughly estimates the labor/permit cost at ~\$300-400 each time a space needs to be assigned to a new unit, unclear if additional complexities or cost with re-routing 	Evaluation of quick disconnect technology will be included as part of the evaluation in updating the City’s reach code for the next code cycle. However, staff generally believes that virtual metering is the more viable way solve the metering issue.	Continue research, with consultant support pending available staff capacity and funding, on: <ol style="list-style-type: none"> 1. where this technology has been applied in multifamily buildings (e.g., number of units, how long); 2. full cost to operate/ re-route, applicability to multifamily buildings of varying sizes; 3. additional requirements in code language to accommodate (e.g., space and electrical infrastructure requirements); and, 4. any other restrictions.

Category	Option	Description	Current Assessment	City Next Steps	Status Update
Technology Options	PG&E virtual net metering	A networked submeter is placed in EV charging spaces and can be billed directly to a tenant without the need for wiring	<ul style="list-style-type: none"> • Both master and sub metered account holders may need to agree to terms to proceed • Unclear how/which rate could be applied (i.e., if different from master account) • Question as to whether this could apply to low-income residents who qualify for CARE/FERA rates 	Conduct follow-up meeting/ communications with PG&E staff to better understand capabilities, restrictions, etc.	PG&E launched a new EV submetering pilot that may work for residents of multi-family properties to access EV rates without direct wiring. At this time, it is limited to certain equipment, but rebates are available for those willing to install a qualifying charger or submeter. Energy Department staff will meet with PG&E to learn more.

Category	Option	Description	Current Assessment	City Next Steps	Status Update
Rate Management/ Policy Options	City rate management mechanism (e.g., franchise, policy, ordinance)	City may explore the options for a legal mechanism for restricting rates above retail or the cost of service	No known examples of a similar policy from other cities	<p>Energy Department staff will continue to monitor charging rates at multi-family properties, particularly in low-income and disadvantaged communities, on a semi-annual basis and track the efforts of other municipalities to ensure multi-family properties are charging fair rates.</p> <p>If San José Clean Energy (SJCE) develops future programs funding EV charging installations owned by third parties, it will research and recommend as appropriate rate restrictions and/or reporting requirements to create more</p>	<p>SJCE conducted an analysis of charging rates using a sample of 45 multi-family properties that have EV charging for their tenants, three of which were located in 12 census tracts the state defines as disadvantaged communities. On average, the cost to charge was \$0.34 per kilowatt-hour (kWh), which is lower than PG&E's residential peak and part peak pricing and comparable to their \$0.30 cents/kWh residential off- peak pricing.</p> <p>It's important to note that the pricing structures vary from site to site. Most charge users per hour or per kWh, which can be standardized using the typical output of a Level 2 charger. However, in some cases, users pay a fixed monthly fee for the parking spot and charger. While this sample indicates that charger fees are broadly in line with PG&E electricity rates, it is difficult to come to a conclusion due to the lack of data for private multifamily chargers.</p>

				transparency and ensure that these chargers are fairly priced.	These are often not listed on publicly available data sets and apps and even property managers can be unsure of the rates.
--	--	--	--	--	--

Background

Scale of the Issue

The primary issue of concern, as it relates to the recently adopted electric vehicle (EV) reach code for new multifamily developments, is maintaining reasonable EV charging costs in new multifamily developments which will be required to have EV charging outlets (at minimum) in every residential parking stall as of July 1, 2024.

The full cost to a resident for charging their EV can be highly variable and dependent on the specific type of EV charging configuration employed at a multifamily development. Factors which may impact EV charging costs include: the specific EV rate applied, time-of-use, energy costs, charging speed, and any special charges (e.g., EV charger location, demand, per session, or idling fees/charges). Below is a summary of information obtained to date to understand the scale of the issue in two different scenarios wherein a multifamily complex has EV charging capabilities at each residential parking stall but no direct wiring:

1. **Property Owner/Manager Determines Rates Applied for EV Charging:** A property owner/manager may purchase and install third-party EV charging equipment, pay for online services to monitor usage and collect charges, and set the charging rates and parameters themselves. Based on an initial EV rate and networking fee cost analysis prepared by TRC, the annual cost difference between a direct-wired/lowest electric vehicle (EV) rate (est. \$711/yr.) and PG&E’s commercial EV rate (est. \$841/yr.) or PG&E’s standard commercial rate (est. \$1381/yr.) is \$130-\$670, although the latter rate with the largest cost difference is not likely to be how a site would be configured. Based on those estimated costs which assume operational cost recovery, EV charging utility costs could be 18-94% more expensive per year without direct wiring. This analysis is based on utility rate and time-of-use assumptions, which may change over time particularly as the City is interested in encouraging daytime charging.
2. **Third-Party Determines Rates Applied for EV Charging:** A third-party EV charging equipment company may install, manage, and set EV charging rates at a multifamily complex via an agreement with a property

owner/manager. The City does not currently have data or analysis around the typical cost implications of this scenario.

In either scenario, or combination thereof, the rates charged to residents are unregulated and may be set in a manner to attract tenant with lower EV charging rates, to achieve cost recovery (which may include equipment, networking services, etc.), or to even obtain some level of financial return. Property owners/managers may also set other fees (e.g., monthly parking space costs, rents) which seek to recover EV charging or other costs. More City research is required to better understand the most common third-party charging scenarios in place in multifamily complexes in San Jose and their associated EV charging rates. It's important to note that an EV may still have a lower operational cost per year for a multifamily resident than a gas car, even with potentially higher EV charging costs, given their overall lower annual maintenance costs.