CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Toni J. Taber, MMC
City Clerk

SUBJECT: **SEE BELOW**

DATE: May 8, 2026

SUBJECT: San José Clean Energy Programs Roadmap Status Report

Recommendation

(a) As recommended by the Transportation and Environment Committee on April 13, 2026, accept the status report on the San José Clean Energy Programs Roadmap.
(b) Adopt a resolution:
(1) Approving the proposed programs presented in the San José Clean Energy Programs Roadmap update;
(2) Authorizing the City Manager or her designee to negotiate and execute contract(s) with consultant(s) to implement the Commercial Technical Assistance services for up to four years starting in Fiscal Year 2026-2027 and up to $650,000 from the San José Clean Energy Operating Fund (funding for subsequent years will be subject to the appropriation of funds); and
(3) Authorizing the City Manager or her designee to negotiate and execute contract(s) with consultant(s) to implement the Direct-to-Renter Portable Heat Pump Pilot services for up to two years starting in Fiscal Year 2026-2027 and up to $300,000 from the San José Clean Energy Operating Fund (funding for subsequent years will be subject to the appropriation of funds).
CEQA: Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action. (Energy)
[Transportation and Environment Committee 4/13/2026 - Item (d)3 for (a)]

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

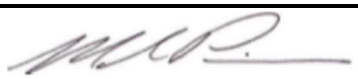
Memorandum

TO: TRANSPORTATION AND ENVIRONMENT COMMITTEE

FROM: Lori Mitchell

SUBJECT: **San José Clean Energy Programs Roadmap Status Report**

DATE: March 23, 2026

Approved  Date: 3/26/2026

COUNCIL DISTRICT: Citywide

RECOMMENDATION

(a) Accept the status report on San José Clean Energy's Programs Roadmap.

(b) Recommend this item for full Council consideration at the May 19, 2026, City Council meeting.

SUMMARY AND OUTCOME

This update on the San José Clean Energy (SJCE) Programs Roadmap provides information on SJCE customer programs, how staff develops and evaluates programs, recommended program investments for Fiscal Year (FY) 2026-2027, and recommendations for programs to be considered over the next five years.

SJCE's customer programs align with City Council guidance to reduce greenhouse gas emissions, support Climate Smart San José, promote affordability and equity, benefit customers and community, and maintain or improve the financial status of SJCE. By pairing a clean electricity supply with programs that promote efficient electric technologies, SJCE reduces emissions while lowering customer energy and transportation costs.

Staff recommends offering 14 programs with a maximum investment of up to $10 million in FY 2026-2027, subject to the 2026-2027 Proposed Budget development process. Collectively, FY 2026-2027 program implementation is anticipated to result in approximately $16 million in lifetime customer savings and 33,400 metric tons of lifetime CO_2 avoided, with continued emphasis on serving customers in environmental justice

communities and households facing the highest barriers to electrification and EV adoption.

BACKGROUND

One of the key advantages of local Community Choice Aggregators is the ability to provide programs that meet their community's needs. In 2021, SJCE created its first Programs Roadmap in collaboration with community stakeholders and the City Council to guide these investments.[1] This update includes a new Programs Roadmap for 2026-2031 focused on buildings, transportation, distributed energy resources, and affordability. The Roadmap continues to follow the five guiding principles approved by the Transportation and Environment Committee on June 3, 2019:

1. Maximize greenhouse gas reduction opportunities
2. Align with Climate Smart San José, the City's climate action plan[2]
3. Promote equity and affordability and support disadvantaged communities
4. Produce customer and community benefits
5. Maintain or improve the financial status of SJCE

As SJCE continues to power San José with clean electricity, electrifying transportation and buildings is one of the most effective ways to reduce greenhouse gas emissions. Accordingly, SJCE programs focus on accelerating adoption of electric, clean energy technologies that are more efficient and lower cost for customers and reduce air pollution. For example, solar paired with battery storage can reduce household electric bills by up to 80%, and electric vehicle (EV) owners save thousands of dollars over the life of a vehicle through lower fuel and maintenance costs.

In addition to helping meet the City Council's energy and decarbonization goals, SJCE programs have the added benefits to SJCE operations of retaining existing customers, incentivizing opted-out customers to return to SJCE service, and increasing demand for SJCE's clean energy, thereby increasing economies of scale and reducing costs for all customers.

Between 2019 and the end of calendar year 2025, SJCE has invested $9 million in ratepayer funds and leveraged $9.4 million in external funds from the California Public Utilities Commission (CPUC), California Energy Commission, and federal government into customer programs, resulting in $29.4 million in customer savings and 46,478

[1] The City Council formally accepted the initial Programs Roadmap on March 9, 2021 (memo and Programs Roadmap).
[2] There is alignment between these program areas and the four strategies identified by Climate Smart's Framework for Carbon Neutrality by 2030 and adopted by the City Council in June 2022: a) Move to zero emission vehicles, b) Reduce the miles we travel in our vehicles by at least 20%, c) Switch our appliances from fossil fuels to electric, and d) Power our community with 100% carbon neutral electricity.

metric tons of CO_2 avoided. This is equivalent to taking 10,843 gas cars off the road for a year.

Current Programs Status

SJCE is implementing a portfolio of 12 customer programs authorized through FY 2025-2026 with a $14 million budget (Table 1).

Table 1. Current SJCE programs (T=transportation, B= buildings, D=distributed energy resources, A=affordability)

Area	Program	Description
T	EV Instant Rebates	Rebates for income-qualified customers to buy new/used EVs
T	Multifamily EV Charger Incentive	Rebates for Level 1 & 2 chargers at multifamily properties
T	Fast Charging Hubs Pilot	5 hubs (8 DCFC ports each) at libraries and community centers in charging deserts; retail charging rates anticipated to be below market levels
T, B, D	Go Electric Advisor	Free trilingual phone/email support on EVs, home electrification, energy efficiency, solar/storage, etc., including virtual audits and home electrification plans
B, D	EcoHome Rebate	Rebates for heat pump HVAC and water heaters, prewiring for future electrification, panel upgrades, circuit pausers/splitters, and battery storage
B, D	EcoHome Payment Plan	Interest-free on-bill financing for above rebated home upgrades
B, T	Workforce development	Three initiatives: contractor incentives, training equipment grants, and scholarships
D, A	Solar Access	CPUC-funded community solar program for 915 participants
D	Peak Rewards	Demand side resource with behavioral and automated demand response[3] options through EVs and EV chargers, smart thermostats, batteries
A	Electricity Bill Relief	Partnership with the County of Santa Clara's Homelessness Prevention System and Sacred Heart Community Service to help households avoid disconnection
A	SJ Cares	10% discount on SJCE charges for customers in state bill discount programs and affordable housing
T, B	Education	Trilingual educational programming on EVs and heat pumps

[3] Demand response refers to programs that encourage customers to reduce or shift electricity use during periods of high demand in response to notifications or incentives.

In 2025, staff launched four programs (EV Instant Rebates, Peak Rewards for Smart Homes, Electricity Bill Relief, and the Go Electric Advisor) and expanded EcoHome Rebate and EcoHome Payment Plan to incentivize installation of home batteries. In addition, 60 direct current fast charging (DCFC) ports and 68 Level 2 ports supported by SJCE programs came online in calendar year 2025, with more than 100 additional ports in the permitting and development pipeline. Impacts from a selection of the programs are detailed in Table 2. Updates on current programs that staff propose to continue into FY 2026-2027 are found in the next section. Summaries of three recently closed programs (California Electric Vehicle Infrastructure Project (CALeVIP), Midday Super Saver Rate Pilot, and Low-income Solar/Storage Offer) are found in Attachment A.

Table 2. Cumulative quantifiable impacts of SJCE's current programs through the end of calendar year 2025

	Lifetime greenhouse gas reductions	**Customer savings**	**Installations/ customers served**
Energy Efficiency Programs*	18,145	$13,418,800	281 residential appliances, 1,056 energy saving devices, 778 businesses served
CALeVIP*	4,876	$4,881,400	82 direct current fast charging ports, 267 Level 2 ports
EV Instant Rebates	6,216	$1,406,144	113 EVs
EcoHome Rebate – heat pumps	16,282	$6,801,700	838 heat pump HVAC systems, 262 heat pump water heaters
EcoHome Rebate – battery storage	1,845	$4,481,500	107 batteries
Solar Access	784	$780,000	Approximately 930 participants
Peak Rewards virtual power plant	18	$302,000	5,260 participants, 3,666 devices, 1.75 MW demonstrated
Electricity Bill Relief	-	$250,510	287 households served, 103 disconnections paused or reverted
Midday Super Saver Rate Pilot*	46	$182,500	3,559 participants
Total (all programs)	**46,478 metric tons CO_2**	**$29.4 million**	-

*Closed programs

ANALYSIS

This year's SJCE Programs Roadmap update contains recommended programs and budget for Fiscal Year 2026-2027 and programs to be considered from 2026-2031. To develop recommendations, staff utilizes its program prioritization framework and solicits community input.

Programs Prioritization and Scoring Framework

Staff utilizes a scoring framework to evaluate the effectiveness of current and future energy programs. To develop a score for each program, staff calculates five metrics that are tied to the City Council-approved SJCE program guiding principles (weighted from highest to lowest):

1. Greenhouse gas emissions reductions
2. Prioritizing electrification in communities where incentives will have the most impact
3. Customer savings
4. Peak demand reductions
5. Fiscal impact for SJCE

The recommended programs below yielded the highest scores. More information on the methodology, ranking and scores for FY 2026-2027 are found in Attachment B.

Community Input

Community input helped shape both the types and design of programs in the 2026–2031 Programs Roadmap. Between August 2025 and February 2026, staff conducted a multi-phase community engagement and market research effort that included pop-up outreach at public events, customer surveys, residential listening sessions, input from the Climate Advisory Commission, and more than 80 interviews with businesses, community-based organizations, labor and environmental groups, market actors, and City departments. Staff engaged customers in multiple formats and languages to reach renters and homeowners, households at different income levels, and people with varying familiarity with clean energy programs. Additional details are included in the Programs Roadmap (Attachment C).

Key Findings from Community Input

Across all engagement activities, affordability was the most important factor shaping how residents and businesses experience energy and consider clean energy options. Customers consistently said that keeping energy bills low is their top priority, often more important than environmental benefits. While interest in clean energy technologies is strong, many participants pointed to high upfront costs, uncertainty about bill savings, and rising energy rates as major barriers. These concerns were strongest among

renters and lower-income households, who often have limited control over their homes and are more sensitive to bill increases. Small businesses shared similar concerns and emphasized the need for clear, near-term bill savings, simple programs, and minimal disruption to their operations.

Feedback also showed that barriers to participation are mostly structural, not behavioral. Housing type, renter status, landlord approval, building limits, and lack of access to infrastructure—especially cooling and EV charging in multifamily housing—often prevent customers from acting on their interest in clean energy. Participants described dealing with extreme heat, energy insecurity, and having to reduce comfort to manage costs. While there is strong support for San José's clean energy and climate goals, community input emphasized the need for programs that provide direct bill relief, work for renters, and deliver meaningful savings regardless of housing type or ability to make upfront investments. These findings directly informed the Roadmap's focus on affordable, equitable, and practical program design.

To confirm that staff heard the community correctly, a follow-up survey was conducted in February 2025. Ninety-one percent of respondents who expressed an opinion agreed that SJCE programs are valuable to San José, with the strongest interest in renter-focused programs such as direct-to-renter pilots and housing repair, efficiency, and electrification support, followed by educational resources and homeowner electrification options.

Recommended FY 2026-2027 Programs

Staff recommends continuing the 12 current programs depicted in Table 1 above and launching the new programs and expansions detailed below in Table 3 in FY 2026-2027, with a maximum total program investment of $10 million (budget breakdown in Table 4). Collectively, FY 2026-2027 program implementation of the whole budget is anticipated to incentivize the installation of up to 1,010 heat pumps, 540 EVs, 154 EV chargers, and 100 batteries, resulting in approximately $16 million in lifetime customer savings and 33,400 metric tons of lifetime CO_2 avoided.

Table 3. New recommended FY 2026-2027 programs (T= transportation, B= buildings)

Area	Program	Description
B	Commercial Technical Assistance	Provide free technical assistance from an external consultant to commercial customers, including foodservice, to help them electrify their buildings and implement energy efficiency
B	Direct-to-Renter Portable Heat Pump Pilot	Offer low to no cost portable heat pumps to renters, working with equipment manufacturers, distributors, and community-based organizations to test equipment delivery models

The recommended FY 2026-2027 programs budget of $10 million reflects both near-term financial constraints and changing market conditions. As outlined in Energy

Department's 2026 Power Content and Rates memorandum,[4] significant increases to the Power Charge Indifference Adjustment (PCIA)[5] in calendar year 2026 are impacting SJCE's financial position. The PCIA has risen sharply due to changed fee calculation methodologies by the CPUC and lower-than-expected market valuations of Pacific Gas and Electric (PG&E)'s legacy power contracts and resources. This increase resulted in reduced net revenues to SJCE, incurring a loss and significantly reducing reserves in calendar year 2026. Forecasts indicate that these trends are expected to continue in calendar year 2027.

In parallel, key market drivers are shifting. Expected participation in programs like EV Instant Rebates has been adjusted downward due to the earlier-than-anticipated sunset of the federal EV tax credit in September 2025, the impact of tariffs on vehicle prices, and broader economic uncertainty. Similarly, the expiration of federal tax credits for heat pumps, solar, and battery storage at the end of 2025 has already dampened customer demand for these technologies. Taken together, these factors support a more conservative program budget while maintaining focus on high-impact investments.

Table 4. Programs cost breakdown for FY 2026-2027

Program	**Estimated Cost**
Fast Charging Hubs Pilot Program	$450,000
Multifamily EV Charger Incentive	$740,000
EV Instant Rebates	$2,200,000
Go Electric Education	$235,000
Go Electric Advisor	$305,000
EcoHome Rebate – Heat Pumps	$2,550,000
EcoHome Rebate – Batteries	$500,000
EcoHome Payment Plan*	$145,000
Direct-to-Renter Portable Heat Pump Pilot	$200,000
Commercial Technical Assistance	$125,000
Workforce development	$400,000
Solar Access	$400,000
Peak Rewards Virtual Power Plant	$1,300,000
Electricity Bill Relief	$450,000
Total	$10,000,000

*Factors in repayment from existing loans

[4] City Council memorandum January 2026: 2026 Power Content and Rates

[5] The PCIA is a fee charged to all electric customers to cover above-market costs from legacy PG&E power contracts and owned resources.

Transportation

The Energy Department and other City of San José departments working on transportation electrification continue to be focused on the Climate Smart San José plan and the City's adopted carbon neutrality by 2030 goal through the following priorities:

1. Reducing the emissions produced from the transportation sector by increasing the adoption of passenger and commercial EVs and reducing vehicle miles traveled.
2. Ensuring residents have equitable access to public charging infrastructure and affordable charging rates.
3. Shifting more EV charging to the middle of the day to reduce the strain on the grid, lower costs, and help ensure abundant clean solar resources are fully utilized.

FY 2026-2027 Recommended Transportation Programs:

- **EV Instant Rebates**:[6] To increase EV adoption among customers in environmental justice communities, SJCE launched the EV Instant Rebates Program in September 2025. The program provides income-qualified SJCE customers with instant, point-of-sale discounts on new or used electric vehicles purchased from participating dealerships, simplifying the customer experience and reducing upfront costs. Through the end of calendar year 2025, the program supported the sale of 139 EVs, with 63% of participants earning below 40% of Area Median Income (AMI). After the SJCE rebate, the average purchase price was $44,800 for a new EV—about $4,000 below the average new vehicle price overall—and $21,700 for a used EV. For FY 2026-2027, SJCE is targeting incentives for approximately 540 EVs. In Spring 2026, SJCE plans to launch a stacked rebate offering with PG&E for customers earning below 50% AMI, providing case manager support and combining incentives from SJCE, PG&E, and the Bay Area Air District to provide up to $18,000 off used EVs at point-of-sale.

- **Fast Charging Hubs Pilot**: In November 2022, the City Council approved SJCE to install direct current fast charging hubs in San José's environmental justice communities to increase access to affordable and reliable EV charging.[7] In March 2026, the Energy Department signed a 10-year pay-for-performance agreement with MN8 Energy to build, own, and operate fast charging hubs with eight charging ports each at five City-properties: Market St Garage, Rancho del Pueblo Golf Course, Seven Trees Library and Community Center, Tully Library, and Evergreen Library. The agreement includes accountability for charger uptime and reliability. SJCE will control retail pricing and expects to offer lower than

[6] EV Instant Rebates program webpage (also available in Spanish and Vietnamese)
[7] City Council memo November 4, 2022: Electric Vehicle Fast Charging Hub Pilot

market rates and encourage middle of the day charging. The hubs are expected to open in 2027.

- **Multifamily EV Charger Incentive**:[8] In October 2024, City Council approved SJCE to launch the Multifamily EV Charger Assistance Pilot, which began in November 2024 and was expanded into a full program in July 2025 in response to strong demand. The program provides incentives to multifamily property owners to offset the costs of installing Level 1 outlets, low-power and standard Level 2 charging stations, and necessary electrical panel upgrades—addressing cost, infrastructure, and permitting barriers that often prevent EV charging installations at existing buildings.[9] Through the end of calendar year 2025, the program committed funding toward nine Level 1/low-power Level 2 outlets and 105 Level 2 charging ports at multifamily properties across San José, with installations underway and expected payout in FY 2026-2027.

Buildings

In San José, buildings contribute 29% of greenhouse gas emissions, mainly due to natural gas appliances.[10] These emissions can be reduced by replacing gas equipment with efficient electric alternatives, such as heat pump water heaters, heat pump space heaters, electric dryers, and induction stoves. While heat pumps typically have higher upfront installation costs, programs like SJCE's EcoHome Rebate and Payment Plan help lower financial barriers for residents. Because so many San Jose residents live in rental housing, expanding electrification access and program offerings for renters and continuing to engage landlords are important priorities. The workforce members installing electrification equipment remain important stakeholders to educate and support as demand for equipment grows. Staff is focused on helping prepare the community and local workforce for the Bay Area Air District's zero-nitrous oxide (NOx) appliance regulations that are currently scheduled to commence on January 1, 2027 with water heaters (as requested by Council, more information is available in Attachment D). These regulations are expected to accelerate the transition away from gas equipment, and SJCE programs aim to support residents and contractors through that transition.

FY 2026-2027 Recommended Building Programs:

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[8] Multifamily EV Charger Incentive program webpage (also available in Spanish and Vietnamese)
[9] Level 1 outlets offer charging through a 120 Volt Alternating Current circuit, providing about 50 to 60 miles of range over a 12-hour overnight charge. This is the same power level as a standard electrical wall outlet. Low-power Level 2 outlets offer charging through a 208 to 240 Volt Alternating Current circuit, providing about 12 to 24 miles of range per hour. EV drivers bring their own charging cord for both types of outlets. Level 2 charging ports offer charging on a 208 to 240 Volt Alternating Current circuit, providing about 20 to 40 miles of range per hour. EV drivers plug the charger's cord into their vehicle.
[10] Climate Smart San José 2023 Communitywide Greenhouse Gas Inventory

- **EcoHome Rebate – Heat Pump**:[11] Launched in December 2024, SJCE's EcoHome Rebate program provides incentives to residential customers installing heat pump water heaters and heat pump HVAC systems, with additional rebates available for electric panel upgrades; circuit pausers and splitters; prewiring for future electric cooktops, EVs, and dryers; and attic insulation to improve comfort and energy efficiency and reduce electrical load. The program has been highly popular, meeting its FY 2025-2026 participation goal five months early. Through the end of calendar year 2025, SJCE issued more than $2.5 million in rebates supporting 1,100 heat pump installations. Increased incentives are available for customers in environmental justice communities; 11% of projects met these criteria, and staff is working on targeted marketing campaigns to increase participation. In FY 2026-2027, staff recommends meeting market demand by allocating incentives for nearly 1,010 installations and additional program marketing. This represents a business-as-usual scenario; the Air District Board is scheduled to finalize their rules, including any potential exemptions, in fall 2026.

- **EcoHome Payment Plan**: Launched in December 2024, SJCE's EcoHome Payment Plan pilot program[12] provides zero-interest, on-bill financing to residential customers pursuing eligible home electrification upgrades, allowing customers to finance up to $5,000 over two-, three-, or five-year terms with repayment through their electric bill. Through the end of calendar year 2025, the program issued 100 payment plans, with an additional 35 applications in progress, and has experienced no missed payments to-date. Based on this performance, staff recommends allocating additional funds in FY 2026-2027 after all 250 payment plans allocated in the pilot program have been issued to continue expanding access to affordable financing for home electrification upgrades.

- **Direct-to-Renter Portable Heat Pump Pilot**: This pilot program will provide window heat pump HVAC units or portable heat pump HVAC units that renters will be able to utilize in their homes without having to remove and replace existing HVAC systems. The program aims to increase access to affordable, efficient, electric cooling and heating for homes. Potential delivery methods may include direct delivery of equipment supported by community-based organizations, manufacturer or supplier coupons, or equipment pick-up events. Extensive community input and feedback from customers and community-based organizations in early FY 2026-2027 will guide the program design and ultimate renter offering.

- **Workforce Development**: Following an extensive stakeholder engagement effort to understand electrification workforce needs—including 30 interviews with local unions, labor groups, contractor associations, trade schools, community

[11] EcoHome Rebate program webpage (also available in Spanish and Vietnamese)
[12] EcoHome Payment Plan program website (also available in Spanish and Vietnamese)

colleges, and the City's Office of Economic Development and Cultural Affairs—the City Council approved three workforce development programs in fall 2025 funded with community development dollars that SJCE secured in its long-term power purchase agreements with clean energy developers. These programs include: (1) scholarships for San José–based Trades Orientation Program students, which were distributed to the March 2026 cohort, with staff tracking completion and job placement outcomes compared to prior cohorts; (2) a grant program for electrification training equipment, currently in development and anticipated to post in spring 2026; and (3) a contractor incentive for heat pump installations, scheduled to launch in spring 2026. These investments respond to analysis indicating that the region's electrification workforce must grow substantially to meet upcoming Bay Area Air District regulations and are designed to build local capacity while expanding access to quality career opportunities in the clean energy and electrification sectors.

- **Commercial Technical Assistance**: This program will offer free, expert guidance to commercial customers looking to build or upgrade to all-electric building systems. The assistance will also include recommendations for complimentary energy efficiency upgrades. Participants will be able to receive site-specific consulting services, like an audit, a review of plans, or utility data analysis. The program intends to leverage extensive expertise from world-class professionals and aims to equip the local workforce and building community with the skills and resources necessary to implement all-electric designs.

Distributed Energy Resources

Distributed energy resources (DERs) like rooftop solar, home battery storage, and demand response are demand-side resources that are typically controlled by customers. California's solar investments result in abundant daytime electricity, but shortages can occur as the sun sets, especially on hot summer evenings with high air conditioning use and EV charging. To maintain grid stability, utilities rely on utility-scale battery storage and simple-cycle gas plants, which have fast startup times but are more polluting. However, battery storage sited at homes and commercial buildings comes with the same grid stability benefits, as well as increased resiliency and lower electricity costs for the owner. Increasing supply is not the only way to meet electricity demand during these critical times of the day; incentivizing customers to reduce their electricity usage or to adjust their smart devices like thermostats, batteries, and chargers is a cost-effective way to meet demand while reducing greenhouse gas emissions.

FY 2026-2027 Recommended Distributed Energy Resources Programs:

- **Peak Rewards Virtual Power Plant:**[13] Demand response programs encourage customers to reduce energy use during high electricity prices or grid

[13] Peak Rewards program website (also available in Spanish and Vietnamese)

emergencies. By growing the demand response resource for grid reliability as a virtual power plant, SJCE can reduce the need for additional resource adequacy reserves and lower power procurement costs. Energy Department's goal is to achieve 25 MW of flexible demand-side resources by the end of 2028. In 2024, SJCE expanded its demand response program to all customers and partnered with Uplight, Inc. to expand the program and enable automated participation through smart technologies. In May 2025, staff launched Peak Rewards for Smart Homes which pays residential customers for granting access to their smart thermostats, EV chargers, and in spring 2026, EVs (for telematics-based managed charging) and home batteries. Customers can override adjustments. In FY 2026-2027, SJCE will support heat pump water heaters and work towards reaching an 8.5 MW load reduction goal. Through the end of calendar year 2025, SJCE has nearly 4,000 smart thermostats, 1,700 residential customers, and 42 commercial customers enrolled and achieved nearly 2 MW of load reductions in summer Peak Rewards events. SJCE is launching a pilot program designed to make participation in Peak Rewards more engaging and rewarding for customers. The pilot introduces features such as earnable badges, participation tiers, and more frequent updates on performance and incentives, helping customers better track their impact and benefits. SJCE will evaluate the pilot results in FY 2026–2027 and, if successful, integrate these features into the broader program.

- **Revamping EcoHome Rebate & Payment Plan for Batteries**: SJCE currently offers incentives for home battery storage through the EcoHome Rebate program, launched in May 2025, which helps reduce upfront equipment and installation costs, particularly for customers with existing solar. Customers can also receive zero-interest on-bill financing through EcoHome Payment Plan. After installation, customers enroll their new battery in Peak Rewards, allowing SJCE to leverage a portion of enrolled batteries as a virtual power plant resource during peak hours to support grid reliability, reduce power procurement costs, and provide bill savings. By the end of calendar year 2025, customers completed 137 battery installations, with an additional 211 applications in progress. However, the December 2025 sunset of the federal residential tax credit for solar and battery systems—alongside the continuation of the commercial tax credit—has significantly shifted the market. To monetize the commercial tax credit, third-party providers must own the system for several years, after which ownership may transfer to the customer; alternatively, customers may enter into lease arrangements. In response to this shift, staff recommend pausing existing battery rebates and financing offerings and retooling the program to align with third-party ownership models. This approach also creates an opportunity to better serve environmental justice community households, which often face upfront cost barriers to adopting solar and battery storage.

- **Solar Access**:[14] SJCE's Solar Access program launched in 2021 and currently serves approximately 915 low-income customers in pollution-burdened communities, providing a 20% bill discount and powering their residences with 100% renewable electricity from a 2 MW solar facility in Merced County.[15] In calendar year 2025, participating households received more than $187,000 collectively in bill discounts. The California Public Utilities Commission reimburses SJCE for Solar Access expenses, including the bill discounts for the existing 915 customers and the cost of procuring energy. Staff recommends continuing to explore adding an additional 0.8 MW of permitted program capacity from the California Public Utilities Commission to extend this program to approximately 380 additional customers, providing the same 100% renewable energy at a 20% discount. SJCE may elect to take only a portion of the allocation and release the rest if it remains difficult to find a qualifying solar resource to provide power for these customers.

Affordability

Electricity is essential, yet low-income households often spend more on energy and live in less energy-efficient homes, lacking access to energy-saving technologies. Falling behind on bills risks disconnection, disproportionately impacting low-income communities and communities of color.[16] Disconnections can be catastrophic to those relying on electricity for medical devices and life-supporting systems.

- **Electricity Bill Relief**: This program provides targeted bill assistance to customers at risk of electricity service disconnection by partnering with trusted community organizations that work directly with households experiencing financial hardship. Following a pilot in spring 2024 implemented with Sacred Heart Community Service and the County of Santa Clara's Homelessness Prevention Program, staff launched the full program in July 2025. Through the end of calendar year 2025, the program assisted 153 households, paused or reversed 55 disconnections, and issued nearly $138,000 in bill credits to help stabilize households with overdue electricity balances. Staff has established communication procedures with PG&E to halt or reverse disconnections for participating customers.

[14] Solar Access program webpage (also available in Spanish and Vietnamese)
[15] Map of pollution-burdened communities as designated by the California Environmental Protection Agency and California Public Utilities Commission.
[16] In a 2017 publication, the National Association for the Advancement of Colored People highlighted that African Americans are more vulnerable to high energy prices and utility disconnections. Citing a 2009 national survey, they reported that even among financially similar customers, African Americans experienced disconnections at higher rates.

Cross-area

By providing trusted guidance on clean energy technologies and incentives, SJCE's Go Electric advisor service and education program build the awareness that enables residents and businesses to participate in SJCE programs.

- **Go Electric Advisor**: Launched in November 2025, SJCE's Go Electric Advisor provides free, one-on-one support to customers exploring home electrification upgrades, EVs, solar, and battery storage. The service offers personalized guidance on technology options, available incentives, and program enrollment, as well as free virtual energy audits and whole-home electrification plans. Advisors also help customers review and compare contractor bids and understand scope and pricing, while directing them to publicly available contractor lists and resources. Through the end of calendar year 2025, the Advisor received hundreds of calls, emails, and chats, with most customers seeking information about specific SJCE programs; the most frequently discussed technologies were heat pump HVAC systems and electric vehicles. Staff plans to increase promotion of the service—particularly its energy audits and comprehensive planning support—as it plays a critical role in helping customers move from initial interest to completed projects by reducing confusion and improving participation across SJCE programs.

- **Go Electric Education**: SJCE continued expanding education and outreach in calendar year 2025 to increase awareness of EVs and home electrification technologies, particularly in communities with lower adoption. SJCE hosted an EV Ride and Drive and EcoHome Expo at PayPal Park, where attendees could test drive 14 different EV models and tour the All-Electric Home trailer to learn about electric appliances and technologies. SJCE also sponsored and attended a Ride and Drive event at Lake Cunningham Park. In total, 388 residents drove or rode in an EV across these events. SJCE partnered with nonprofit organizations to deliver four educational EV webinars and one webinar in Spanish as well as one-on-one assistance researching and applying for EV incentives. To further expand hands-on education about home electrification, SJCE brought its All-Electric Home trailer to community events. SJCE also "electrified" Santa's House at Christmas in the Park. The activation welcomed an estimated 2,200 guests and featured displays such as an EV charger, solar panels and battery backup, informational videos, and trilingual signage about clean energy technologies and SJCE offerings. Similar engaging, educational efforts will continue in 2026. For example, staff will host an in-person event targeting homeowners that will feature presentations about heat pump technology and available support, including the EcoHome suite of programs and Go Electric Advisor; resource tables; and actionable next steps to electrify. In addition, staff will work with a nonprofit partner to disseminate up to 150 portable induction cooktops and compatible pots to customers in East San José as part of a series of workshops and home visits focused on air quality, health, and home electrification.

Looking Ahead: Future Program Opportunities

The attached 2026-2031 SJCE Programs Roadmap outlines a strategic direction for the next phase of SJCE customer programs (Attachment C). Building on the strong foundation established since 2020, the Roadmap identifies program concepts that accelerate early adoption, improve equitable access to clean energy technologies, reduce emissions, and shape energy use in ways that benefit both customers and the grid. Key focus areas include expanding clean transportation options, advancing building electrification, scaling distributed energy resources such as solar, storage, and demand response, and improving program access for renters and multifamily residents. The Roadmap also highlights new opportunities to serve commercial customers, including technical assistance and incentives to help businesses electrify buildings and fleets, evaluate on-site solar and storage, and participate in demand flexibility programs. As SJCE develops and refines programs each year, staff will continue engaging residents, businesses, contractors, community-based organizations, and industry partners to ensure programs reflect community needs and market conditions.

These concepts represent potential program directions rather than final program commitments. The Energy Department will continue to evaluate opportunities through SJCE's Program Prioritization and Scoring Framework and return to the City Council annually with recommended programs and budgets. In doing so, staff will prioritize investments that deliver high-impact greenhouse gas reductions and meaningful customer savings. Assuming annual program budgets remain in the range of $10 million, staff estimates that SJCE programs could achieve approximately 5-10% year-over-year growth in greenhouse gas emissions reductions over the next five years, with higher reductions in earlier years as programs capture lower-cost opportunities and more moderate growth as those opportunities are exhausted. Table 5 provides an estimate of potential emissions reductions over the next five years under this assumption. It is important to note that SJCE programs represent only one component of broader decarbonization trends; external policies such as the Bay Area Air District's zero-NOx appliance regulations and increasing electric vehicle adoption among higher-income households are expected to drive significantly larger emissions reductions over time.

Table 5. Estimated potential emissions reductions from SJCE programs

	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
Emissions reductions[17] (metric tons CO_2)	33,400	36,700	40,400	42,400	44,500

[17] Annual emissions reductions are the lifetime greenhouse gas reductions from the measures that occurred that year as a result of SJCE programs.

EVALUATION AND FOLLOW-UP

Staff provides regular updates to the Transportation and Environment Committee on SJCE program performance through the annual Climate Smart and Programs Roadmap updates.

FISCAL IMPACTS

As described above, staff recommends allocating $6.0 million of ratepayer funds in FY 2026-2027 and leveraging $4.0 million in additional grant and non-rate revenue funding sources for a maximum total of $10.0 million for customer programs, subject to the appropriation of funds. All expenditures would be paid from the San José Clean Energy Operating Fund. The allocation of program expenditure budgets and budgeted revenue estimates will be brought forward as part of the 2026-2027 Proposed Budget process for City Council approval.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

PUBLIC OUTREACH

On January 30, 2026, an email newsletter soliciting feedback on energy programs and sharing information about this item was sent to nearly 100,000 SJCE residential customers.

This memorandum will be posted on the City's Council Agenda website for the April 13, 2026, Transportation and Environment Committee meeting and the May 19, 2026, City Council meeting.

BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT

The Climate Advisory Commission voted unanimously at their March 19, 2025 meeting to "recommend that SJCE staff include annual targets or projections for emissions for decarbonization programs in the 5-Year Programs Roadmap. While we understand the relatively small role of SJCE's rebates in the scale of electrification currently needed, we believe it to be an important one and urge funding for programs to be a priority to be significantly increased in the coming years all practicable ways. We thank SJCE staff for their work in developing the 5-Year Programs Roadmap, deliberating

some of its specifics with the Programs 5-Year Roadmap Ad hoc Committee, and now taking the Committee's recommendation into account for current and future actions."

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
Director, Energy

For questions, please contact Kate Ziemba, Deputy Director at kate.ziemba@sanjoseca.gov.

ATTACHMENTS

Attachment A: Completed Programs Status
Attachment B: FY 2026-2027 Programs Prioritization Scores
Attachment C: Proposed SJCE 2026-2031 Programs Roadmap
Attachment D: Heat Pump Market Readiness and Program Enhancements