

Association of Bay Area Governments
ABAG Administrative Committee

January 10, 2025

Agenda Item 8c

**Contract Amendment - Bay Area Regional Energy Network (BayREN) Heat Pump Water
Heater Permitting Consistency Pilot: San Mateo County (\$330,000)**

Subject:

Authorization to negotiate and enter into a contract amendment for the Bay Area Regional Energy Network (BayREN) with San Mateo County in an amount not to exceed \$330,000 for a heat pump water heater permitting consistency pilot project, bringing the contract total to \$1,608,957.

Background:

Since 2013, the Bay Area Regional Energy Network (BayREN) has implemented a portfolio of energy efficiency programs across the region. The Association of Bay Area Governments (ABAG) serves as the program administrator and lead agency for BayREN, a 10-member unincorporated association of local government entities. The California Public Utilities Commission (CPUC) first authorized funding for BayREN in Decision (D.) 12-11-015. On July 3, 2023, the CPUC issued D.23-06-055, approving BayREN's strategic business plan for eight years (2024-2031) and four-year program portfolio for 2024-2027, with an accompanying budget of approximately \$157 million.

BayREN's Codes and Standards Program has been providing support related to the California Energy Code and local energy policies and ordinances since 2014, including pilot projects which are carried out by county member agencies to test potential approaches and determine if they are scalable to the region. This contract amendment will add \$330,000 to BayREN's existing contract with San Mateo County, bringing the contract total to \$1,608,957. The existing contract expires on December 31, 2027, and this project is expected to be completed in 2026, prior to contract expiration.

The contract amendment provides funding for a Codes and Standards pilot project to improve permitting for heat pump water heaters by making the permit process consistent across jurisdictions. This project will involve analyzing current processes and requirements in San

Mateo County jurisdictions, developing a recommended consistent approach, and supporting a cohort of approximately 10 jurisdictions to test that approach.

This will create consistency between jurisdictions and could also otherwise improve the permitting process for heat pump water heaters. The number of installations of heat pump water heaters is expected to increase significantly with the implementation of the Air District's zero-NOx appliance rules, anticipated to begin in 2027. Heat pumps have also been designated as a key technology by the State of California, which has set the goal of installation of 6 million heat pumps by 2030, in order to meet our climate goals.

Issues:

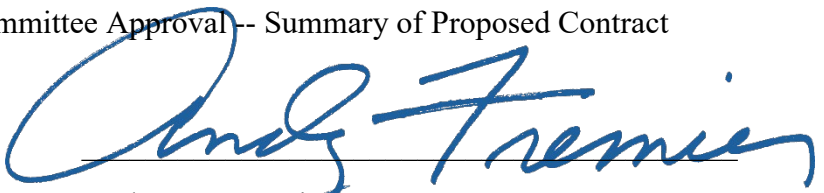
None identified.

Recommendation:

The ABAG Administrative Committee, acting for the Executive Board, is requested to authorize the Executive Director of the Metropolitan Transportation Commission, on behalf of the Association of Bay Area Governments and the Bay Area Regional Energy Network, to negotiate and enter into a contract amendment with San Mateo County in an amount not to exceed \$330,000 for a heat pump water heater permitting consistency pilot project, bringing the contract total to \$1,608,957.

Attachments:

- Attachment A: Request for Committee Approval -- Summary of Proposed Contract



Andrew B. Fremier

Request for Committee Approval

Summary of Proposed Contract

Work Item No.: 1721 (NFSN 2307)

Consultant: San Mateo County
Redwood City, CA

Work Project Title: Bay Area Regional Energy Network (BayREN)

Purpose of Project: Develop and test a consistent permitting process for heat pump water heaters

Brief Scope of Work: This project will involve analyzing current processes and requirements in San Mateo County jurisdictions, developing a recommended consistent approach, and supporting a cohort of approximately 10 jurisdictions to test that approach.

Project Cost Not to Exceed: \$330,000

Funding Source: PG&E (ratepayer funds) as directed by the CPUC

Fiscal Impact: Funds programmed in FY 24-25, FY 25-26, and FY 26-27 Budgets

Motion by Committee: The ABAG Administrative Committee, acting for the Executive Board, is requested to authorize the Executive Director of the Metropolitan Transportation Commission on behalf of the Association of Bay Area Governments and the Bay Area Regional Energy Network, to negotiate and enter into a contract amendment with San Mateo County in an amount not to exceed \$330,000 for a heat pump water heater permitting consistency pilot project, bringing the contract total to \$1,608,957.

ABAG Administrative
Committee:

Belia Ramos, Chair

Approved: January 10, 2025