

**Metropolitan Transportation Commission and Association of Bay Area Governments
Joint MTC ABAG Legislation Committee**

May 8, 2026

Agenda Item 3c – 26-0557

Assembly Bill 2508 (Hoover): Public Utilities Public Purpose Programs Fund

Subject:

Eliminates the ratepayer-based funding stream for energy efficiency programs, such as BayREN, and replaces it with funding from the Greenhouse Gas Reduction Fund, subject to annual appropriation.

Background:

Existing law vests the California Public Utilities Commission (CPUC) with regulatory authority over public utilities, including electrical corporations. Under existing law, the CPUC also oversees various utility-related “Public Purpose Programs,” including energy efficiency and conservation programs such as the Bay Area Regional Energy Network (BayREN), an ABAG-administered program, as well as similar programs run by utilities. Under existing law, those programs are generally funded through a charge which is collected on customers’ utility bills. AB 2508 would shift funding for those public purpose programs run by Regional Energy Networks such as BayREN to the Greenhouse Gas Reduction Fund (GGRF), subject to annual appropriation by the Legislature. While utilities such as Pacific Gas and Electric (PG&E) also operate energy efficiency programs, AB 2508 specifically targets Regional Energy Networks and does not address the programs run by utilities or the costs of those programs, even though the budgets for utility-run programs are much larger.

BayREN is a coalition of ABAG and the nine Bay Area counties which offers region-wide energy programs, services and resources to promote energy efficient buildings, reduce carbon emissions and build government capacity. Specifically, BayREN assists single family residents, property owners, businesses, and local governments with technical assistance and financial resources to find the best approach to reducing energy costs and greenhouse gas emissions. BayREN also assists local governments in evaluating and improving compliance with state energy code. More information about BayREN is available at <https://www.bayren.org/>.

Discussion:

Eliminating rate surcharges as the source of funding Public Purpose Programs and replacing them with an oversubscribed state funding source subject to annual budget appropriation by the Legislature would effectively end reliable operating revenue for BayREN and similar programs across the state. Successful energy efficiency programs depend on reliable, predictable multi-year funding. BayREN and similar programs currently apply to the CPUC for funding every four years and are then able to operate programs throughout that time period.

While purporting to address affordability, the bill targets only programs run by Regional Energy Networks, not programs run by Investor-Owned Utilities such as PG&E, even though Regional Energy Networks have significantly smaller budgets for energy efficiency programs than utilities. Moreover, this bill comes at a time when California is facing a new era of high electricity demand driven by electrification and demand for new, energy-intensive data centers. Without effective energy efficiency programs to reduce consumption, electricity rates are expected to rise significantly as additional energy generation capacity will need to be procured. The intent of the legislation is to save consumers money by eliminating certain targeted Public Purpose Program rate charges, but by eliminating this funding source for energy efficiency and safety net programs, the bill could have the opposite effect. The programs provided by Regional Energy Networks have real benefits to ratepayers and program participants, some of which—like workforce training, grid reliability, and a number of avoided costs—are difficult to measure or are not included when considering program benefits. For example, BayREN uses approximately 60% of its funds to serve equity customers, who need extra support in order to implement energy improvements and realize the associated bill savings and health benefits, but that benefit is not captured by standard program metrics. Energy efficiency lowers usage and costs for customers, making energy more affordable to them and reducing the costs of the overall system for everyone else.

In addition to threatening the continued operations of BayREN and other similar programs, AB 2508 would create yet another source of competition within the GGRF, making it that much more difficult to achieve MTC-ABAG's goal of funding transit and affordable housing at the levels authorized in SB 840 (Limon), the Legislature's reauthorization of the Cap and Invest program.

For these reasons, staff recommends the Committee refer an oppose position on AB 2508 to the ABAG Executive Board.

Recommendation:

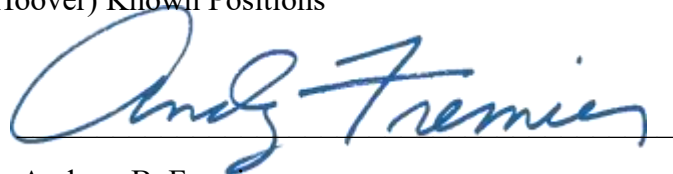
Oppose/ ABAG Executive Board

Known Positions:

See Attachment B

Attachments:

- Attachment A: Coalition letter in opposition
- Attachment B: Assembly Bill 2508 (Hoover) Known Positions

A handwritten signature in blue ink that reads "Andrew B. Fremier". The signature is written in a cursive style and is positioned above a horizontal line.

Andrew B. Fremier



RISING SUN
CENTER FOR OPPORTUNITY



LOCAL GOVERNMENT
SUSTAINABLE
ENERGY COALITION



ENVIRONMENTAL
INNOVATIONS

April 1, 2026

Assemblymember Cottie Petrie-Norris, Chair
Assembly Committee on Utilities and Energy
1020 N Street, Suite 121
Sacramento, CA 95814

Re: AB 2508 (Hoover)- Oppose

Dear Chair Petrie-Norris,

We the undersigned write to express our respectful opposition to AB 2805 (Hoover), which would eliminate the current funding stream for the state’s Public Purpose Programs, including energy efficiency (EE) and research and development programs, and instead force them to compete for more volatile and scarce Greenhouse Gas Reduction Funds (GGRF). Injecting this level of uncertainty into the state’s EE programs will compound the current affordability crisis by eliminating the benefits of EE to both individual ratepayers and the energy system as a whole. It will cost more than it will save.

Energy Efficiency is Crucial for Reliability and Affordability

California is facing a new era of load growth, driven by electrification and data centers. The CEC estimates that total electricity consumption will increase by as much as 45%, and peak demand will increase by as much as 42%, by 2045.¹ Without robust and stable energy efficiency programs to manage demand and support reliability, these increases will be even larger. California’s Loading Order policy prioritizes EE and demand reduction before other generation resources, because **the cheapest electron is the one we never have to buy at all.**²

Modern EE programs also reduce peak demand by seamlessly integrating demand response and load flexibility measures capable of shifting peak loads, thereby saving ratepayers money. Importantly, the CEC’s load forecasts, which are the basis for electricity procurement planning, assume at least 13.5 GWh in achievable energy efficiency savings.³ Without these programs, load serving entities (LSEs) will need to procure an additional 13.5 GWh of generation capacity statewide to cover the shortfall. Those costs will be passed on to ratepayers.

Beyond avoided procurement costs, EE programs provide savings on the transmission and distribution side of the bill as well. Reducing energy demand also reduces the need for new infrastructure to deliver electricity, and EE is a highly cost-effective way to do so. The CPUC’s 2025 Report on Demand Side Management Programs found that:

*“...the portions of Public Purpose Program funds allocated to energy efficiency and demand response programs comprise less than five percent of the electric revenue requirement and less than four percent of the gas revenue requirement for the large investor-owned utilities. **This low impact on rates provides a low-cost path to equitably achieve cost savings for customers and reduce total energy consumption and peak demand, which in turn reduces retail rates through lower energy prices and avoided capacity, transmission, and distribution costs**”⁴*

¹ Slide 9, <https://www.energy.ca.gov/filebrowser/download/9328?fid=9328>. Peak demand refers to the time when statewide energy usage is highest, typically 4-9pm on summer days, and power is most expensive to supply during this time.

² [Cal. Pub. Util. Code § 454.5\(b\)\(9\)\(C\)](#)

³ Page 37. <https://efiling.energy.ca.gov/GetDocument.aspx?tn=266416>

⁴ Page 10. <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/office-of-governmental-affairs-division/reports/2025/report-on-demandside-management-programs-pursuant-to-puc-section-9135.pdf>

EE Provides Direct Savings to Individual Customers

Energy efficiency is one of the best tools customers can use to directly protect themselves against high rates and bills. If customers cannot reduce their usage through energy efficiency, they are more at risk of falling behind on their bills and even being disconnected, especially low-income residents who are already in economically precarious positions. While the Energy Savings Assistance Program (ESA) serves exclusively low-income customers, a significant portion of the non-income qualified energy efficiency portfolio also serves lower income customers, rural customers, affordable multi-family housing, and small businesses. For many customers, EE functions as an affordability safety net as well as an environmental opportunity.

Stable Funding is Necessary to Continue Realizing These Benefits

Successful energy efficiency programs depend on reliable, predictable multi-year funding. Funding certainty allows administrators to plan ahead with confidence, which helps ensure that all customers can participate. It also improves cost-effectiveness by allowing for bulk purchasing, efficient use of administrative resources, and other economies of scale. Sustainable and reliable funding is also essential to support nearly 312,000 energy efficiency jobs and 53,000 EE businesses across California.⁵

Neither the State General Fund nor the GGRF are able to provide the necessary funding certainty to sustain these valuable programs and ensure they remain cost effective. Not only are GGRF revenues hard to predict as noted by the Legislative Analysts Office (LAO),⁶ but using GGRF for PPP costs may also require revisiting the deal struck by the Legislature in SB 840 (Limon, 2025). Under the legislation, GGRF discretionary revenues are allocated in tiers of priority, including towards replacing the State Responsibility Area fire prevention fee, high speed rail, public transit passes, a University of California Climate Research Center, community air protection, and several other programs that do not pertain to efforts currently supported by the PPP.

Given the key role that EE programs play in the state's energy management strategy and the benefits they provide to affordability and grid stability, the state must ensure that these programs remain viable. Shifting the funding source of the state's EE programs to the volatile GGRF will threaten both the affordability benefits and system reliability benefits that are provided by these programs. As such, we urge you to vote NO on AB 2508.

⁵ https://building-performance.org/documents/2025/EEJAFullReport_2025.pdf

⁶ Page 6, https://lao.ca.gov/reports/2026/5114/2026-27_Cap_Invest_021026.pdf

Sincerely,

Stephanie Chen
Vice President of Legislative Affairs
MCE

Chris Burmeister
Board Chair
California Efficiency + Demand
Management Council

Lucas Frerichs
Yolo County Supervisor
District 2

Sheila Allen, RN, PhD
Yolo County Supervisor
District 4

Brian Tisdale, Councilman
City of Lake Elsinore
Advocacy Committee Chair
Western Riverside Council of
Governments

Ericka Flores
Clean Energy & Equity Advocate
Natural Resources Defense Council

Ms. Shawn Marshall
Chief Executive Officer
Peninsula Clean Energy

Patrick Welch
Associate Director of Legislative Affairs
San Diego Community Power

Patricia Terry
Portfolio Lead
Northern Rural Energy Network

Demian Hardman
Board Chair
Local Government Sustainable Energy
Coalition (LGSEC)

Steve Frisch
President
Sierra Business Council

Craig Perkins
President & Executive Director
The Energy Coalition

Anthony Dang
Policy and Community Outreach Manager
Climate Action Campaign

Sneha Ayyagari
Director of Policy
Rising Sun Center for Opportunity

Chris Sentieri
Principal
CEER LLC

Jo Fleming
President
Environmental Innovations

Alexis Sutterman
Senior Policy Manager
Brightline Action

Assembly Bill 2508 (Hoover): Known Positions

Support

- Climate Future California
- Coalition of California Utility Employees
- Edison International and Affiliates, Including Southern California Edison
- Pacific Gas and Electric Company
- Pacific Gas and Electric Company and its Affiliated Entities
- San Diego Gas and Electric Company
- Southern California Edison

Opposition

- Brightline Action
- California Efficiency + Demand Management Council
- Climate Action Campaign
- Community Energy & Equity Resources
- Environmental Innovations
- Local Government Sustainable Energy Coalition
- Marin Clean Energy (MCE)
- Natural Resources Defense Council (NRDC)
- Northern Rural Energy Network (NREN)
- Peninsula Clean Energy
- Rising Sun Center for Opportunity
- San Diego Community Power
- Sierra Business Council
- The Energy Coalition
- Western Riverside Council of Governments (WRCOG)
- Yolo County Board of Supervisors
- San Mateo County Board of Supervisors

Oppose Unless Amended

- The Utility Reform Network (TURN)
- The Utility Wildfire Survivor Coalition