

**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**

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**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:**

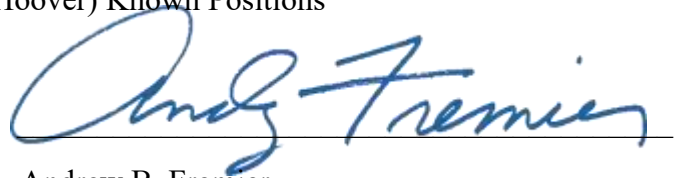
Oppose/ ABAG Executive Board

**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