



Report to City Council

TO: Mayor and City Council

FROM: Melissa Walker, Public Works Director/City Engineer

AGENDA DATE: December 17, 2024

TITLE: APPROVE ADDITIONAL FUNDING FOR ENERGY ASSISTANCE PROGRAMS AND APPROVE INCENTIVES FOR ELECTRIC VEHICLE CHARGING STATION EQUIPMENT REBATE PROGRAM (REPORT OF: PUBLIC WORKS)

TITLE SUMMARY: Approve additional funding for energy assistance programs and approve incentives for electric vehicle charging station equipment rebate program.

Recommendation(s)

That the City Council:

1. Approve an additional budget allocation of \$200,000 for the Moreno Valley Electric Utility Assistance Programs; and
2. Approve a budget allocation of \$200,000 for the Electric Vehicle Charging Station Equipment Rebate Program; and
3. Approve Resolution 2024-XX, a Resolution of the City Council of the City of Moreno Valley, California, to approve and confirm the Electric Rules for the Moreno Valley Electric Utility to be effective January 2025.

SUMMARY

This report recommends increasing the Moreno Valley Electric Utility (MVU) Assistance Programs with an additional budget allocation of \$200,000. The Utility Assistance Program is funded with Public Purpose Program funds to aid (MVU) residential customers and small business customers (businesses whose monthly maximum demand for electricity is less than 20 kW) who are experiencing difficulties with high energy costs.

Additionally, the report also recommends implementing an Electric Vehicle Charging Station Rebate Program also with a budget allocation of \$200,000. The Program is funded with Public Purpose Program Funds and aims to assist businesses in installing electric vehicle charging stations, which will promote the use of renewable transportation sources within the City.

DISCUSSION

Below, as outlined, are proposed modifications for the various MVU energy efficiency programs and services:

Utility Assistance Programs:

MVU currently offers two Utility Assistance Programs: an Energy Bill Assistance Program (Tier 1 & Tier 2) and an Emergency Bill Assistance program intended to help customers with emergencies that impact their ability to pay their electric bill. Both Energy Bill Assistance program tiers provide a discount on monthly energy charges to income-qualified customers. The Emergency Bill Assistance program currently offers \$1,000 to help customers experiencing a financial emergency. Staff is proposing to expand the assistance amount to \$1,200.

Electric Vehicle Charging Station Rebate Program:

As part of our commitment to a cleaner, more sustainable California and to meet the growing demand for accessible EV charging, Moreno Valley Utility (MVU) proposes a \$1,000 rebate for purchasing and installing electric vehicle charging stations for commercial customers. Eligible commercial customers may receive the rebate for the installation of up to 20 charging stations, with a rebate cap of \$20,000 per customer of record. This initiative aims to support businesses in adopting environmentally friendly practices and contributing to California's green future.

Electric Service Area and Rates:

Two separate utility providers, Moreno Valley Utility (MVU) and Southern California Edison (SCE), currently serve the City of Moreno Valley. Between the two electric utilities, there are over 60,000 accounts.

MVU non-residential customers account for approximately 70% of MVU revenues while residential customers account for only 30% of MVU revenues.

The requirement for utilities to purchase greater amounts of renewable energy continuously increased, moving from an amount equal to 20% of retail sales by 2017 to 33% by 2020, to 60% by 2030, and 100% carbon-free energy by 2045. In addition, the focus on renewable, clean energy has impacted the capacity market by limiting the amount of generation capacity available to cover peak demand periods, thus reducing supply and driving up prices. Since 2018, the cost per kW-month for capacity products increased from approximately \$1.30 to approximately \$6.20 in calendar year 2022, and

the current calendar year 2024 average cost per kW-month is currently \$25.00 with summer peaks reaching up to \$100 per kW-month in regions with high demand. MVU has seen a significant increase in power costs and requires investments in technology to upgrade the system to maintain reliability to customers since its last rate adjustment.

The approved SCE rate adjustments for calendar year 2024 average approximately 0.7%, which is now in effect for SCE customers and is primarily related to capital investments for repair and replacement of equipment on its distribution system and investments in modernizing the system, as well as investments in electric vehicle infrastructure. Similarly, MVU has reviewed SCE's rates and has analyzed the current and upcoming operational and capital expenditures for MVU. Although MVU may require rates higher than SCE to establish reserves, pursuant to the City Resolution 2006-112, staff recommends an adjustment to continue the policy of parity with SCE's electric rates.

To avoid requiring the General Fund to subsidize up to \$6 million annually to MVU, the proposed Resolution amends and confirms the electric rates and rules for MVU to correspond with all SCE rates in 2024. Staff recommends approval of the Resolution that will amend and confirm the electric rates and rules for Moreno Valley Utility (MVU), to be effective with the January 2025 billing. Since the inception of MVU, City Council policy has been to maintain parity with SCE electric rates. Resolution 2006-112 approved implementing a schedule to adjust MVU's rates to reflect the same rate schedule as SCE. This policy is also incorporated within the Professional Services Agreement with ENCO Utility Services Moreno Valley LLC, which requires that MVU adjust its electric rates to maintain approximate parity with those charged by SCE.

The average change by customer class is included as Attachment 1 to the staff report should the rate adjustment be approved.

The expanded Utility Assistance Programs will continue to offset the potential impact to residential and general service customers.

ALTERNATIVES

1. Approve and authorize the recommended action as presented in this staff report. *Staff recommends this alternative as the proposed amended electric rates and rules will allow the City's utility to comply with established Council-adopted policies and practices and avoid adding a General Fund liability and provides assistance to those impacted by a financial emergency.*
2. Do not approve and authorize the recommended actions as presented in this staff report. *Staff does not recommend this alternative because the Resolution is needed to keep the Utility in compliance with established Council-adopted policies and practices and will result in an annual General Fund liability of \$6,040,710.*

FISCAL IMPACT

The requested additional funding for the Utility Assistance Programs is \$200,000, and \$200,000 annually for the Electric Vehicle Charger Rebate Program. The proposed rate

adjustment is estimated to increase revenue by an average of approximately \$575,000 per month. With approval of the rates, and no further energy cost increases, it is anticipated that net income will be positive.

MVU is a relatively young utility and has not yet fully established or maintained the desired reserve fund levels. As such, the General Fund continues to be a backstop to the \$37 million of estimated reserves required for operations, emergencies, repair and replacement of infrastructure, and rate stabilization. These four categories are necessary to maintain a financially strong utility for the future.

The City has also issued over \$62 million of bonds for utility infrastructure improvements, which are secured by the Base Rental Payments and other payments paid by the City and received by the Authority pursuant to the Facilities Sublease (as defined in the Trust Indenture).

The following table reflects the budget adjustment to increase funding for the Utility Assistance Programs and Electric Vehicle Charger Rebate Program, all paid for with Public Purpose Funds. Public Purpose Program funds can only be utilized under a strict umbrella of programs, determined at the State level of government.

Description	Fund	GL Account No.	Type (Rev/Exp)	FY 24/25 Budget	Proposed Adjustments	FY 24/25 Amended Budget
Utility Assistance Programs	Public Purpose Program Fund	6012-70-80-45511-710152	Exp	\$500,000	\$200,000	\$800,000
Transportation Electrification	Public Purpose Program Fund	6012-70-80-45511-710154	Exp	\$15,000	\$200,000	\$215,000

NOTIFICATION

Publication of the Agenda.

PREPARATION OF STAFF REPORT

Prepared By:
Lesia Bowers
Customer Service Manager

Department Head Approval:
Melissa Walker, P.E.
Public Works Director/City Engineer

Concurred By:
Jason Niccoli
Electric Utility Division Manager

CITY COUNCIL GOALS

Public Facilities and Capital Projects: Ensure that needed public facilities, roadway improvements, and other infrastructure improvements are constructed and maintained.

CITY COUNCIL STRATEGIC PRIORITIES

Objective 1.1: Proactively attract high-quality businesses.

Objective 1.3: Promote local hiring through the expansion of local, quality, high paying jobs, and workforce development efforts.

Objective 1.7: Promote small business development and entrepreneurship.

Objective 4.5: Explore green/renewable innovations and technologies for new developments such as the World Logistics Center.

Objective 4.6: Advance the development of a well-connected and balanced citywide transportation network that serves all modes.

Report Approval Details

Document Title:	STAFFREPORT_PW_MVU_UPDATE.docx
Attachments:	<ul style="list-style-type: none">- Resolution Dec 2024 Rates.docx- MVU Rates_Exhibit A DRAFT FOR DEC.docx- MVU Rates Comparison MVU eff December to SCE 07-08-2024.pdf- MVU_RulesFeesCharges Dec 2024pdf.docx
Final Approval Date:	Dec 10, 2024

This report and all of its attachments were approved and signed as outlined below:

Melissa Walker

Sean Kelleher

Natalia Lopez

Launa Jimenez

Brian Mohan

Mike Lee

Patty Rodriguez