PUBLIC UTILITIES ADVISORY BOARD AGENDA ITEM

ACTION REQUESTED:
Receive Update on the Renewable Energy Program and Proposed Program Changes for 2026

DEPARTMENT: Community Services Department

SUBMITTED BY: Ben Mjolsness, Sustainability Manager

BOARD/COMMISSION REVIEW: N/A

BACKGROUND:
In 2004, the City Council approved the creation of the Renewable Energy Program (REP) as a way for Electric Utility customers to monetarily support renewable energy.

Various changes to the program have occurred over the past 20 years, including an increase in purchases of Renewable Energy Certificates (RECs) and adding energy efficiency incentives for commercial and residential properties to the program. A significant turning point in the program occurred in March of 2020 when the Public Utilities Advisory Board (PUAB) recommended and the City Council approved expanding the program to include residential energy efficiency initiatives such as window and attic insulation upgrades. These changes were made to reduce energy consumption across the city. At the same time, an increase in solar incentives was approved to encourage local generation while reducing the growing Renewable Energy Fund cash balance.

In 2021, REC purchases were formally discontinued so that funds could be directed exclusively toward local efficiency and solar installation projects. Since then, adjustments have been made to the maximum award amount and reimbursement amounts to enhance program sustainability and adapt to various market changes as well as to changes to available federal and state grants.

The REP now has 3,800 participants with annual revenue of approximately $280,000. As of October 16, 2025, the fund’s cash balance was $304,477.

DISCUSSION:
Participation in the REP has steadily increased over the years, supported by a change made in 2024 which requires incentive recipients to remain in the program for a

minimum of five years. This requirement ensures that program membership and revenue remain stable.

In 2025, the three most popular incentive types were Residential Solar, Attic Insulation, and Window Replacement. Staff and NEST have reviewed the latest state standards for energy efficiency as well as programs offered by other utilities. No significant changes have been made to any incentive type. When REP incentives are combined with IMEA-provided incentives, they offer a wide range of opportunities for both residential and commercial customers to improve energy efficiency and ultimately reduce electricity consumption.

Changes to the program in 2026:
After consulting NEST, the Community Services Department suggests no changes to the incentive types and funding amounts in 2026. The incentive amount and overall budget for each line item are shown below:

Rebate Type	Current Grant Amount	2025 Budget
Residential Attic Insulation	$1 per square foot/$2,500 maximum rebate	$90,000
Residential Single-Pane Window Replacement	The incentive amount is $250 per window, with a $2,500 maximum award	$50,000
Residential Solar	Limited to 7 kW AC and will not exceed $1,750 ($250/kW AC rated at AC Inverter)	$109,500
Commercial Solar	Max of $15,000 per commercial project	$30,000
City of Naperville Funded Residential EVCS	Up to $500 is offered from the IMEA Energy Efficiency program	$0
Residential Furnace Blower Motor Upgrade	$100	$200
Air Conditioning Unit Tune-Up	$25 per unit- once every 3 years	$300
Total		**$280,000**

The Community Services Department administers the program and awards incentives in the order they are received. Incentive applications are considered complete when all form fields are completed and the application is submitted online with all required documentation. When all budgeted funding is awarded, the program awards will close for the remainder of 2026.

Recommendation:

1. NEST was consulted and agreed with staff's recommendation that applications and all supporting documents must be submitted within 120 days of final inspection (solar) or installation (windows and attic insulation). This new requirement replaces the previous policy, which required all aspects of the project- including contract signing, permitting, installation, and inspection- to occur within the same calendar year as the funding is intended. This policy change supports equitable access to the REP incentives for residents whose projects span more than the calendar year.
2. Additionally, NEST recommends rolling any unspent REP funds into the upcoming year's program budget.

FISCAL IMPACT:

Projected 2026 revenue and the existing cash balance in the Renewable Energy Fund are sufficient to award $280,000 in grants for 2026.