



Market Transformation Policy Manual

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CalMTA is a program of the California Public Utilities Commission (CPUC)
and is administered by Resource Innovations

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Introduction

The purpose of this Market Transformation Policy Manual is to provide a summary of the rules established by California Public Utilities Commission (CPUC) decisions that govern the Market Transformation Administrator (MTA/CalMTA) as well as information developed by CalMTA to operationalize the governing policies.¹

This Policy Manual was compiled by CalMTA staff in collaboration with the CPUC Energy Division (ED) staff, but is not formally adopted by the CPUC nor formally approved by ED. It will be updated occasionally as new policies are developed.

How to Use this Document

This document is intended to provide an overview of the major policies that impact CalMTA, as determined by CPUC rules and decisions. The Policy Manual serves as a reference document, similar to the CPUC’s Energy Efficiency (EE) Policy Manual, to facilitate interested parties’ understanding of the market transformation (MT) framework and CalMTA.

This document is a summary of the policies impacting the CalMTA. Due to this fact, the Policy Manual should not be considered a complete source of information on all the rules governing the administration of CalMTA, but it does provide references to all relevant decisions and policy documents. These documents can also be found on the CPUC’s website at: <https://www.cpuc.ca.gov/documents/#DocTypeSearches>.

Common Terms & Definitions

Acronym	Definition
3P or 3Ps	Third Party/Parties
ABAL	Annual Budget Advice Letter
ADR	Alternative Dispute Resolution
ALJ	Administrative Law Judge
CalMTA	Public facing name of Market Transformation Administrator
C&S	Codes and Standards

¹ The decision used the term “MTA,” but this document uses “CalMTA” to keep the name consistent throughout the document and because CalMTA is the publicly facing name of the MTA.



CAEECC	California Energy Efficiency Coordinating Committee
CCAs	Community Choice Aggregators
CE	Cost-effectiveness
COI	Conflict of Interest
CPUC	California Public Utilities Commission
ED	Energy Division
EE	Energy Efficiency
EM&V	Evaluation, Measurement and Verification
GHG	Greenhouse Gas
IOUs	Investor-owned Utilities
IRC or IRCs	Initiative Review Committee(s)
MT	Market Transformation
MTA	Market Transformation Administrator
MTAB	Market Transformation Advisory Board
MTI(s)	Market Transformation Initiative(s)
MTWG	Market Transformation Working Group
NEEA	Northwest Energy Efficiency Alliance
NRDC	Natural Resources Defense Council
PA(s)	Program Administrator(s)
PAC	Program Administrator Cost Test
PG&E	Pacific Gas and Electric
RA	Resource Acquisition
RENs	Regional Energy Networks
RFA	Request for Abstract
RFI	Request for Ideas
RFP	Request for Proposal
RI	Resource Innovations
SB	Senate Bill
SDG&E	San Diego Gas & Electric
TSB	Total System Benefit
TRC	Total Resource Cost Test
WE&T	Workforce Education and Training

Background

California has a long history of activities in the realm of market transformation (MT). The most recent effort began with Senate Bill (SB) 350 (2015), which directs:

“The CPUC in a new or existing proceeding, shall review and update its policies governing energy efficiency programs funded by utility customers to facilitate achieving the targets established pursuant to subdivision (c) of Section 25310 of the Public Resources Code [requiring the setting of goals to achieve a doubling of EE

savings by 2030]. In updating its policies, the CPUC shall, at a minimum, do all of the following:

- *Authorize MT programs with appropriate levels of funding to achieve deeper energy efficiency savings.”*

Pursuant to SB 350, the CPUC identified MT as a priority issue for the EE proceeding (R.13-11-005) in the related scoping memorandum, dated April 26, 2018.² On August 29, 2018, the CPUC issued an Administrative Law Judge (ALJ) ruling³ seeking comment on a staff proposal for a new MT framework. In coordination with comments on this staff proposal, two workshops were held on September 19, 2018, and November 6, 2018. At the conclusion of the second workshop, several interested parties agreed to reconvene as part of the California Energy Efficiency Coordinating Committee (CAEECC) to form an MT working group (MTWG) to further refine a MT framework proposal and to work toward consensus among stakeholders.

On March 29, 2019, Natural Resources Defense Council (NRDC) filed a Motion to the CPUC, which included the “CAEECC Hosted MTWG: Report and Recommendations to the CPUC” (MTWG Report). The MTWG Report included a complete proposal for all aspects of a proposed MT framework, which the NRDC Motion recommended be adopted by the CPUC. Many aspects of the MTWG Report included consensus issues that were agreed to by all members of the MTWG and not objected to by any party filing comments in response to the April 10, 2019, CPUC ALJ ruling seeking comment on the MTWG Report. (<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M281/K395/281395459.PDF>)

On December 12, 2019, the CPUC issued [Decision \(D.\) 19-12-021](#), which adopted the MT framework. The decision was structured to discuss only those aspects of the MTWG Report that were controversial and/or commented on by parties in response to the motion.

D.19-12-021 and Attachment A to that decision govern all aspects of the administration of CalMTA and establishes the MT framework. (D.19-12-021, pgs. 44-45) The topics that the CPUC addressed in D.19-12-021, include:

- The formation and composition of the Market Transformation Advisory Board;
- The choice of Market Transformation Administrator;
- The Market Transformation Administrator budget;
- Cost-effectiveness requirements;
- Savings goal setting and goal attribution; and
- MT coordination.

² R.13-11-005: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M213/K120/213120755.PDF>

³ ALJ ruling: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M225/K059/225059924.PDF>

Process for Selecting the Market Transformation Administrator

In D.19-12-021, the CPUC considered whether to have one of the investor-owned utilities (IOUs) act as the MTA or a single, independent, statewide MTA, and decided to select an independent MTA. The MTA is accountable to the CPUC directly, but given the difficulties of state budgeting and contracting, the decision directed Pacific Gas and Electric (PG&E) to act as the lead utility to solicit and contract with an independent statewide MTA and as the fiscal agent. (D.19-12-021, pg. 57)

As the statewide solicitation lead, PG&E was responsible for managing the procurement process for the MTA. PG&E undertook this task with the assistance of the current statewide third-party (3P) solicitation EE procurement review group and independent evaluators. The decision directed PG&E to take time to craft this solicitation process to ensure its success, allowing ample time (at least three months and preferably more) for interested entities to develop robust bids. (D.19-12-021, pg. 57)

The selection of the MTA and the contract between PG&E and the 3P Administrator required the approval of the CPUC through a Tier 2 advice letter (PG&E Advice Letter 4674-G/6747-E: https://www.pge.com/tariffs/assets/pdf/adviceletter/GAS_4674-G.pdf), which was filed on October 13, 2022, and approved with an effective date of November 23, 2022. Resource Innovations (RI) was selected as the company to provide MT administration services.

PG&E serves as the fiscal agent, and CPUC is the contract manager. Additionally, CalMTA's Market Transformation Initiatives (MTIs) will be offered throughout the territories of all four IOUs collectively, which encompasses Regional Energy Networks (REN) and Community Choice Aggregator (CCA) regions.

Market Transformation Advisory Board

a. Purpose

The Market Transformation Advisory Board (MTAB) is defined as: "A group of individuals from organizations with a long-term background in California or national EE; broad-based interest in outcomes of California or national EE proceedings; and solid understanding of MT principles assembled to advise California's MTA and provide recommendations." (D.19-12-021, pg. 45)

The MTAB is a non-authoritative body, making non-binding recommendations to CalMTA and ultimately to the Commission. (D.19-12-021, pg. 45) There should be an arms-length

arrangement between the CalMTA and the MTAB, to ensure that the MTAB is able to render effective and independent advice. (D.19-12-021, pg. 47)

b. Members

The MTAB shall have no more than nine members and should include one member from each of the following backgrounds:

- Ratepayer advocacy/protection
- Workforce and/or labor
- Environmental advocacy
- Evaluation professional
- National/Regional EE policy professional
- IOU Utility EE representative
- CCA or REN EE professional
- Up to two CPUC staff (non-voting seats)

c. Process for Seeking Board Members

The process to designate MTAB members as directed in Ordering Paragraph 8 of D.19-12-021 was initiated by CalMTA in consultation with CPUC staff. Consistent with Attachment A of D.19-12-021, members were sought with diverse viewpoints with at least one member with each of the backgrounds delineated above.

CalMTA initiated a request with the IOUs to self-select their representative per D.19-12-021. The IOUs agreed on a representative.

After consultation with CPUC staff, it was agreed that the RENs/CCAs could confer and select a representative for their category. CalMTA contacted the RENs/CCAs, which self-selected a representative.

CalMTA executed the following actions for the remaining categories of representatives for the MTAB that did not include the IOU and REN/CCA representative:

- Materials were developed to convey the needs of the MTAB and ensure an equitable selection process including:
 - Description of the opportunity;
 - Frequently Asked Questions (FAQ) to describe the MTAB and the responsibilities of serving on the MTAB; and
 - Online application form with questions confirming background and qualification to serve on MTAB.
- Emails sent to distribution lists to announce the opportunity.
- Criteria developed for selecting among nominees based on characteristics described in the decision.
- Materials created to share with finalists who would be recommended through an advice letter:

- MTAB conflict of interest (COI) policy;
- MTAB member compensation level; and
- Charter of the MTAB.

The MTAB application process launched on January 12, 2023, and was closed on January 27, 2023. To promote the opportunity to serve on the MTAB, CalMTA worked with CPUC staff to share information to the service list of R.13-11-005, conducted direct outreach to likely qualified candidates, and distributed the information to key organizations with a request to share with their networks. The notice was forwarded by the CAEECC to its mailing list. Periodic reminders were sent about the deadline to apply, and CalMTA responded to inquiries.

CalMTA received 25 applications, with at least one individual from each of the desired categories. Four individuals applied for more than one category, and two individuals identified themselves in the “none of the above” category.

d. Selection Process for Board Members

The selection process for applicants started with a review of the applicant’s confirmation that they had their organization’s approval to serve on the MTAB. Candidates’ applications were then scored by members of a CalMTA team against the criteria outlined in D.19-12-021 using a scale of 1-5. Team member scores were then reviewed to see if there were large differences which needed discussion, and then averaged to create the final score. From these, the top candidates in each category were identified. If scores for the top ranked candidates were close, this was noted. For those candidates who marked more than one category, their scores were reviewed in each category they identified.

These results were reviewed with CPUC staff. Alternates were identified in the event a recommended applicant were to withdraw before the advice letter requesting approval of the nominees became final. CalMTA contacted each proposed member and alternates to ensure that each could comply with the proposed COI policy and accept the proposed stipend for serving. The remaining applicants were notified that they would not be continuing in the process. Final approval of the proposed MTAB members required that CalMTA file a Tier 2 advice letter with the proposed Board members and COI rules for the MTAB.

On March 14, 2023, CalMTA filed Advice Letter RI-CalMTA-1 for CPUC approval of the proposed membership and COI rules for the MTAB developed by CalMTA in consultation with CPUC staff. On April 7, 2023, CalMTA filed Advice Letter RI-CalMTA-1-A, a supplemental advice letter that provided revisions to the proposed conflict of interest rules in response to a protest to Advice Letter RI-CalMTA-1. Advice Letter RI-CalMTA-1-A was approved by the CPUC’s ED with an effective date of April 13, 2023.

e. Duties

The MTAB is a non-authoritative body, making non-binding recommendations to CalMTA and ultimately to the CPUC. Members must:

- Understand and be dedicated to supporting the goals of CalMTA.
- Attend all meetings. If this is not possible, alert CalMTA ahead of time, and follow up on the material covered.
- Come to meetings fully prepared, having reviewed pre-meeting materials.
- Participate constructively in meetings, helping to create reasonable solutions that further the goals of CalMTA.
- Serve as educators of MT efforts to facilitate strong partnerships and deepen understanding of the work.

f. Term of Appointment

Members will have two-year terms, other than the first term for purposes of staggering vacancies. To stagger vacancies, the first term for each seat will be randomly assigned a one- or two-year term. If a member ceases to be employed by the organization they represented when appointed, the member's appointment will terminate as of the date the affiliation ceases.

g. Removal

Members can be removed by agreement of the CPUC staff and CalMTA staff if:

- The member is not regularly participating in meetings (i.e., misses two or more of the past four meetings) unless there are extenuating circumstances.
- An insurmountable or continuing series of COIs arise for the member or the organization they represent.
- The Board member's disclosed COI is such that it is or can be perceived by a reasonable person to reduce the likelihood that the member's influence on the MTAB and CalMTA can be impartial and in the best interests of CalMTA.

h. Process for Filling Vacancies

After the initial appointment of members via an advice letter, there are four processes for filling vacancies on the MTAB. One is for members in the IOU representative category, a second is for the REN/CCA category, a third for the CPUC category, and a fourth for all other categories represented on the MTAB.

Short-term vacancies occurring less than six months before the end of the seat's term can be filled for the remainder of the term by the organization represented by the member at the time the vacancy occurs.

i. IOU

The representative will rotate among the IOUs, on a schedule and in an order on which they mutually agree. Should the IOUs be unable to agree, this seat shall remain vacant.

ii. REN/CCA

CCAs who are defined by the CPUC as EE program administrators (PAs) based on D.21-12-011⁴ and the RENs will mutually agree on a method to appoint an EE professional to the MTAB. Should the RENs/CCAs be unable to agree, a representative will be selected via the process described below for “all other membership categories.”

iii. CPUC

Up to two members will be appointed by the CPUC ED EE Branch Manager.

iv. All Other Membership Categories

Notification: The notification of membership openings will be distributed to interested parties and posted on the CalMTA website. At least two weeks will be given for nominations to be submitted. Members already on the MTAB may submit an application for additional terms.

Criteria: Criteria can be amended as needed to evolve with the needs of the MTAB. Threshold criteria may include:

- The nominee or the organization the nominee represents has a long-term background in EE or MT.
- The nominee and the organization represented are willing to abide by MTAB COI policies.
- The nominee and the organization represented are willing to sign non-disclosure agreements as the need arises.
- The nominee is willing to abide by MTAB roles and responsibilities, including providing sufficient time and attention to MTAB business.

⁴ D.21-12-011, pgs. 46-47 states that “As a preliminary matter, CCAs who elect to administer energy efficiency funds are not energy efficiency program administrators, under our current rules and general energy efficiency regulatory oversight. Access to funds for these CCAs comes from statutory authorization, and they are subject to minimal program oversight from the Commission. This is qualitatively different from CCAs, such as MCE, which are program administrators in their own right after having their proposals go through a full application process and with experience in implementation going back several years, with associated regulatory and reporting responsibilities.”

The criteria to select among nominees within a particular category of member (for example, ratepayer advocate, environmental advocate or evaluation professional) may include:

- The level of the nominee’s understanding of MT principles, or willingness to learn.
- The experience of the nominee to work constructively on advisory (or similar) committees.
- The knowledge of the nominee in EE and MT policies in California.
- The knowledge of the nominee in market function and/or energy-efficient technologies or services.
- Offers a unique perspective that complements those of other members to engage more diverse viewpoints.

Evaluation Process: CalMTA will compile the information submitted during the nomination process and review it against the criteria. CalMTA will consult with the CPUC staff and make recommendations of the highest ranked nominees to the CPUC staff.

Approval: Other than inaugural appointments, which are approved by ED’s Director and authorized via Tier 2 advice letter per Ordering Paragraph 8 of D.19-12-021, CPUC staff will approve the final selection of representatives to serve on the MTAB.

i. Stipend/Travel Reimbursements

Members of the MTAB are volunteers and are not employees of CalMTA or RI, which administers CalMTA. Representatives from the CPUC, participating IOUs or EE PAs, or employed by government agencies in the State of California are not eligible for a stipend.

Members will be paid a stipend of \$1,400 for each six-hour meeting that the member attends. This will be prorated for meetings of greater or lesser length.⁵

Compensation and expense reimbursement will be paid by RI, to the member’s employer unless the member can show justification for receiving these monies directly and their organization agrees.

Approved travel expenses will be paid per the terms of the contract between RI and PG&E and augmented as needed by specific RI’s travel policies.

⁵ Note that MTAB members are not eligible for Intervenor Compensation per D.19-12-021’s direction to have funding for MTAB activities come out of CalMTA program funds instead.

Market Transformation Advisory Board

Conflict of Interest Rules

a. Introduction

The MTAB was conceived to facilitate public discussions and gather input from knowledgeable stakeholders on matters relating to the design and implementation of California's MT portfolio.

The CPUC directed CalMTA to develop in consultation with ED, a policy about the protocols to address handling and avoiding COIs or potential COIs related to the MTAB responsibilities. These MTAB COI policies were to be articulated in a Tier 2 advice letter (D.19-12-021, Ordering Paragraph 8) and be consistent with the direction that there shall be an arms-length arrangement between CalMTA and the MTAB such that the MTAB is able to render effective and unbiased independent advice to CalMTA. This policy allows market participants, RENS/CCAs, IOUs, workforce organizations, etc. to participate and contribute as MTAB members without creating actual, potential, or perceptions of COI.

The primary mechanisms used to avoid COIs are member eligibility rules, recusal, disclosure of potential COIs, and transparency.

The COI policy should be interpreted and implemented in a manner consistent with the best interests of California's energy customers and in an equitable manner, prioritizing those actions that result in the best/highest MTAB input and public outcomes that advance toward meeting California's policy goals through EE MT efforts.

- CalMTA will review this policy in consultation with the MTAB regarding its effectiveness and a report will be made to the CPUC staff within 18 months of the first MTAB meeting.
- This policy may be amended from time to time based on:
 - Written direction from ED's Director.
 - A recommendation from CalMTA after consultation with the MTAB and written agreement from CPUC staff.

b. Conflict of Interest Requirements

Member Eligibility:

- MTAB membership requires that the member not receive funding, directly or indirectly, from CalMTA, including any subcontractors. Disqualification will apply if: a) the member, b) an immediate family member, c) the member's employer, d) a parent, affiliate, or subsidiary of the employer, or e) any business owned or operated wholly or in part by the member, is in receipt of any CalMTA funding, outside of the stipend for MTAB service.

- MTAB membership requires that the member not be in pursuit of funding from CalMTA. Disqualification or removal will result if: a) the member, b) an immediate family member, c) the member's employer, d) a parent, affiliate, or subsidiary of the employer, or e) any business owned or operated wholly or in part by the member, has submitted a bid in response to any Request for Proposal (RFP) or Request for Qualifications (RFQ) issued by CalMTA.

c. Member Recusal Requirements

The MTAB member recusal requirements include:

- If an MTAB member participates in any MTAB discussions or provides any form of input to CalMTA about specific MT ideas after that idea has advanced to the Program Development Phase 3, that member may not bid on any RFP or RFQ related to that initiative.
- Members may recuse themselves from discussion on individual MTIs once the initiative is in the Program Development Phase. Recusal must be declared by the member and documented in the publicly available meeting notes. Such recusal would allow the MTAB member, a family member, or the member's employer (and a parent, affiliate, or subsidiary of the employer) to apply for CalMTA funding for the subject initiative, although per Section 1 of this COI policy, if funding were applied for the member would be removed from the MTAB.

d. Member Disclosure Requirements

Each MTAB member must complete a COI disclosure, which will then be posted on the CalMTA website. The disclosure form will be filled out by each MTAB member:

- Prior to joining the MTAB, annually, and upon the conclusion of the member's service.
- When an MTAB member becomes aware of an actual or potential COI, or the appearance of an actual or potential COI related to an MTAB topic that has not been previously disclosed.

e. Transparency Requirements

- MTAB meetings will be open to the public. Members of the public may raise perceived COI concerns during the public comment period that is available at each meeting. Any such issues raised, and resultant action will be posted publicly on the CalMTA website.

Market Transformation Administrator Policy Objectives

D.19-12-021 provided guidance to CalMTA that the MTIs should conform to high-level principles as defined below and align with existing State and CPUC policy direction (e.g., policies that advance EE, equity and workforce objectives, as well as GHG emission reduction targets).

The MTI “High-Level Principles” describe program goals that every MTI should aim to achieve. The High-Level Principles for the MTIs are to:

1. Drive incremental savings that achieve the State’s EE, equity, and GHG reduction goals.
2. Be managed cost-effectively as a portfolio under the MT framework.
3. Use a stage-gate process for development and deployment.

In addition, the decision stated that each MTI should also strive to meet the following principles, while acknowledging that some principles may not be applicable to every MTI:

4. Complement and coordinate with EE programs.
5. Support and not stifle innovation.
6. Leverage existing processes and forums where appropriate.
7. Integrate strategies to maximize equity.
8. Be informed, measured, and evaluated by data and information.
9. Include metrics to assess progress toward MTI, State and CPUC policy goals.
10. Be vetted in an inclusive, open, and transparent manner.
11. Ensure that the EE workforce is adequately trained, skilled, and available.
12. Synchronize efforts with the evolving long-term structural changes to California’s energy production and consumption. (D.19-12-021, pgs. 101-102)

The decision also included Guidelines and Strategies on how to implement the intent of the high-level principles, which included:

1. MTIs should not be limited to technologies and should consider additional approaches that strive to meet the State’s goals (e.g., behavior, equity, workforce, code compliance strategies, etc.). This supports principles 1 and 3.
2. MTIs should support and complement additional State and CPUC goals to achieve substantial GHG emissions reductions, such as through demand response, integrated demand-side management, and strategies that ensure grid stability. This supports principles 1 and 3.

3. MTI Plan⁶ development should not be overly expensive or prevent timely action and important findings. This supports principle 4.
4. MTIs should consider how to transform the EE marketplace to maximize energy savings, health, affordability, and job access for disadvantaged communities. This supports principle 7.
5. MTIs should have timely feedback and evaluations to enable pivoting strategies if needed in support of continuous improvement. This supports principle 8.
6. MTIs should be vetted in a transparent way and include stakeholder, community, and potential participant feedback processes as applicable. This supports principle 10.
7. MTIs must make commitments that adequately cover the time expected to realize MT to effectively address market barriers and facilitate functional industry partnerships. This supports principle 1.
8. MTIs should consider how to transform the EE marketplace to ensure both the availability and utilization of a well-trained and suitability-skilled EE workforce. This is related to principle 11.
9. MTIs should be designed to address or at least complement the likely long-term structural changes to California's energy industry including relying on carbon-free resources coupled with efficient electrification. This supports principle 12. (D.19-12-021, pgs. 102-103)

Funding Guidelines

a. Total Expenditures Approved

CalMTA has an authorized startup administrative budget of up to \$20 million annually for three years, until the CPUC approves the initial tranche of MTIs for deployment through an application. (D.19-12-021, p 61) Of this, \$0.4 million per year was reserved by PG&E for contract management purposes. There is no roll-over of unspent funds from one year to the next during the start-up period and the start-up budget shall not be available to CalMTA once the application for the first tranche of MTIs has been approved, unless authorized by the CPUC.

In addition to the startup budget, the CPUC allocated a five-year budget of \$250 million, to CalMTA, for the deployment of MTIs. (D.19-12-021, pg. 61) Five million dollars are reserved

⁶ An MTI Plan is the blueprint/roadmap of the MTI that includes but is not limited to a timeline, metrics, intended outcomes, coordination with RA programs, and an Evaluation, Measurement and Verification (EM&V) plan. It is analogous to CPUC Staff's "Market Transformation Accord" described in the ALJ Ruling and attachment issued August 29, 2018. ALJ ruling: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M225/K059/225059924.PDF>.

by PG&E for contract management purposes over the full contract period. During this period unspent budgets can roll-over from year to year.

The budgets approved for the MT framework are incremental to the EE budgets authorized in the Rolling Portfolio cycle. (D.19-12-021, pg. 126)

b. Funding Sources

The funding for CalMTA will come from electric and gas ratepayers of the four IOUs. The statewide funding allocation for CalMTA is included in SDG&E Advice Letter 3268-E-A/2701-G-A. The CPUC directed a proportion funding split for CalMTA between electric and gas funding of 80% and 20%, respectively, as is commonly used for dual fuel programs. The funding shares for CalMTA across IOUs is shown in the right-most column of Table 1. Note that the CPUC does not allow for a 20% deviation (plus or minus) from these target values as is allowed statewide EE programs, but instead requires the IOUs to adhere to the funding split shown in Table 1. (D.19-12-021, pg. 63)

Table 1. IOU Funding Shares for Market Transformation

IOU	Electric Funding Split*	Gas Funding Split*	Market Transformation Funding Split**
PG&E	44.5%	50.4%	45.5%
SDG&E	15.5%	7.8%	14.0%
SCE	40.0%	0.0%	32.5%
SoCalGas	0.0%	41.8%	8.0%

*See Table 2 on page 5 of SDG&E Advice Letter 3268-E-A/2701-G-A.

**Consistent with a fuel type allocation of 80% electric, 20% gas. [See table 3 on page 7 of SDG&E Advice Letter 3268-E-A/2701-G-A.](#)

If it turns out that the balance of MTIs recommended by CalMTA leans more heavily toward one fuel or the other, the CPUC will consider adjusting the allocation by fuel type at a later point. (D.19-12-021, pg. 63)

c. Cost Categories and Payment Types

CalMTA will track all expenditures by cost category and include a breakdown in each invoice, the Annual Budget Advice Letter (ABAL), all annual True-Up Reports, and other public and CPUC reporting documents. The general definitions for the five MT Cost Categories are listed below and come from CalMTA’s ABAL RI-CalMTA-2 filed on July 31,2023.

(<https://calmta.org/wp-content/uploads/sites/263/California-Market-Transformation-Administrator-AL-RI-CalMTA-2-ABAL-7-31-2023.pdf>)

i. Administration

The Administration cost category accounts for routine financial and contract administration activities including the processing of monthly program and subcontractor invoicing;

monitoring and managing contract compliance; and budget management, accruals, and forecasting. Also included in this cost category are non-routine administration requests that may arise (such as CalMTA responses to ad hoc financial reporting requests from the CPUC or PG&E, or financial audits), and administrative and contracting support for pilots.

ii. Operations

The Operations cost category reflects the costs of core business functions required for the CalMTA to accomplish its mission. These are distinct from administrative costs as operations will vary and evolve over time, while administration activities remain stable in their scope over the Contract term. Major operations activities include:

- Project management and operations: Oversight of the entire CalMTA effort, such as: project management processes and tools; regular leadership and tracking meetings, development of annual operations plans, budget advice letters and applications; compliance and tracking regarding conflict-of-interest requirements; and developing/maintaining internal operations processes and procedures.
- MTAB: Virtual and in-person MTAB meetings, including developing agendas; communicating with individual MTAB members or the public as needed; preparing materials for MTAB meetings; attendance, facilitation and note-taking at the meetings; ensuring follow-up on recommendations; member renewals and replacements as terms expire; and travel and other direct costs associated with convening the MTAB.
- Policy: Tracking regulation and legislation of interest to CalMTA and summarizing the findings into memos and other materials; ensuring the evolving regulatory landscape in California is understood by CalMTA leadership and MTI program developers; performing regulatory research and summarizing the findings; and supporting regulatory filings to the CPUC.
- Stakeholder Engagement and Communications: Developing and maintaining platforms and systems to manage and regularly communicate with CalMTA stakeholders; developing and managing engagement opportunities both on behalf of CalMTA as an overarching program; and supporting the MTI program development work, including specific market relationships and engagement, research, and testing based on MTI priorities.
- Data Systems Development and Management: Develop, maintain, and improve data systems to support CalMTA operational and data management needs, such as the website, request for ideas portal, and MTI data analytics and dashboarding.

iii. Initiative/Concept Development

Initiative/Concept Development reflects the costs for activities required to find, assess and develop MT strategies and MTI Plans. Typical work included in this cost category is described in section MTI Implementation Timeline & Stage Gate Process, Phase I and Phase II below.

iv. Market Deployment

Market Deployment reflects costs for activities necessary to carry out CPUC approved MTI Plan(s), including hiring and managing additional firms to implement the MTI Plan(s) in the market. Typical work included in this cost category is described in section MTI Implementation Timeline & Stage Gate Process, Phase III Market Deployment below.

v. Evaluation

Evaluations covers Evaluation, Measurement and Verification (EM&V) studies to support independent verification of EE savings, Total System Benefit claims, and any other objectives or milestones set forth in MTI Plan(s). Evaluation activities could include market pilot evaluations, market progress evaluations, and 3P review of cost effectiveness models and associated savings and cost-effectiveness estimates.

d. Cost Category Caps and Targets

CalMTA's budgets are not subject to the caps and targets for EE cost categories used for the EE portfolios. However, the caps and targets should serve as guides for CalMTA's budget allocations. (D.19-12-021, pg. 126)

MTI Implementation Timeline & Stage Gate Process

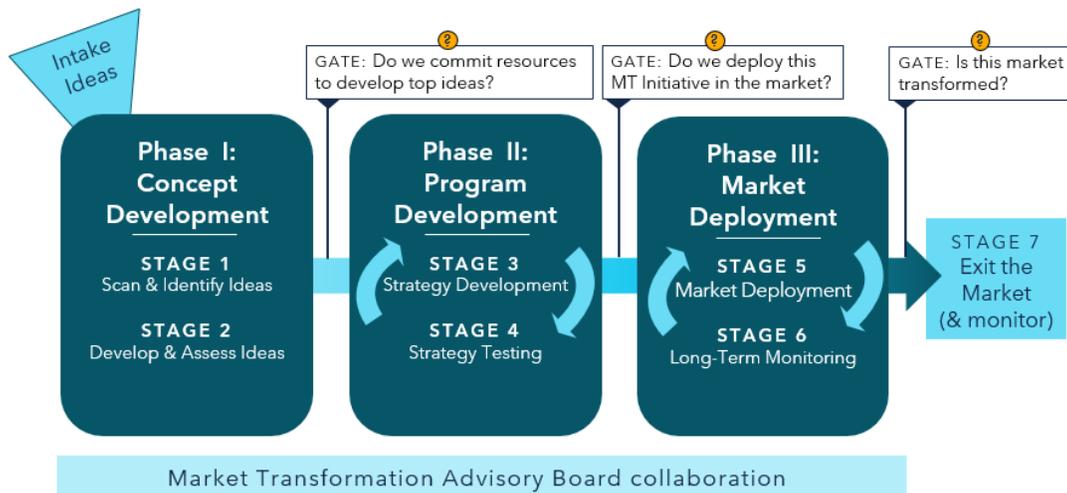
a. Overview

CalMTA will use a stage-gate process for the different phases of MTI development and implementation. Stage-gate processes have been used to varying degrees in every industry, including the research and product development teams within IOUs. This section includes a description of how stage-gates should be applied to MTI development and implementation to ensure that each MTI has gone through a rigorous process before being implemented. (D.19-12-021, pg. 104)

These stage-gates describe critical decision-making points and expected activities at each stage. The stage-gate depiction is also intended to help CalMTA, and stakeholders anticipate what deliverable, data, and expertise might be needed at each stage. The stage gate process for CalMTA includes three phases, broken into seven stages. (D.19-12-021, pg. 104) The major "gates," or decisions, are made at the end of each Phase. Phases and key decision-gate questions are depicted in Figure 1.

In addition, the work done in the Stages under each Phase is often iterative or even done simultaneously based on the needs of the particular idea/project.

Figure 1. CalMTA MTI Development Process



b. Phase I – Concept Development

i. Stage 1a: Ideation and Intake

The ideation process⁷ focuses on the intake and collection of concepts for possible MTIs. In this process, CalMTA should manage a portal where the public, 3P implementers, industry actors, PAs, or other stakeholders are invited to submit ideas for MTIs via a standardized intake form. CalMTA staff and subcontractors working for CalMTA may also submit ideas for MTIs and must use the same intake form. The intake form will include an initial set of screening questions and multiple levels of questions to determine the amount of pre-existing documentation that is available, along with the level of maturity of each concept.

All ideas, regardless of the source, should be submitted for consideration via the intake form. For the initial round of ideation, the portal for completed intake forms should remain open for at least two months. CalMTA may need to help guide or develop MTI proposals to fully meet the MT criteria. (D.19-12-021, pg. 106)

CalMTA hosted a public webinar on the launch of the request for ideas (RFI) on June 14, 2023. The RFI was officially launched on June 15, 2023, and the RFI closing date was August 18, 2023, for the initial batch of ideas. The RFI portal will open again in early 2024 and quarterly thereafter. New submittals will be scored and processed at the end of each quarter.

⁷ Note that Stage 1a is depicted in the illustration as “Intake Ideas” in the upper left corner.

ii. Stage 1b: Concept Scanning and Identification

At this scanning and identification stage, CalMTA will scan for and review submitted ideas, identifying those ideas that might be developed into productive MTIs based on a clear set of criteria. Considering the need for transparency and a clearly defined and reportable rationale for decision-making, these criteria will be monitored throughout the life of each MTI. (D.19-12-021, pg. 106)

The Concept Development Phase leverages and is driven by readily available data. In some cases, initial and limited research and development of a concept may be warranted. The RFI intake form will also allow CalMTA to rank, order, and prioritize the review of submissions based on available data to be considered for scaling up to Stage 2. Stage 1 concludes with a rank ordered list of MT opportunities based on initial research and analyses expanding on information provided in the intake form. (D.19-12-021, pg. 107)

For any MT concept submissions not selected to move forward, including proposals submitted by CalMTA staff or subcontractors working for CalMTA, CalMTA should provide a short explanation to the MTAB and the proposer. (D.19-12-021, pg. 107)

Stage 1 Deliverables:

- Disposition report to the MTAB on all MT concept submissions.
- Rank-ordered list of submissions to the MTAB based on CalMTA's review, including expert opinion, data analyses, and potentially low-cost research and development, into the potential for success of the submitted MTI ideas. (D.19-12-021, pg. 107)

iii. Stage 2: Concept Development and Assessment

At this stage, CalMTA begins the initial due diligence of vetting the top MT concepts with the Initiative Review Committees (IRCs)⁸ as needed. CalMTA will conduct more extensive reviews of proposals received, including initial and limited research and analyses, and assessing the potential for leverage points within the target markets for intervention strategies and opportunities. (D.19-12-021, pg. 107)

CalMTA may employ a prioritization model, or any other well-articulated, transparent approach to rank, order and prioritize ideas from pre-defined criteria to emphasize opportunities that meet agreed upon priorities and objectives. The use of a prioritization model and the weighting of the criterion will be determined by CalMTA in consultation with the MTAB. (D.19-12-021, pg. 108)

To gauge potential leverage points and the feasibility of intervention strategies, CalMTA may undertake initial conversations with potential industry partners. This process will result in a

⁸ The IRC are a group of technical experts that can be assembled to provide input on an MTI.

greater understanding of key criteria and outlines of potential logic models and is likely to yield a further winnowed list of potential MTIs. (D.19-12-021, pg. 108)

Stage 2 is expected to take place over several months. However, MTIs in subsequent stages will likely be on individualized timeframes, as the pace of any one MTI moving through the stage-gate process may vary based on the characteristics of each MTI. (D.19-12-021, pg. 108)

Stage 2 concludes with a refined list of MTIs, initial identification of intervention strategies, and the initial development of logic models and intervention theories. (D.19-12-021, pg. 109)

Stage 2 Deliverables:

- CalMTA provides a list of MTIs recommended to move into Phase II, ranked based on the MT criteria.
- Preliminary plans for data/research needed to conduct full due diligence on each MTI recommended to move forward to Phase II, (called “MTI Advancement Plans”) including budgets and timelines. If CalMTA or the proposer doesn’t have the requisite expertise, these activities should be outsourced. (D.19-12-021, pg. 109)

iv. Transition to Phase II

CalMTA will bring recommendations to the MTAB on which MTIs it proposes to advance to Phase II. The MTAB will review CalMTA’s recommendations and supporting data gathered in the Concept Development Phase and provide feedback to CalMTA on which MTIs should advance into Phase II, the Program Development Phase. (D.19-12-021, pg. 109)

After meeting with the MTAB, CalMTA will issue a public report that includes the following elements:

- Documentation of the RFI process and results;
- Rationale for MTIs that CalMTA recommends advancing to Phase II;
- Explanation of the feedback provided by the MTAB on CalMTA’s initial recommendations and what actions were taken as a result; or, if no actions were taken, that should be acknowledged, and an explanation provided; and
- Plans for Phase II activities for each MTI selected to advance, including a detailed description of activities, budgets, and timelines, called an “MTI Advancement Plan.” (D.19-12-021, pg. 109)

There is no formal approval of CalMTA’s Phase I Report, but it will be made available to the public and to the EE proceeding service list. (D.19-12-021, pg. 109)

c. Phase II – Program Development

i. Stage 3 – Strategy Development

Stage 3 is where a refined logic model is developed that identifies key market actors and their roles, resulting in a hypothesized strategic intervention for the possible deployment of

MTIs. An EM&V Plan is also developed in Stage 3, specifying the methodology for claiming savings and plans to monitor the effectiveness of strategies and the accuracy of the initial program logic model. (D.19-12-021, pg. 110)

Stage 3 concludes with a defined market baseline against which market changes and savings will be measured and evaluated, and the initial development of a portfolio coordination plan and other required elements of the MTI Plan. (D.19-12-021, pg. 111)

Stage 3 Deliverables:

- Market characterization studies for potential MTIs, which include:
 - Baseline assumptions;
 - Leverage points;
 - Market potential (high-level); and
 - Market progress indicators/metrics (likely based on the leverage points and overall market characteristics).
- Workpapers and/or technology assessment reports, as applicable.
- Pilot testing plans, including pilot evaluation plans and success criteria.
- Portfolio fit risk assessment (projections of savings potential, savings likelihood, and impact on EE Portfolio goals and existing EE programs). (D.19-12-021, pg. 111)

ii. **Stage 4 – Strategy Testing**

At the Strategy Testing Stage, CalMTA may form IRCs (where applicable) to conduct market tests of the proposed strategic intervention(s) based on the results of Stage 3. In some cases, market tests may determine that an MTI is not feasible to deploy as initially planned, or the market has deviated from the initial logic model assumptions and criteria. In these cases, CalMTA should discontinue the MTI. For each MTI that is discontinued due to strategy testing outcomes, CalMTA should provide clear documentation on the rationale for discontinuation. CalMTA's reports on these matters should include all feedback and recommendations received from the MTAB related to the performance of the MTI. (D.19-12-021, pgs. 111-112)

For MTIs that are not discontinued, an MTI Plan will then be developed by CalMTA. CalMTA should ensure each MTI remains in alignment with the initial criteria, applying insights from market test results in preparation for the initiatives being proposed to move to Phase III. (D.19-12-021, pg. 112)

The MTI Plan will describe specific anticipated market benefits, including but not limited to:

- Elimination of barriers to EE;
- Potential to scale;
- Desired time to reach specified levels of market adoption/saturation; and

- Other variables that would influence market adoption⁹. (D.19-12-021, pg. 112)

The outline of the MTI Plan is included in Attachment A of D.19-12-021.

Stage 4 concludes with the filing of an application with MTI Plans with the CPUC for approval to progress into Phase III.

Stage 4 Deliverables:

- An application with MTI Plans, including all elements presented in Appendix C: Content Guidance for Market Transformation Initiative Plan. (D.19-12-021, pgs. 163-164)
- Completed pilot test reports or other MT concept strategy testing reports.
- Report on how well each MTI met the general MT criteria. (D.19-12-021, pg. 112)

iii. Transition to Phase III

CalMTA will file an application with MTI Plans to the CPUC for approval. CalMTA will also coordinate with the MTAB throughout Phase II activities for each MTI and meet with the MTAB on a regular basis to present interim findings for review and feedback. When CalMTA is nearing completion of a proposed MTI Plan, CalMTA shall meet with the MTAB and solicit feedback and recommendations on the Plan. The feedback and recommendations offered by the MTAB on final MTI Plans shall be included in the application submitted to the CPUC. (D.19-12-021, pg. 113)

Activities in Stages 3 and 4 can occur simultaneously, depending on the MT idea. Each MT idea will need its own mix of activities from Stage 3 and Stage 4 in accordance with its specific Advancement Plan in order to have the information needed to produce a complete MTI Plan.

d. Phase III – Market Deployment

After approval by the CPUC of the MTI Plan, the Market Deployment Phase starts.

i. Stage 5 – Market Deployment

All MTI Market Development activities, including EM&V activities, progress milestones, reporting, and criteria or process for making strategy adjustments, should conform to the approach detailed in the approved MTI Plan. (D.19-12-021, pg. 113)

MTI implementation except for implementation work where holding a market relationship (for example with a manufacturer) makes sense to keep at the MTI-level. CalMTA shall solicit

⁹ The decision says "other variables that would influence the Bass Diffusion curve," and CalMTA interprets this more broadly to mean variables that would influence "market adoption."

implementers of MTIs through a competitive process. Implementation work will not be done by RI or any of CalMTA's subcontractors.

Stage 5 Deliverables:

- Annual public meetings on MTI Market Deployment activities. Criteria for each MTI will be unique to each MTI. Stage 5 and Stage 6 will likely run in parallel. (D.19-12-021, pg. 114)

ii. Stage 6 – Long Term Monitoring

CalMTA is responsible for monitoring relevant markets in order to identify future opportunities and gain the strategic information needed to adapt the market transformation portfolio to ensure that MTIs are relevant. Additionally, CalMTA, with support from an independent evaluator, will track the metrics and milestones per the criteria established in the approved MTI Plan filed via an application. (D.19-12-021, pg. 114)

Stage 6 Deliverables:

- Budget reporting and forecasts filed with the CPUC through the ABAL.
- Public Reporting of the metrics, milestones, and progress of the MTI per the schedule and specifications of the approved MTI Plan. (D.19-12-021, pg. 114)

iii. Transition to Stage 7

Guidance for the MTI Plan includes adoption of specific milestones presented in Appendix C: Content Requirements for Market Transformation Initiative Plan. (D.19-12-021, pgs. 163-164) These same milestones, when missed, will also trigger a process of reconsideration of continued funding authorization. Where a reconsideration of funding is triggered, the MTAB will present recommendations to the CalMTA with next steps and the continuation of funding. These recommendations will also be made public to be considered by the CPUC. (D.19-12-021, pg. 114)

iv. Stage 7 – Sunset or Transition Market Transformation Initiative

When the goals of the MTI are achieved and the envisioned end-state of the market is accomplished, CalMTA will implement the market transition, or exit strategy. (D.19-12-021, pg. 115)

Stage 7 Deliverables:

- A successfully transitioned or exited MTIs.
- Final report on MTI savings. (D.19-12-021, pg. 115)
- Savings may continue to be tracked after CalMTA has exited market deployment. In this case, any needed monitoring will continue until savings are no longer claimable.

Cost-Effectiveness & Total System Benefits

a. Cost-Effectiveness Threshold

The CPUC did not impose a cost-effectiveness requirement for individual MTIs or a portfolio of MTIs in the decision. The CPUC required that each MTI brought forward by CalMTA include estimates on costs and benefits, using the total resource cost (TRC) and program administrator cost (PAC) tests as modified in D.19-12-021, Attachment A or as updated in the EE proceeding dealing with cost-effectiveness at the CPUC.

While the decision did not include an upfront threshold for the initial five-year MTI implementation, it did state that the CPUC will consider imposing cost-effectiveness requirements after gaining additional experience with CalMTA and will further examine this issue in this rulemaking, or a subsequent one. (D.19-12-021, pg. 70) However, the CPUC did add that CalMTA shall manage its portfolio of MTIs with the objective of achieving cost-effectiveness. (D.19-12-021, pg. 69)

b. Energy Savings Goals

The CPUC did not propose energy savings or total system benefit (TSB) goals for CalMTA. However, D.19-12-021 did state that it will be appropriate to set savings goals and other metrics for individual MTIs at the time they are initially approved by the Commission. (D.19-12-021, Conclusion of Law 30)

c. Counting Codes and Standards Savings and Costs

An MTI is expected to accrue energy savings on an annual basis per the methodology outlined in an approved MTI Plan. For MTI's that are proposed to lead to a code or standard, the codes and standards (C&S) activity, both costs and benefits, shall be included in the relevant cost effectiveness calculations.

An MTI cost-effectiveness calculation may include projected C&S savings in accordance with the above approach for C&S savings recognition. Codes and standards savings should reflect energy savings forecasted for the final year of MTI operations prior to C&S adoption. (D.19-12-021, pg. 130)

Finally, CalMTA shall work with the CPUC to formalize coordination approaches and issues addressed by the CAEECC MTWG in reports issued after the adoption of D.19-12-021. This will include new direction since adoption of D.19-12-021 on allocating savings between MTIs and C&S.

After the decision, the CPUC directed the CAEECC MTWG to reconvene to address a number of outstanding issues, including how to attribute savings where there may be

overlap, including on C&S. This led to the CAEECC MTWG producing a second report with a number of further recommendations for the MT framework, including attribution of savings between MT and C&S.

(https://www.caeccc.org/files/ugd/849f65_fbc2ed9084ba4c5fb1c309651e52229c.pdf)

d. Timeframe for Measuring Costs and Benefit

Any MTI cost-effectiveness calculation shall be measured on the same time horizon as the projected lifetime of the initiative for both the benefits and costs associated with the initiative, plus C&S savings benefits. Such an approach must account for the costs of the initiative in the near-term versus the long-term to account for expected decline in costs over time and increase in benefits over time, resulting from growing measure adoption (and thus benefits) in later years as compared to initiative launch. (D.19-12-021, pgs. 130-131)

This longer time horizon proposal does not encompass changes to the existing methodology used by the CPUC to measure savings but rather focuses on the attribution of those savings to MTIs over time. However, any updates to assumptions that modify inputs (e.g., energy costs) should be integrated into the cost-effectiveness calculation as applicable. (D.19-12-021, pg. 131)

e. Net-to-Gross Methodology

Any MTI cost-effectiveness calculation shall assess “what would have happened in the absence of the MT effort” through a baseline approach that relies on available market data or other accepted methodologies when such data is unavailable. The baseline should also incorporate anticipated savings from potentially overlapping EE programs whenever applicable¹⁰. Achievement of savings through MTI activities that go beyond the agreed-upon projected baseline would be attributed to the initiative. (D.19-12-021, pg. 131)

¹⁰ The decision concurs with the concept of market transformation as the umbrella under which all of the energy efficiency activities are taking place, with the MTIs designed to “wrap around,” in many cases, existing interventions in particular markets, in order to fill gaps and form a complete approach to transforming that particular market (D.19-12-021, pg. 73). There may be two categories of savings from “overlapping” EE programs: those that would have occurred absent the MTI; and those that occurred as part of collaborative efforts. In this context, “whenever applicable” may refer to resource programs that are already well-established and generating predictable energy impacts in the market the MTI seeks to transform at the time the MTI is adopted. The decision acknowledges that the approach to establishing the baseline forecast will need to be finalized by the MTA once it is operational.

Filing/Regulatory Requirements

a. Advice Letters

CPUC D.19-12-021 directed three advice letters. The first is a Tier 2 advice letter that required CPUC approval of the contract between PG&E and the third-party company selected through a competitive process to serve as the MTA. (D.19-12-021, pg. 57) Advice Letter PG&E 4674-G/6747-E was filed on October 13, 2022, and approved with an effective date of November 23, 2022.

The second required advice letter included the MTAB nominees and the COI policies for the MTAB. (D.19-12-021, pgs. 47-48) On March 14, 2023, CalMTA filed Advice Letter RI-CalMTA-1 for CPUC approval of the proposed membership and conflict of interest rules for the MTAB developed by the MTA in consultation with CPUC staff. On April 7, 2023, CalMTA filed Advice Letter RI-CalMTA-1-A, a supplemental advice letter that provided revisions to the proposed conflict of interest rules in response to a protest to Advice Letter RI-CalMTA-1. Advice Letter RI-CalMTA-1-A was approved by the CPUC's ED with an effective date of April 13, 2023.

The CPUC also required the filing of an ABAL. The ABAL model for CalMTA is adopted from the EE Rolling Portfolio cycle and balances flexible and timely budgeting with sufficient budget oversight and authorization by the CPUC. The ABAL shall include a funding authorization of, and cost recovery for anticipated MT activities for the upcoming program year. The ABAL should include funding for Phase I and Phase II activities as well as any MTI-specific Phase III activities that have been approved (or are anticipated to be approved) by the CPUC via the MTI Application for the upcoming program year. Finally, the ABAL shall contain a report and recommendation on the proposed budget to the CPUC by the MTAB. (D.19-12-021, pg. 125-127)

b. Application

The CAEECC MTWG report recommended that CalMTA file MTIs for approval with the CPUC through Tier 2 advice letters. However, the CPUC directed that instead of requiring advice letters, CalMTA is required to file an application with the first tranche of MTIs. The decision went on to state that the CPUC will make every effort to expedite the review and approval process once the application is filed. Thereafter, CPUC indicated that advice letters will likely be appropriate for launching new MTIs. (D.19-12-021, pg. 61)

Evaluation, Measurement & Verification

The adopted MT Framework states that an EM&V Plan is developed during the Strategy Development stage (Phase II, Stage 3) of the MTI lifecycle specifying the methodology for savings claims and plans to verify the effectiveness of strategies and the accuracy of the initial program logic model. The EM&V Plan should be developed with the support of an

independent EM&V subject matter expert (Evaluator) that is not financially interested or otherwise involved in program implementation. The Evaluator is also responsible for monitoring market developments, providing market evaluation reports on market dynamics and characteristics over time, and providing non-biased evaluation data for decision-making. (D.19-12-021, pgs. 110-111)

The MT Framework also states that CalMTA will be the lead for Program Development (Phase II) and they will oversee any product and market testing needed, identification of the market adoption baseline, creation of the logic model, and establishment of market progress metrics. (D.19-12-021, pg. 118) The MTI Plan (a Phase II deliverable required for an MTI to advance from Phase II to Phase III) shall provide a detailed plan for ongoing EM&V to track progress, adjust strategies or metrics if needed, and to substantiate savings claims. (D.19-12-021, pg. 160)

Phase III is where the MTIs are implemented in accordance with the MTI Plan and evaluated in real-time. The MTA will bid out the majority of the MTI implementation work, including the planned EM&V activities. During Phase III, the MTA will actively administer each MTI and will provide the real-time evaluation and feedback function (as NEEA does for its programs) to the implementers. (D.19-12-021, pgs. 118-119)

To operationalize the EM&V components of the MT Framework, the RI Team delineated roles in a manner consistent with NEEA’s long-standing approach, as detailed in RI’s proposal to become the Administrator (Figure 2).

Figure 2. EM&V Activities by MTI Development Stage

	Stage I. Concept Development/Assessment	Stage II/Strategy Development	Stage III. Market Development
EM&V Activities	<ul style="list-style-type: none"> Review and clarify MTI documentation Identify research/measurement gaps Develop preliminary logic model 	<ul style="list-style-type: none"> Ensure stakeholder alignment with MTI goals and MPIs Develop market adoption and cost-effectiveness forecast Characterize baseline market conditions Develop workpapers; conduct technology assessment studies (as needed) Refine logic model Develop evaluation plan Evaluate market pilots (as needed) 	<ul style="list-style-type: none"> Collect and compile market data from market partners Refine evaluation plan Evaluate market progress and causal influence Review cost-effectiveness model assumptions Update model and refine forecasts and estimated impacts
Deliverables	<ul style="list-style-type: none"> Preliminary research plan 	<ul style="list-style-type: none"> Baseline market adoption forecast Impact and cost-effectiveness forecast Market characterization study report Technology Assessment workpapers/reports 	<ul style="list-style-type: none"> Market Progress Evaluation Reports MTI impact reporting

Grey denotes CalMTA activities
 Blue denotes independent third-party evaluator activities
 Orange denotes shared CalMTA and third-party evaluator activities

Evaluation of CalMTA Performance

In addition to the EM&V studies to validate savings claims, CalMTA shall contract with an independent consultant to produce two performance evaluations:

1. MTA Organizational Review: Completed to make recommendations for improving CalMTA's systems and operational practices. CalMTA must produce a draft report on or before the 42nd month after the Contract Effective Date.
2. Long-Term Recommendations Review: Completed to review performance of CalMTA. CalMTA will produce a draft report on or before the 60th month from the Contract Effective Date, and a final report no later than the 66th month from the Contract Effective Date. The Long-Term Recommendations Review report shall present the MTAB's assessment of the performance of CalMTA and recommendations regarding what course of action to take for future administration of the market transformation program.

Role & Composition of Initiative Review Committees

Initiative Review Committees, or IRCs, can be used to advise CalMTA on development of baselines, vet intervention strategies, or provide technical advice on specific products or markets. The formation of an IRC is optional and can be done by CalMTA at any point of an MTI's lifecycle where independent technical assessments and recommendations are needed. If an IRC is formed, its insights and recommendations should be provided to the MTAB before CalMTA acts on their recommendation. Members of the IRC should be eligible to have their time and expenses compensated out of the funding allocated by the CPUC for the MT effort administered by CalMTA. Regardless of whether CalMTA chooses to form IRCs, CalMTA shall still be able to seek informal advice from industry or technical experts. (D.19-12-021, pg. 123)

IRC's may be composed of industry experts, academics from national laboratories or universities, individuals from governmental organizations such as the U.S. Department of Energy or Environmental Protection Agency, or others with relevant subject matter expertise. Because MTIs may vary dramatically from one to another, the composition of an IRC is expected to differ per MTI. Members of the IRC should not stand to benefit from a potential MTI and should be free from other conflicts of interest. (D.19-12-021, pg. 123)

Coordination of Market Transformation Initiatives with EE Portfolios

a. Introduction

As MTI ideas are being collected and progressing through the stage-gate approval process, their potential impacts on and leveraging opportunities with other EE programs and C&S implementation should be carefully considered. The approach described in this section should be applied to identify overlaps, find opportunities for collaboration, and where necessary, help resolve conflicts between MTIs and EE and/or C&S program(s). (D.19-12-021, pg. 133)

CalMTA shall remain apprised of the metrics utilized under the Market Support and Equity portions of the IOUs' EE portfolios to avoid overlap and/or conflation of attribution across EE and MT efforts. CalMTA, and any impacted PAs, 3P Implementers of EE programs, and C&S teams each have a role in effectively collaborating to enhance the outcomes of MTIs as well as of EE and C&S programs. Each party may also have a role in eliminating or minimizing and mitigating any conflict between MTIs and EE/C&S programs. The parties should work collaboratively toward these objectives as much as possible. While the CPUC is the ultimate arbiter in the event of conflict between an MTI and EE/C&S program(s), customers and California's policy objectives are best served if CalMTA, PAs, 3Ps, and C&S teams can effectively coordinate their portfolios amongst themselves. (D.19-12-021, pg. 133)

CalMTA will give special consideration to California's Energy Efficiency Emerging Technologies MT pilots, referred to as "Technology Focused Pilots" and further develop and deploy them as MTIs if warranted.

b. Coordination Overview

Below is a multi-step framework for addressing MTI overlaps with EE/C&S programs.

Identify Overlaps. During the process of identifying and developing any MTI, CalMTA will work with the MTI proposer(s), relevant PA(s), 3Ps, C&S teams and other stakeholders to evaluate whether, and to what extent, the proposed MTI might overlap with any EE/C&S programs.

Select MTIs to Enhance Positive and Minimize Negative Overlaps. CalMTA, during the process of identifying and developing any MTI, will consider the nature and extent of overlap with EE/C&S implementation programs as part of the MTI selection process, seeking opportunities for leverage points, and the elimination or reduction of duplicative overlaps.

Collaboration to Enhance Outcomes. CalMTA, MTI proposer(s), and relevant PA(s), 3P(s) and C&S implementation team(s) will work collaboratively together to find ways for the proposed

MTI and affected EE/C&S programs to work synergistically, increasing value to customers and the energy system and promoting a robust and competitive market for efficiency.

Informal Dispute Resolution. CalMTA, PA, 3P(s) or C&S teams and relevant MTI proposer(s) should engage in informal discussions intended to find project-by-project solutions to any disagreements or conflicts.

Formal CPUC Alternative Dispute Resolution (ADR) Procedures. If a conflict remains after the informal discussions, CalMTA, PA, 3P(s) or C&S team(s), or MTI proposer(s) may invoke expedited CPUC resolution procedures¹¹. The CPUC is the ultimate arbiter in the event the parties cannot resolve the dispute themselves. (D.19-12-021, pg. 134)

c. Identifying and Assessing Overlaps

CalMTA, working with the MTI proposer(s), relevant PA(s), 3Ps, and C&S implementation teams, will:

Identify Potential Conflicts. Review potential MTIs and potentially affected EE/C&S programs to identify any potential overlaps, including those noted above.

Assess Significance of Benefit Loss. Assess the potential of the overlap to:

- Eliminate or reduce benefits from the MTI and/or the EE/C&S programs;
- Cause customer or market confusion;
- Decrease competition/reduce investment; and
- Deter or increase costs of financing the MTI or EE/C&S program(s).

Assess Timing Overlap. Assess:

- When an MTI is expected to begin impacting customers in a way that might interfere with EE/C&S program(s); and
- Whether any conflict(s) can be resolved by adjusting the timing of the MTI and/or the EE/C&S program(s).

Cost of Coordination. Assess any additional cost to coordinate the MTI and the EE/C&S program(s) to avoid:

- Loss of anticipated benefits from the MTI or the EE/C&S program(s);
- Customer confusion; and/or
- Other harm to a robust, competitive market. (D.19-12-021, pg. 135)

¹¹ The existing CPUC alternative dispute resolution processes may be used, preferably with expedited timing. (<http://www.cpuc.ca.gov/adr/>)

d. Activities to Avoid/Reduce/Mitigate Overlap

The following activities were included in the MTWG Report to avoid overlap or reduce and mitigate potential overlap between MTIs offered by CalMTA and the EE PAs:

Define principles and expectations of coordination prior to MT RFI solicitation. CalMTA and EE PA(s) should develop and share mutually agreed upon guidance to potential proposers regarding the types and potential implications of MTI/EE program coordination¹².

Design MTI(s) with cooperation in mind. All MTIs will be designed, and MTI solicitations will include requirements, to work together with EE and C&S programs, seeking to maximize cooperation, leverage opportunities and minimize conflict. MTI Plans will include a discussion of coordination with existing EE programs.

Early alignment during EE RFPs. Future EE RFPs should include direction for 3Ps to collaborate in the development and implementation of MTIs, in coordination with CalMTA and MTI proposer(s)/implementer(s). Any changes to EE/C&S programs in conjunction with MTI implementation should avoid increasing uncertainty for the 3Ps, which would increase financing burden and cost and, as a result, increase customer costs¹³.

Accessible info. All MT solicitations will include a brief description of related EE and C&S implementation programs, as well as links to detailed descriptions. MTI proposer(s) will be required to include a discussion of how their potential MTIs would dovetail with existing EE/C&S implementation effort(s) in their submission(s). (D.19-12-021, pgs. 135-136)

e. Resolution of Conflicts

If conflicts remain after efforts to coordinate, collaborate, and avoid, minimize and mitigate conflicts, then the conflict will be resolved through the following three stages of dispute resolution:

Informal Dispute Resolution. CalMTA, the MTI proposer(s), and relevant PA(s) and 3P(s)/C&S teams shall engage in informal discussions focused on developing project-specific solutions that will maximize efficiency benefits while maintaining a robust, competitive market and minimizing customer confusion.

Formal Alternative Dispute Resolution (ADR) Procedures. If a conflict remains after the informal discussions, CalMTA, the MTI proposer(s), and relevant PA(s) and 3P(s)/C&S teams

¹² This is analogous to the joint-cooperation memos between the IOUs, CCAs and RENs.

¹³ Increasing cost or difficulty of financing has been established to increase cost of delivering energy products to market, requiring implementers to increase bid prices, which in turn increases customer costs.

may use a mediator through the CPUC’s ADR procedures, an independent mediator, or the CAEECC’s facilitation team. The party invoking dispute resolution would be required to provide a summary of issues and impacts. To minimize harm to the proposed MTI and the affected EE/C&S program(s), the ADR should follow an expedited schedule.

Last Resort: CPUC Decision. If informal and formal dispute resolution efforts are unsuccessful, the CPUC will be the ultimate arbiter, including its decision within its approval of the MTI through a decision. (D.19-12-021, pgs. 136-137)

Transition to Establishing a Non-Profit

CalMTA shall facilitate a transition of the work currently being done through the administration of CalMTA by RI to a stand-alone, independent non-profit organization (non-profit), unless the CPUC directs otherwise. The planned transition to a non-profit structure involves the following steps:

- a. Develop a “Non-Profit Transition Plan”
- b. Activate the non-profit and seat the CPUC-approved Board of Directors
- c. The non-profit Board, with CalMTA’s collaboration, develops and executes a “Staffing/Operations Plan”

a. Developing a Non-Profit Transition Plan

CalMTA will develop a transition plan guided by the CPUC and the results of the Long-Term Recommendations Review to be published at the end of year five. At the CPUC’s discretion, this task can be augmented with an outsourced consultant facilitated through PG&E-RI’s contract. The Non-Profit Transition Plan will be submitted to the CPUC via a Tier 2 advice letter and will describe composition and nominees for the initial Board, recommendations of initial officers and governance structure, bylaws (e.g., elections, terms, manner of acting), policies (e.g., conflict of interest, public access), and the schedule for the initial Board meetings.

b. Activate the non-profit and seat the CPUC-approved Board of Directors

After CPUC approves the advice letter for the Non-Profit Transition Plan, CalMTA will establish a non-profit organization and install the CPUC-approved non-profit Board of Directors (Board) as outlined in the Non-Profit Transition Plan. This Board will then govern the non-profit corporation.

This transition of work from the RI-administered CalMTA to the non-profit will be done in a staged manner and it is the CalMTA’s responsibility to support the process, including filing for non-profit status with the Internal Revenue Service.

c. Non-profit develops Staffing/Operations Plan

Once the CPUC-approved non-profit Board is in place, CalMTA will support its development of a Staffing/Operations Plan, which will lay out the vision and timing for staffing the non-profit, the transition from CalMTA-delivered staffing, and the overall approach to transitioning the CalMTA work to the non-profit.

CalMTA will continue to staff all MT activities under the contract between RI and PG&E, including supporting all Board activities, until such a time as the schedule in the approved Non-Profit Staffing/Operations Plan indicates otherwise.

To ease the transition, at start-up of this Contract, CalMTA will design and develop business systems and market transformation data storage for the work done under this Contract such that the non-profit can smoothly take over and retain important historic data, such as MTI results and costs, supporting documentation for decisions, policies, etc. The systems and data will transfer to the non-profit on the timeline identified in the Staffing/Operations Plan or as directed by the CPUC or non-profit Board.

The timing of the Staffing/Operations Plan will depend on the Board's deliberations, with a first draft to be delivered approximately six months after the first Board meeting.