BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company (U 39 M) on Behalf of the California Market Transformation Administrator (U-1399-E) for the Approval of the Initial Tranche of Statewide Energy Efficiency Market Transformation Initiatives.	A. 24-12-009 (Filed December 20, 2024)

REPLY COMMENTS OF THE CALIFORNIA MARKET TRANSFORMATION ADMINISTRATOR ON THE PROPOSED DECISION AND ALTERNATE PROPOSED DECISION

DOWNEY BRAND LLP
Brian T. Cragg
455 Market Street, Suite 1500
San Francisco, CA 94105
Telephone: (415) 848-4800
Email: bcragg@DowneyBrand.com

SARA STECK MYERS
Attorney at Law
122 - 28th Avenue
San Francisco, CA 94121
Telephone: (415) 420-1253
Email: ssmyers@att.net

Attorneys For The California Market Transformation Administrator

October 20, 2025

Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure (Rules), the California Market Transformation Administrator (CalMTA) respectfully and timely submits these Reply Comments to the Opening Comments on the Proposed Decision (PD) and the Alternate Proposed Decision (APD) filed on October 13, 2025.

I. MULTIPLE ACTIVE PARTIES JOIN CALMTA IN STRONGLY URGING COMMISSION ADOPTION OF THE PD, WHICH, UNLIKE THE APD, COMPLIES WITH THE LAW AND IS SUPPORTED BY THE RECORD.

In its Opening Comments on the PD and on the APD, CalMTA demonstrated in detail how the PD, but not the APD, complies with applicable law, in particular, the statutory requirements specific to the Market Transformation Program required to be adopted by the Commission and implemented in Decision (D.) 19-12-021; is supported by the record in this proceeding; and should be adopted by the Commission.[1] This same proof of the merits of the PD, as opposed to the APD, has been offered and supported in the Opening Comments of five other parties that have actively participated in this proceeding through testimony and briefs supporting *both* of the Market Transformation Initiatives (MTIs) proposed by CalMTA. These parties include primary organizations advocating on behalf of utility consumers,[2] environmental justice for low-income and communities of color,[3] region-wide market transformation,[4] Regional Energy Networks focused on reaching underserved communities,[5] and providers of demand-side management and energy efficiency[6]—nearly all of which have been involved in the development and evolution of Market Transformation in California since its inception in 2015 and all of which support adoption of the PD as the right choice for ratepayers to realize the benefits of that program. In clear and convincing terms, these parties demonstrate:

1. *Only* the PD, and not the APD, complies with the law that the Commission is required to follow and apply in its review, evaluation, and approval of the proposed MTIs, including compliance with the plain terms and meaning of applicable and controlling sections of the Public Utilities (PU) Code (*i.e.,* Sections 399.4, 454.5, and 381(b)) and the Commission

[1] CalMTA Opening Comments on PD, at pp. 1-8, 13; CalMTA Opening Comments on APD, at pp. 1-15.
[2] TURN Opening Comments, at pp. 1-15.
[3] CEJA Opening Comments, at pp. 1-12.
[4] NEEA Opening Comments, at pp. 1-14.
[5] BayREN/C-3REN Opening Comments, at pp. 1-12.
[6] Council Opening Comments, at pp. 1-7.

decisions expressly related to the implementation of the Market Transformation Program.[7]

2. *Only* the PD addresses the in-scope issues identified in the Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo) and does not engage, as the APD does, in addressing issues outside that scope, modifying the controlling Commission decision on Market Transformation and cost-effectiveness standards without required notice or opportunity to be heard, or relying on facts not in evidence.[8]
3. *Only* the PD correctly approves *both* proposed MTIs consistent with statute and the Commission's adopted MT Framework,[9] recognizing the eight years of thoughtful engagement and investment that culminated in this initial tranche of MTIs[10] and the importance of funding continued development of the portfolio envisioned in D.19-12-021.[11]
4. *Only* the PD correctly encourages the Commission and CalMTA to pursue other sources of funds to support energy efficiency market transformation without ordering the confusing, impractical, and out-of-scope mandate of the APD that requires non-ratepayer funding.[12]

These parties, in turn, identify the many legal and factual errors in the APD that conversely lead to the APD's unfounded rejection of the Induction Cooking MTI based on a flawed understanding of the MTI; unproven claims of program duplication; unsupported statements regarding data sources; erroneous cost-effectiveness analysis or imposition of a new cost-effectiveness standard (TRC break-even year) without notice; failure to account for this MTI's "significant energy, health, and equity benefits," including air quality benefits; and failure to

[7] TURN Opening Comments, at pp. 1-7, 11-12, 14-15 (also advising that the "Commission has a statutory obligation under Section 381(b) of the California Public Utilities Code to fund cost-effective energy efficiency and conservation activities"); CEJA Opening Comments, at pp. 2, 9, 11-12; NEEA Opening Comments, at pp. 3-4, 6-7, 10-11, 13-14; BayREN/C-3REN Opening Comments, at pp. 4-5; Council Opening Comments, at pp. 2, 4-6.

[8] NEEA Opening Comments, at pp. 1-9, 13-14; CEJA Opening Comments, at pp. 8-9; TURN Opening Comments, at pp. 6-8; BayREN/C-3REN Opening Comments, at pp. 6-11; Council Opening Comments, at pp. 5-6.

[9] TURN Opening Comments, at pp. 1, 6-8 ("The record is clear that the Induction Cooking MTI would impact the targeted markets in unique and valuable ways, to the benefit of both hard-to-reach consumers and ratepayers"); CEJA Opening Comments, at pp. 1-2; NEEA Opening Comments, at p. 2; Council Opening Comments, at pp. 2-4.

[10] PD, Finding of Fact 1, at p. 56.

[11] *Ibid.* Conclusion of Law 20, at p. 61.

[12] TURN Opening Comments, at pp. 13-15.

follow the Environmental and Social Justice (ESJ) Action Plan. [13] The APD's rejection of this MTI harms low-income communities and conflicts with the State's climate goals that require the prioritization of energy efficiency.[14]

Several of these parties also demonstrate that both the PD and APD require revisions to their adopted Administration and Operations budgets to restore funding for CalMTA's essential tasks, funding for which has not been contested by any party and is clearly required for CalMTA to comply with the requirements of D.19-12-021, as well as those imposed by the PD or APD.[15] The severe underfunding resulting from the APD's budget will "undermine program continuity and waste prior ratepayer investment" and force CalMTA to dismantle functions explicitly required by D.19-12-021 to bring future Market Transformation ideas to the Commission for its consideration.[16] Clearly, appropriate funding of MTA Administration, MTA Operations, and Initiative/Concept Development will "best serve the interests of ratepayers and confer important benefits on ESJ communities,"[17] especially where "no [other] funding sources have been identified for this program."[18] For those reasons, CalMTA's corrections to the PD and APD budget tables proposed in its Opening Comments on the PD and on the APD must be adopted.[19]

II. SUPPORTERS OF THE APD MAKE CLAIMS CONTRARY TO LAW, THE RECORD, AND THE SCOPING MEMO.

In contrast to this robust support for the PD, the Public Advocates Office (Cal Advocates) and the four investor-owned utilities (IOUs) (Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas) support the APD, but do so based on raised arguments that are out of scope and not based on the law or the record. CalMTA contests these claims as follows:

- **The "TRC break-even year" has no legal or evidentiary foundation.** The parties supporting the APD rely on a new metric and criteria, "TRC break-even year," to reject the Induction Cooking MTI. Neither statute, Commission precedent, nor D.19-12-021 authorizes such a test, and the APD's use of it

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[13] TURN Opening Comments, at pp. 2, 5-9; CEJA Opening Comments, at pp. 4-12; NEEA Opening Comments, at pp. 6-7, 8-9, 13-14; BayREN/C-3REN Opening Comments, at pp. 2-7; Council Opening Comments, at pp. 5-6.
[14] *Id.*
[15] TURN Opening Comments, at pp. 10-12.
[16] NEEA Opening Comments, at p. 6, 10-13.
[17] TURN Opening Comments, at p. 15.
[18] PD, at p. 20.
[19] CalMTA Opening Comments on PD, at pp. 8-12; CalMTA Opening Comments on APD, at pp. 9-13.

directly contradicts the cost-effectiveness framework in D.19-12-021, which requires consideration of both the lifecycle Total Resource Cost (TRC) and Program Administrator Cost (PAC) tests. Selecting MTIs by "TRC break-even year" is inconsistent with market transformation investment: MTI costs are typically frontloaded to effect structural market changes and then drop precipitously as those changes produce increasing benefits over time. The Induction Cooking MTI achieves a lifecycle TRC of 1.12 and PAC of 14.36, exceeding Commission standards and producing substantial systems benefits.

- **The MTIs Are Designed to Address Affordability.** Assertions that funding the Induction Cooking MTI contributes to affordability concerns[20] are mistaken. Both the PD and APD find that rejecting the proposed MTIs "would have a negligible impact on customers' energy bills."[21] MT is "a proven approach to reducing energy system costs and cutting the overall costs to ratepayers,"[22] and it is "short-sighted" to deny approval of cost-effective MTIs that offer over a billion dollars of energy system savings.[23] Moreover, each MTI includes strategies to <u>*lower first-cost barriers, expand access to efficient technologies, and deliver durable bill savings over time*</u>.[24] The proposed MTIs support Governor Newsom's EO N-5-24, which directs agencies to promote affordable, reliable and safe clean-energy transition that protects households from volatility in energy costs.[25] Parties representing ratepayer (TURN) and environmental-justice (CEJA) interests affirm that long-term market transformation is essential to affordability and equity,[26] a point also supported by industry experts, NEEA and the Council.[27]

- **The APD accepts CalMTA's data sources yet incorrectly denies approval of the Induction Cooking MTI by discrediting them.** The APD found that both RASS and RECS data are dependable sources of data,[28] but then rejected the Induction Cooking MTI due to "uncertainty in baseline forecasts,"[29] apparently accepting Cal Advocates' continued criticism of CalMTA's use of RECS

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[20] SDG&E Opening Comments, at pp. 2-3; SCE Opening Comments, at pp. 2-4; PG&E Opening Comments, at p. 2; SoCalGas Opening Comments, at p. 3.
[21] PD, Finding of Fact 2, at p. 56; APD Finding of Fact 3, at p. 66.
[22] Ex. NEEA-01, at p. 2 (NEEA (Harris)).
[23] TURN Opening Comments, at p. 1; BayREN/3C-REN Opening Comments, at p. 4; Ex. TURN-01, at p. 8, ll. 4-15.
[24] CalMTA Opening Comments on PD, at p. 5; Ex. CEJA-01, at pp. 1-4, 33 (CEJA (Belcher)).
[25] Executive Order N-5-24, https://www.gov.ca.gov/wp-content/uploads/2024/10/energy-EO-10-30-24.pdf.
[26] CEJA Opening Comments, at pp. 1, 3; TURN Opening Comments, at pp. 1, 6.
[27] NEEA Opening Comments, at pp. 13–14; Council Opening Comments, at p. 5.
[28] APD, Finding of Fact 24, at p. 69.
[29] APD, at p. 40.

data and its Delphi panels. CalMTA has clarified that the Delphi panel was only one of several research methods used to develop the baseline market adoption forecasts alongside empirical data.[30] Additionally, for emerging technologies, smaller panels are common and acceptable when reasonable efforts are made to recruit available experts. CalMTA used market saturation data from the most recent available source with sufficient granularity, the RECS data.[31] Cal Advocates has not presented any valid reason to overturn the finding of the PD that CalMTA "used best efforts to comply with best practices, as much as possible, in identifying costs and benefits of the proposed MTIs."[32]

- **Concerns about duplication disregard the role of market transformation**. D.19-12-021 established CalMTA's role as distinct from and complementary to existing efficiency programs.[33] IOU assertions of overlap[34] ignore that market transformation addresses upstream and structural barriers beyond the reach of resource acquisition programs and in addition to market support programs—expanding supply, driving cost reductions, and enabling broader market participation.[35] Programs that provide incentives and direct installations of efficient equipment, like BUILD (which focuses only on new construction), will benefit from the MTIs' deployment by helping to remove these barriers, creating "synergistic benefits."[36] The need for alignment planning between the MTIs and existing programs was identified in D.19-12-021 and is inherent in the MTI Plans, with ongoing oversight by the Market Transformation Advisory Board (MTAB) and Energy Division through public meetings and reporting.[37] Two parties raised a new issue of crediting CalMTA's net incremental TSB towards the IOU's goals.[38] CalMTA supports this concept and defers to the Commission to address in the appropriate proceeding.

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[30] Ex. MTA-11, at p. 12, ll. 1-2 (CalMTA (Horkitz)); CalMTA Opening Comments on APD, at p. 6.
[31] Ex. MTA-11, at pp. 11-13 (CalMTA (Horkitz)). As noted by Cal Advocates, the 2019 RASS survey combined "cooktop, stovetop, or range" into one category, meaning participants with dual-fuel units (gas cooktop + electric oven) may have reported them as electric. This aggregation likely overstates electric saturation and supports CalMTA's point that RASS did not distinguish cooktops from ranges.
[32] PD, at p. 35.
[33] D.19-12-021, at p. 72 and at p. 134.
[34] PG&E Opening Comments, at p. 2; SCE Opening Comments, at p. 3.
[35] CalMTA Opening Comments on APD, at p. 8; CalMTA Opening Comments on PD, at p. 4.
[36] NEEA Opening Comments, at pp. 3, 9.
[37] Application, Appendix 1 and 2, each MTI Plan contains Appendix E: External Program Alignment & Coordination, which describes how CalMTA collaborates and communicates with key program stakeholders and market actors.
[38] SCE Opening Comments, at pp. 4-5; SDG&E Opening Comments, at pp. 3-4.

October 20, 2025 Respectfully submitted,

/s/ Brian T. Cragg

DOWNEY BRAND LLP
Brian T. Cragg
455 Market Street, Suite 1500
San Francisco, CA 94105
Telephone: (415) 848-4800
Email: bcragg@DowneyBrand.com

/s/ Sara Steck Myers

SARA STECK MYERS
Attorney at Law
122 - 28th Avenue
San Francisco, CA 94121
Telephone: (415) 420-1253
Email: ssmyers@att.net

Attorneys For The California Market Transformation Administrator