Application No.:	26-07-XXX (CalMTA)
Exhibit No.:	MTA-01
Witness:	Lynette Curthoys
Commissioner:	
ALJ:	

CALIFORNIA MARKET TRANSFORMATION ADMINISTRATOR
PREPARED TESTIMONY OF
LYNETTE CURTHOYS

Executive Summary and Portfolio Overview

Application 26-07-XXX
California Market Transformation Administrator (CalMTA)

July 6, 2026

I.

INTRODUCTION

The purpose of this testimony of Lynette Curthoys, Vice President and executive head for the California Market Transformation Administrator (CalMTA),[1] is to provide the following: (1) an Executive Summary of the relief requested by this Application (A.26-07-XXX) for approval of a Second Tranche of Market Transformation Initiatives (MTIs) and related requests, and (2) an overview of the MTI portfolio at issue in this Application. This testimony (Exhibit MTA-01), as supported in greater detail in Exhibits MTA-02 through and including MTA-07, demonstrates that this Second Tranche of MTIs, related procedural requests, and requested budget are reasonable, and approval by the California Public Utilities Commission (Commission) of all CalMTA requests in this Application will advance Market Transformation to the benefit of California ratepayers.

II.

EXECUTIVE SUMMARY

A. Overview of Application.

In this Application, CalMTA requests that the Commission approve CalMTA's three Second Tranche MTIs included in the Application as MTI Plans. These MTI Plans are for Residential Heat Pump Water Heating (HPWH), Commercial Replacement and Attachment Window Solutions (CRAWS) and Commercial Rooftop Units (CRTUs), and are included as Attachments 1, 2, and 3 to this Application. The approval of this Application and the three MTI Plans will add a Second Tranche of MTIs to the growing CalMTA portfolio as envisioned in Decision (D.) 19-12-021 and further directed in D.25-11-023.

In addition, the Application includes a budget request with associated narrative and cost estimates in Attachment 4 for the market deployment of the Second Tranche MTIs as

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[1] The Statement of Qualifications for Lynette Curthoys is included in Exhibit MTA-07.

well as associated budget to implement the portfolio through 2031. The reasonableness of the requested budget is further supported by the testimony of Lynette Curthoys, CalMTA's executive head, in Exhibit MTA-06 Budget Reasonableness.

Finally, the Application also includes a separate procedural request for a Tier 2 Advice Letter process to approve market deployment of future MTIs after this Second Tranche. The basis for that request is detailed fully in the Application.

B. Description of supporting testimony.

The testimony submitted in support of the Application includes the following:

- **Exhibit MTA-01** is this **Executive Summary and Portfolio Overview**, which summarizes the contents of CalMTA's Application and the testimony in support of this Application. This exhibit is the testimony of Lynette Curthoys and also provides an overview of the CalMTA portfolio associated with the Second Tranche MTIs.

- **Exhibit MTA-02, Merits of the Proposed MTIs, Compliance with the Market Transformation Framework, and Leveraging of Non-Ratepayer Investments,** addresses the merits of the proposed MTI Plans and why the Commission should approve the MTI Plans. It also includes a summary of non-ratepayer funds leveraged by each MTI in compliance with Ordering Paragraph 11 of D.25-11-023. This exhibit is the testimony of Jeff Mitchell, CalMTA lead for MTI Development and Deployment.

- **Exhibit MTA-03, Expected Costs and Benefits, and Evaluation of Proposed Market Transformation Initiatives,** addresses forecasted benefits and benefit-cost ratios for the Second Tranche MTIs according to Commission-approved methods for calculating Total System Benefits (TSB); total societal benefits; and cost-effectiveness ratios for the total resource cost (TRC), program administrator cost (PAC), and societal cost test (SCT) tests. It also includes information about CalMTA's approach to MTI evaluation and performance management. This exhibit is the testimony of Karen Horkitz, CalMTA lead for Market Research and Evaluation.

- **Exhibit MTA-04, Stakeholder Engagement and Program Coordination, MTAB, and Equity Considerations,** addresses how CalMTA coordinated and collaborated with stakeholders and the Market Transformation Advisory Board (MTAB) throughout the development of the MTI Plans. This exhibit is the testimony of Stacey Hobart, CalMTA lead for all Stakeholder Engagement and Outreach, and supports collaboration and coordination with other programs in California to avoid duplication of market efforts. The testimony addresses the setup of an Equity Sounding Board to serve across all MTIs in the portfolio and how the Second Tranche MTIs proposed in this Application will benefit environmental and social justice (ESJ) communities and advance the goals of the California Public Utilities Commission's (CPUC) ESJ Action Plan.

- **Exhibit MTA-05, Policy Alignment,** addresses how the Second Tranche MTIs are aligned with the policy goals and priorities of the State and the CPUC. This exhibit is the testimony of Smita Gupta, CalMTA lead for Policy Research and Alignment.

- **Exhibit MTA-06, Budget Reasonableness,** addresses the components of the budget request and the rationale for their reasonableness. This exhibit is the testimony of Lynette Curthoys, the executive head for CalMTA.

- **Exhibit MTA-07, Statements of Qualification,** includes the statements of qualifications of all the witnesses.

This testimony is provided by the following expert witnesses, with their qualifications stated in Exhibit MTA-07:

Witness	Role/Expertise	Topic and Testimony
Lynette Curthoys	Vice President of Market Transformation and executive head for CalMTA	Exhibit MTA-01 — Executive Summary and Portfolio Overview Exhibit MTA-06 — Budget Reasonableness
Jeff Mitchell	Senior Director of Market Transformation and CalMTA lead for MTI Development and Deployment	Exhibit MTA-02 — Merits of the Proposed MTIs, Compliance with the Market Transformation Framework, and Leveraging of Non-Ratepayer Investments
Karen Horkitz	Principal and CalMTA lead for Market Research and Evaluation	Exhibit MTA-03 — Expected Costs and Benefits, and Evaluation of Proposed Market Transformation Initiatives
Stacey Hobart	Principal and CalMTA lead for all Stakeholder Engagement and Outreach	Exhibit MTA-04 — Stakeholder Engagement and Program Coordination, MTAB and Equity Considerations
Smita Gupta	Principal and CalMTA lead for Policy Research and Alignment	Exhibit MTA-05 — Policy Alignment

III.
PORTFOLIO SUMMARY

The Second Tranche MTIs for which CalMTA requests approval in this Application builds directly on the foundation established through CalMTA's First Tranche of MTIs that were proposed in A.24-12-009 and approved by the Commission in D.25-11-023[2] and expands the portfolio into additional high-impact markets where market transformation can deliver durable ratepayer benefits. Through the First Tranche, CalMTA began market deployment with Room Heat Pumps and Induction Cooking — two initiatives focused on accelerating adoption of efficient, electric, consumer-facing technologies in existing buildings. These initiatives established CalMTA's initial portfolio emphasis on decarbonization, 120V plug-in-ready solutions, residential market adoption, and practical strategies to overcome barriers to installing efficient technologies in existing buildings.

The Second Tranche of three proposed MTIs broadens CalMTA's market transformation work from the initial residential end uses into a more-diversified set of building systems and customer segments as follows:

- The Residential Heat Pump Water Heating (Residential HPWH) MTI extends CalMTA's decarbonization and residential-market focus into the water heating replacement market, where coordinated market intervention is needed to shift adoption from gas water heating to high-efficiency heat pump products.

- The Commercial Rooftop Units (CRTUs) MTI expands the portfolio into commercial HVAC, targeting above-code heat pump rooftop units with connected controls to

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[2] CalMTA's First Tranche of MTIs was approved by the Commission in D.25-11-023 and, with modifications to the Induction Cooking MTI, in Tier 2 Advice Letter RI-CalMTA-4, approved by Disposition Letter issued by the Energy Division on May 13, 2026, with effective date of April 10, 2026.

improve equipment performance, enable grid-responsive operation, and address a major source of energy use in commercial buildings.

- The Commercial Replacement and Attachment Window Solutions (CRAWS) MTI further broadens the portfolio by advancing an “envelope-first” approach for existing commercial buildings through scalable window retrofit solutions such as secondary windows and vacuum insulated glass.

Together, these three proposed MTIs move CalMTA from an initial portfolio concentrated in residential, consumer-facing technologies to a broader portfolio that spans residential and commercial markets, equipment and envelope measures, and multiple pathways for reducing energy use, greenhouse gas (GHG) emissions, and peak demand impacts. This progression is intentional. It allows CalMTA to build on its market relationships and deployment infrastructure, while expanding into additional markets where individual programs, manufacturers, or local efforts are not positioned to create widespread, sustained market change alone.

The Second Tranche also continues to strengthen the portfolio’s focus on existing buildings, which remain central to CalMTA’s market transformation strategy. Each proposed initiative addresses a market where equipment turnover, retrofit decision-making, product availability, installer readiness, and customer economics create barriers to adoption. By intervening at the market level, CalMTA can coordinate across manufacturers, distributors, contractors, program administrators, public agencies, and customers to reduce structural barriers and support long-term market adoption beyond the period of direct intervention.

Figure 1: CalMTA Portfolio View

Finally, the Second Tranche creates a bridge to future portfolio growth as seen in Figure 1 above. The initiatives currently in development, including Foodservice Water Heating Systems and the Commercial Building Efficiency Accelerator, show how CalMTA's portfolio can continue to expand into additional commercial and institutional markets over time.

This diversification supports long-term portfolio value because market transformation outcomes may occur over different timeframes. Some interventions may generate earlier market effects by improving availability, awareness, or installer engagement, while others may require longer-term shifts in product development, specifications, procurement practices, or default replacement behavior. Taken together, the Second Tranche provides a broader foundation for sustained energy efficiency progress than any single MTI could provide alone.

A. The decarbonization and affordability merits of the Second Tranche MTI portfolio.

The proposed Second Tranche MTIs should be understood as both a decarbonization strategy and an affordability strategy. The Residential HPWH, CRTUs, and CRAWS MTIs advance decarbonization by accelerating adoption of high-efficiency electric equipment and building envelope solutions that reduce fossil fuel use, lower GHG emissions, and support California's clean energy goals.

In California's current affordability context, the Governor's Executive Order N-5-24[3] directed state agencies, including the Commission, to identify actions that reduce electric-rate burdens while preserving reliability and clean-energy objectives. The Commission's response to the executive order presented analysis that shows the contribution of energy efficiency funding to rates of programs funded through electric utility revenues, is a small sliver of the pie compared to other components.[4] And further, the Little Hoover Commission's report, *The High Cost of Electricity in California*, also cautions that public purpose programs represent a relatively small share of total utility revenue requirements and that policymakers should carefully assess the tradeoffs before reducing or eliminating them.[5] That context supports preserving cost-effective energy efficiency and market transformation investments that reduce long-term system costs, rather than treating them principally as opportunities for near-term cuts.

CalMTA's Second Tranche portfolio reflects that disciplined approach. Across the three proposed MTIs, CalMTA forecasts approximately $1.9 billion in TSB over 20 years from a total investment of approximately $121 million, equivalent to roughly $16 in system benefits for every $1 invested. That ratio demonstrates that the proposed MTIs are not

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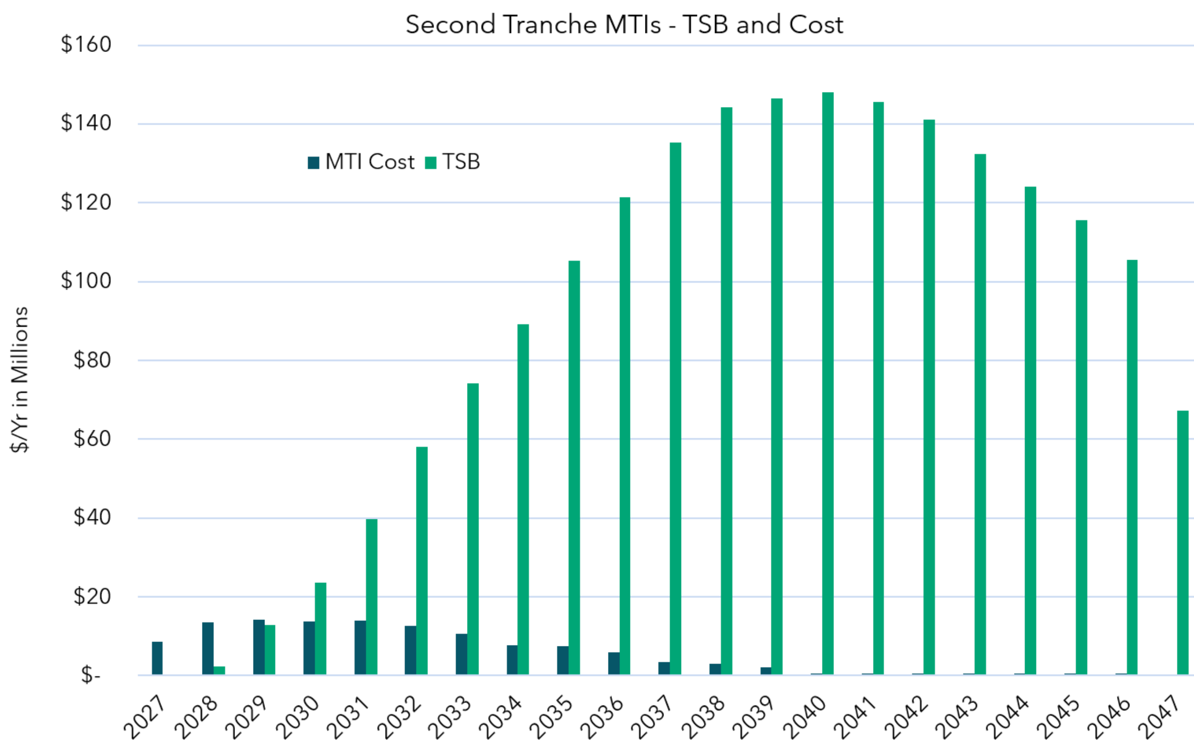
[3] https://www.gov.ca.gov/wp-content/uploads/2024/10/energy-EO-10-30-24.pdf.
[4] CPUC Response to Executive Order N-5-24, p.14.
[5] The High Cost of Electricity in California, Little Hoover Commission, at. p. 7, https://lhc.ca.gov/wp-content/uploads/LHC-Report-290-The-High-Cost-of-Electricity-in-California-FINAL-1.pdf.

merely expenditures to support individual technologies, but targeted market interventions designed to deliver durable, lifecycle benefits to customers and the grid. Figure 2 below illustrates both the scale and timing of the investment needed to realize benefits over the lifecycle of the Second Tranche MTIs.

Figure 2: Investment and Benefits over the Lifecycle of Second Tranche MTIs



The value proposition for market transformation extends beyond near-term participant incentives or individual measure savings. By addressing structural market barriers, the Second Tranche MTIs can help reduce upfront costs, improve product availability, strengthen delivery channels, and make efficient technologies easier and less costly to adopt over time. This is particularly important where efficient technologies face barriers related to product availability, installer readiness, customer awareness, split incentives, or replacement-market timing.

This approach is consistent with the Commission's long-standing prioritization of demand-side resources through the loading order[6] and with the Commission's use of TSB[7] as the primary energy efficiency value metric. TSB monetizes lifecycle energy, capacity, and GHG benefits, and therefore provides a useful framework for evaluating whether ratepayer-funded investments produce system value commensurate with their cost. In the current affordability context, that framework supports continued investment in cost-effective demand-side resources that can reduce load growth, lower peak demand, improve grid utilization, and avoid or defer more expensive supply-side and infrastructure investments.

Each Second Tranche MTI contributes to this affordability and decarbonization strategy in a distinct way. The Residential HPWH MTI supports market readiness for efficient electric water heating while creating opportunities for future load flexibility and helping manage potential bill impacts associated with electrification. The CRTUs MTI, including connected controls, can reduce commercial HVAC energy use, improve operational performance, and better align building loads with grid needs. The CRAWS MTI advances an envelope-first approach that can reduce building loads before or alongside equipment replacement, helping avoid unnecessary investment in oversized HVAC systems and reducing long-term energy demand.

These strategies are also important for equity and ESJ communities. Expanding access to efficient electric technologies can help reduce the risk that customers are stranded on a future high-cost gas system. Further, while market interventions that reduce upfront costs and improve installation pathways can make adoption more practical for

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[6] Decision 04-12-048 identified following the "loading order" contained in the Joint Agency Energy Action Plan (EAP) as the highest priority for utilities, with energy efficiency and demand-side resources employed before supply-side resources.

[7] Decision 21-05-031 established Total System Benefit (TSB) as the primary goal metric for energy efficiency programs (D.21-05-031, CPUC, at p. 72. Decision 23-08-005 explains that TSB reflects lifecycle energy, capacity, and GHG benefits in dollar terms and adopted TSB goals for ratepayer-funded energy efficiency portfolios (D.23-08-005, CPUC, at p. 2 and p. 25).

households and businesses facing affordability constraints. Technologies that reduce peak demand and enable load flexibility can also help reduce grid strain, allowing utilities to delay or avoid costly system upgrades that would otherwise place upward pressure on customer rates. Further discussion of how equity considerations were incorporated into the Second Tranche MTIs is covered in testimony of Stacey Hobart, Exhibit MTA-04.

CalMTA's collaborative market transformation model further supports affordability by leveraging non-ratepayer investment and coordinating with manufacturers, distributors, contractors, building owners, public agencies, and other market actors, as described in the testimony of Jeff Mitchell, Exhibit MTA-02. This leveraging is central to market transformation: targeted ratepayer investment is used to remove structural barriers, mobilize broader market activity, and produce lasting benefits without relying on permanent subsidies.

Taken together, the Second Tranche MTIs support affordability by reducing customer-facing adoption barriers while lowering long-term system costs through persistent savings, demand reduction, load flexibility, and avoided or deferred infrastructure needs. For these reasons, CalMTA's market transformation approach is responsive to the affordability concerns now central to California energy policy, while continuing to advance durable decarbonization benefits that extend beyond the period of direct CalMTA intervention.

B. Second Tranche MTIs support long-term energy efficiency.

The proposed Second Tranche MTIs are designed to produce durable market changes that can continue delivering savings beyond the initial implementation period. A central purpose of CalMTA's market transformation approach is to influence the decisions and practices of the market actors that shape product availability, stocking practices, installation pathways, customer recommendations, and purchasing decisions. These actors include manufacturers, distributors, contractors, installers, building owners, customers, public agencies, and other market participants.

Each proposed MTI targets market conditions that currently limit broader adoption of efficient technologies in its respective market. The Residential HPWH MTI addresses barriers in the existing-home replacement market, including product availability, installation complexity, installer readiness, and customer decision-making. The CRTUs MTI addresses the commercial replacement market by influencing the role of manufacturers, distributors, and contractors in determining which products are available, stocked, specified, and recommended at the time of replacement. The CRAWS MTI addresses awareness, specification, availability, and adoption barriers that limit the use of high-performance window retrofit and replacement solutions in commercial buildings.

Together, these MTIs target upstream, midstream, and downstream market conditions rather than relying solely on individual program transactions. This durability is central to the ratepayer value proposition for market transformation where ratepayer investments help create broader market conditions that can sustain those savings. By expanding efficient product availability, strengthening market actor capacity, increasing customer acceptance, and reducing market friction, the Second Tranche MTIs can support persistent savings and broader market benefits beyond the direct period of CalMTA-funded intervention.