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Witness:	Stacey Hobart
Commissioner:	
ALJ:	

CALIFORNIA MARKET TRANSFORMATION ADMINISTRATOR

PREPARED TESTIMONY OF

STACEY HOBART

Stakeholder Engagement and Program Coordination, MTAB and Equity Considerations

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

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I.

INTRODUCTION

The purpose of this testimony of Stacey Hobart, who serves as Principal of Stakeholder Engagement and Communications at Resource Innovations and is leading the outreach, engagement, and communications efforts of the California Market Transformation Administrator's (CalMTA) Market Transformation Initiative (MTI) portfolio,[1] is to provide the following: (1) how CalMTA engaged with stakeholders throughout the development of the Second Tranche of MTIs; (2) detail on the engagement with the Market Transformation Advisory Board (MTAB); (3) coordination with energy efficiency (EE) Program Administrators (PA), other programs and market actors; and (4) how equity considerations were incorporated into the Second Tranche MTIs.

II.

CALMTA ENGAGED STAKEHOLDERS THROUGHOUT DEVELOPMENT OF THE SECOND TRANCHE MTIS

A. Stakeholder engagement informed MTI development, intervention design, and implementation planning.

Robust stakeholder engagement was designed to be inherent in the CalMTA program as expressed in the Market Transformation Framework as part of the California Public Utilities Commission (CPUC; Commission) Decision (D.) 19-12-021 that established a market transformation administrator for the state of California. This engagement is a central tenet in MTI design because MTIs deploy strategies that work across the supply chain to catalyze market changes that make energy efficiency more accessible and affordable for consumers and businesses. Robust coordination with other activities allows all efforts to be leveraged for better outcomes and helps mitigate market confusion.

CalMTA engaged stakeholders during development of the Second Tranche of MTIs to inform market characterization, barrier identification, intervention design, and implementation planning. Meetings and other communications with market actors, interested parties, efficiency and equity representatives, and the MTAB helped CalMTA understand how the proposed MTIs would interact with existing market conditions, current program activity, and the roles of manufacturers, distributors, retailers, installers, building owners, customers, community representatives, and others. Stakeholder input therefore helped CalMTA identify barriers and implementation considerations that may not be fully visible from market data alone.

For example, CalMTA engaged with manufacturer and contractor representatives as well as efficiency program leads at a summit held in August 2025 to delve into barriers and potential interventions in the heat pump water heating (HPWH) market. This workshop-style, two-day event allowed CalMTA to develop an initiative with input and coordination from these stakeholders.

CalMTA also integrates equity-focused stakeholder input as part of its development process. Following on two sets of listening sessions with equity organizations in 2024, CalMTA established an eight-member Equity Sounding Board of equity representatives in early 2025 to support the application of an equity lens in developing California's market transformation portfolio. The Equity Sounding Board is composed of professionals who advocate for or work within environmental and social justice (ESJ) communities and who provided feedback on this Second Tranche of MTIs. A subcontractor to the program, The Ortiz Group, also provides expertise in equity considerations and serves as an embedded member of the MTI teams.

B. CalMTA used stakeholder input to refine product definitions and identify market barriers, coordination needs, and implementation considerations that ensure future success for program alignment.

Stakeholder input helped CalMTA identify market barriers relevant to the proposed Second Tranche MTIs. These included barriers related to product definition and availability, customer awareness, installation complexity, contractor and installer capacity, market actor incentives, cost, timing of replacement decisions, and coordination with existing programs and policies.

For the Commercial Rooftop Units (CRTUs) MTI, stakeholder input helped clarify the importance of the commercial replacement market, distributor and contractor influence, product availability, and coordination with commercial Heating Ventilation & Air Conditioning (HVAC) market actors. Specifically in the case of the CRTUs MTI, meetings with the IOU Codes & Standards Working Group resulted in CalMTA updating the product definition to remove a variable-speed drive requirement that would better align with the work being undertaken by that group and other statewide programs.

For the Residential Heat Pump Water Heating (HPWH) MTI, stakeholder input helped identify issues related to emergency replacement, installer readiness, customer decision-making, electrical readiness, and interaction with existing incentive and building decarbonization programs. The near-term focus on electric-to-electric water heater replacements was the result of direct stakeholder feedback that this would help catalyze the market and ease the way for more difficult replacement scenarios.

For the Commercial Replacement and Attachment Window Solutions (CRAWS) MTI, stakeholder input helped inform CalMTA's understanding of market awareness, specification practices, procurement decision-making, and the role of building owners and contractors. Coordination with CalNEXT and the Commission resulted in the

recommendation of an update to the effective useful life (EUL) for windows from 20 years to 30 years in a windows measure package proposal.

Most importantly, stakeholder input also helped CalMTA identify coordination needs. MTIs leverage the activities that are already underway for which coordination and collaboration are key, and especially to ensure that MTIs do not duplicate efforts that are already operating in California via the energy efficiency portfolio and other programs. Because the Second Tranche MTIs operate in markets where EE PAs, state agencies, local governments, manufacturers, distributors, contractors, and other entities are already active, this coordination is necessary to align programs, support efficient implementation, and result in better outcomes overall.

C. Stakeholder engagement will continue during implementation.

Market transformation efforts take time, which means the engagement and collaboration doesn't happen only during the design phase but will be an ongoing effort through the MTI's lifespan. CalMTA expects strong stakeholder relationships will continue during implementation of the Second Tranche MTIs, which will help CalMTA monitor market conditions, identify emerging barriers, coordinate with related programs, and adjust implementation strategies as needed.

Continued engagement will also support transparency and accountability. As implementation proceeds, CalMTA will use stakeholder input, implementation data, evaluation findings, and market feedback to assess whether MTI strategies remain appropriate. This feedback loop is particularly important for market transformation because product availability, customer needs, program offerings, policy requirements, and market actor practices will change over time.

During implementation, CalMTA expects to continue engagement through operating agreements with relevant programs, including a kick-off between implementation teams

and quarterly check ins. The Equity Sounding Board will also be engaged to give feedback on MTI implementation plans and throughout MTI deployment.

III.

MTAB REVIEW PROVIDED INDEPENDENT FEEDBACK ON THE SECOND TRANCHE MTIS

CalMTA engaged the MTAB in the selection and development of this Second Tranche of MTIs, including as concepts advanced from the Ideas to Initiatives process into questioning and discussions about market characterization, product assessment, strategy development, and MTI Plan preparation. MTAB review provided an opportunity for independent, non-binding feedback before CalMTA submitted the proposed MTIs for Commission consideration.

MTAB's membership is structured to bring a range of perspectives relevant to market transformation, including experience in the areas of ratepayer advocacy, workforce and labor, environmental advocacy, evaluation, energy efficiency policy, utility program administration, and Community Choice Aggregators (CCAs)/Regional Energy Networks RENs) representation. The MTAB also includes two seats to be held by staff from the Commission. This mix of expertise allowed MTAB to review the Second Tranche MTIs from multiple perspectives, including market viability and risk, ratepayer value, equity, evaluation, program coordination, and the pathway to effective deployment.

Through this process, MTAB prioritized the three initiatives in the Second Tranche as important to the CalMTA portfolio. This prioritization was done through a vetting process where a set of potential MTIs were examined and discussed, resulting in the three MTIs submitted with this Application rising to the top. MTAB further helped CalMTA test and refine key elements of the Second Tranche MTIs including market barriers, product definitions, intervention logic, coordination needs, equity considerations, evaluation approaches, implementation risks, and deployment feasibility. CalMTA considered this

feedback and incorporated it into the MTI Plans and supporting materials where appropriate.

CalMTA documented MTAB discussions related to the Second Tranche MTIs in **Attachment 5 to this Application**. Feedback specific to each MTI is also documented in **Appendix I of each respective MTI Plan**. Those appendices summarize the issues raised by MTAB members and describe how the feedback informed CalMTA's continued refinement of the MTIs during development. Appendix I also includes feedback from interested parties that was made available through the CPUC's Public Document Area (PDA) website.

MTAB review did not replace Commission review. Rather, it provided an additional source of independent feedback within CalMTA's development process. CalMTA used that feedback to improve the clarity, completeness, and practical grounding of the Second Tranche MTIs before submitting them for approval. Some examples of that feedback include the removal of new construction from the focus of the HPWH MTI and prioritization of commercial secondary windows (CSW) over vacuum-insulated glass (VIG) products in the CRAWS MTI.

IV.

COORDINATION WITH EE PORTFOLIO ADMINISTRATORS AND OTHER PROGRAM LEADS

A. CalMTA coordinated with EE PAs to understand existing and planned program activity.

CalMTA coordinated with EE PAs, the IOU Codes & Standards Working Group, and CalNEXT to understand existing and planned program activity relevant to the Second Tranche MTIs. CalMTA also meets regularly with the program leads at the California Energy Commission (CEC) on statewide programs under their purview. This

coordination helped CalMTA assess where proposed MTIs may intersect with current or planned programs and where market transformation strategies can provide distinct value.

The Second Tranche MTIs address markets where EE Portfolio Administrators and other entities may already be active. CalMTA's objective is to identify the specific market transformation role that CalMTA can play while avoiding duplication of existing program functions and mitigating any customer confusion.

Through this coordination, CalMTA considered how existing programs address customer incentives, resource acquisition, codes and standards, workforce development, technical assistance, market support, and other activities. CalMTA used that information to refine the Second Tranche MTIs and identify where coordination will be needed during implementation.

The 2028 – 2035 Business Plan Applications filed by 13 Program Administrators on March 16, 2026, also further reinforce that coordination between CalMTA and EE portfolios is a shared planning function, not merely an implementation afterthought. For example, Pacific Gas and Electric (PG&E) identifies CalMTA MTIs as part of its market transformation coordination strategy and states that MTIs can complement and be coordinated with codes and standards, resource acquisition, and equity segment programs.[1] SCE similarly identifies coordination with CalMTA and TECH Clean California

[1] Energy Efficiency 2028-2035 Business Plan and 2028-2031 Portfolio Plan, Exhibit (PG&E-1) PG&E, at pp. 7-13-7-14 https://www.caeecc.org/_files/ugd/849f65_b9d96d56b8e5409e81655c9739cd30d7.pdf

as a mechanism to clarify roles, avoid duplicative offerings, leverage shared insights, and align market transformation activities with IOU-administered portfolios.[2]

B. The MTIs are designed to complement, rather than duplicate, resource acquisition and other EE portfolio programs.

The Second Tranche MTIs are designed to complement, rather than duplicate, EE PA-led and other programs. CalMTA's role is focused on market transformation: long-term changes to market conditions so efficient technologies and practices become more available, accepted, specified, stocked, recommended, and adopted over time. This role is aligned with, but distinct from, existing efficiency programs that primarily deliver near-term savings through program transactions directly with consumers or businesses.

Accordingly, the proposed MTIs focus on structural market barriers that are not fully addressed through incentive or resource acquisition programs. These barriers include product availability, supply-chain practices, manufacturer and distributor engagement, contractor and installer recommendations, product specification practices, customer awareness, workforce capacity, and market actor confidence. Addressing these barriers can support and extend the effectiveness of existing EE programs without replacing them.

Appendix E: External Program Alignment and Coordination in each MTI Plan identifies specific points of alignment with existing and planned programs. For example, the Residential HPWH MTI is designed to support external programs through shared market intelligence, product needs alignment, consumer and contractor messaging, and potential demand aggregation strategies. The CRTUs MTI identifies opportunities to

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[2] Exhibit 01 - Direct Testimony of Southern California Edison Company in Support of its Application for Approval of its Energy Efficiency 2028-2031 Portfolio Plan and 20322035 Business Plan, SCE, at pp. 110-111 https://www.caeecc.org/_files/ugd/849f65_eba70a9f54b149b7a3f3e8b58f464995.pdf

coordinate with Codes & Standards Working Group, emerging technology, RTU working groups, and statewide HVAC-related efforts. The CRAWS MTI identifies potential leverage from codes and standards, emerging technology research, design assistance, regional incentive programs, and retrofit-focused market activity.

Where potential overlap may arise, CalMTA will continue collaboration to clarify roles, sequence activities, and identify the most efficient use of ratepayer funds. This approach is intended to reduce duplication risk while allowing the Second Tranche MTIs to support broader market conditions that benefit the EE portfolio as a whole.

C. CalMTA will continue coordination to manage potential overlap, sequencing, market actor engagement, and customer-facing activity.

As mentioned above, CalMTA will continue to collaborate with EE Portfolio Administrators and other relevant programs during implementation. This coordination will focus on potential overlap, sequencing of interventions, market actor engagement, and customer-facing activity.

Ongoing coordination will help ensure that CalMTA's activities are aligned with existing program offerings and market conditions. These efforts will help to engage with various market actors or customer segments with a common message and aligned approach that will help to reduce confusion or inefficient use of implementation resources.

CalMTA expects this coordination to be an ongoing implementation function. As market conditions and program offerings evolve, CalMTA will use coordination processes to identify issues early and adjust implementation activities as needed.

V.

COORDINATION WITH RELEVANT AGENCIES, PROGRAMS, AND MARKET ACTORS

CalMTA's coordination during development of the Second Tranche MTIs extended beyond EE PAs to include relevant state agencies, regulatory programs, research initiatives, national and federal efforts, trade allies, manufacturers, workforce entities, and other market actors. This broader coordination helped CalMTA align each MTI with California's building decarbonization, energy efficiency, codes and standards, research, equity, and market development activities. It also enabled CalMTA to leverage complementary research and market development efforts, reduce inconsistent market signals, and identify where continued coordination will be needed during implementation. CalMTA will continue these coordination activities as the MTIs move to deployment.

A. State agencies and programs.

CalMTA coordinated with and tracked California state agency and regulatory activities relevant to the Second Tranche MTIs at the CPUC, CEC, California Air Resources Board (CARB), and regional air districts. These efforts helped CalMTA understand how proposed MTIs could help accelerate efforts related to California's code development, technology research, building decarbonization programs, and clean heating policy.

For the Residential HPWH MTI, CalMTA coordinated with TECH Clean California, the California Heat Pump Partnership, the CEC, CalNEXT, CARB, the South Coast Air Quality Management District, and the Bay Area Air District. These engagements informed CalMTA's understanding of statewide heat pump deployment efforts, Title 24 alignment, zero-emission and zero-NOx appliance policy developments, lower-GWP refrigerant considerations, demand response and flexible demand requirements, and opportunities to complement existing HPWH programs.

For the CRTUs MTI, CalMTA coordinated with the IOU Codes and Standards Program, CalNEXT, CARB, the Bay Area Air District, the South Coast Air Quality Management District, CEC EPIC, and California-focused HVAC initiatives such as Comfortably California (soon to be a new statewide HVAC program) and the Energy Solutions-led heat pump RTU working group for PG&E. These activities helped CalMTA align the CRTUs MTI with commercial HVAC code and standards activity, emerging technology research, upstream and midstream HVAC programs, connected controls, product testing, and market readiness for higher-performance heat pump rooftop units.

For the CRAWS MTI, CalMTA coordinated with the IOU Codes and Standards Working Group, CalNEXT, IOU Emerging Technologies Programs, the Gas Emerging Technologies Program, CEC EPIC and Gas Research and Development projects, the California Energy Design Assistance Program, SCE's Commercial Energy Reduction Initiative, SoCalREN, LADWP's Comprehensive Affordable Multifamily Retrofits Program, PG&E's Government and K-12 Comprehensive Program, and CEC's CalSHAPE program. These efforts helped CalMTA identify how CRAWS could leverage design assistance, emerging technology research, public-sector programs, multifamily retrofit activity, and state-supported building performance investments.

B. National and federal efforts.

CalMTA also engaged with or tracked national and federal efforts that could inform product development, test procedures, qualified product lists, federal standards, research, and broader market transformation strategy. These efforts helped ensure that the Second Tranche MTIs were not developed in isolation from national product, specification, and market development activity.

For the Residential HPWH MTI, CalMTA coordinated with the Advanced Water Heating Initiative (AWHI), the Northwest Energy Efficiency Alliance (NEEA), the U.S. EPA ENERGY STAR program, the Department of Energy (DOE), Consortium for Energy

Efficiency, AHRI, national laboratories, and research universities. These engagements informed CalMTA's understanding of national HPWH market transformation landscape, federal water heater standards, ENERGY STAR specification activity, product development, demand response readiness, and opportunities to communicate California market needs to national manufacturers and standard-setting bodies.

For the CRTUs MTI, CalMTA coordinated with CEE's Heat Pump RTU Project and Commercial Air Conditioning and Heat Pump Committee, DOE/ENERGY STAR, DOE's Better Buildings Commercial Building Heat Pump Accelerator, national laboratories, NEEA, New York State Research and Development Authority's (NYSERDA) NYS Clean Heat Initiative, UC Davis Western Cooling Efficiency Center, and other research and market transformation organizations. These activities helped CalMTA align the CRTUs MTI with national efforts to advance higher-efficiency heat pump RTUs, commercial HVAC specifications, manufacturer engagement, testing, grid flexibility, and emissions-reduction capabilities.

For the CRAWS MTI, CalMTA coordinated with DOE/ENERGY STAR, national laboratories including Lawrence Berkeley National Lab and Pacific Northwest National Lab, research universities, EPRI, and other high-performance window and envelope research efforts. These efforts helped inform CalMTA's understanding of product performance, research needs, standards and test procedure pathways, and opportunities to accelerate commercial deployment of secondary windows, vacuum insulated glass, and related high-performance window solutions.

C. Other market actors.

CalMTA also engaged market actors who influence whether efficient technologies are developed, stocked, specified, recommended, installed, and adopted. These market actors included manufacturers, distributors, contractors, workforce education and

training entities, community-based organizations, ESJ representatives, trade allies, and industry organizations.

For the Residential HPWH MTI, CalMTA convened a Market Acceleration Summit (mentioned in Section 2a) with manufacturers, workforce entities, and ESJ representatives. CalMTA also engaged with evaluators of HPWH programs, workforce education and training organizations, trade allies, and ESJ representatives to understand installation barriers, incentive complexity, customer demand, workforce needs, market gaps, and equity considerations.

For the CRTUs MTI, CalMTA engaged market actors relevant to commercial HVAC product development, manufacturer engagement, installer training, connected controls, and upstream or midstream program delivery. This engagement included coordination intended to streamline messaging to manufacturers, share market and pilot data, communicate business owner feedback, and support product enhancements aligned with California market needs.

For the CRAWS MTI, CalMTA engaged manufacturers, research organizations, workforce entities, Self-Help Enterprises, USGBC-CA, and other stakeholders working in building retrofits, envelope improvements, and public-sector or multifamily markets. This engagement helped CalMTA identify leverage points for MUSH and multifamily buildings, and assess how market education, financing, design assistance, and workforce strategies could support broader adoption.

VI.

EQUITY CONSIDERATIONS ARE INCORPORATED INTO THE SECOND TRANCHE

A. Equity considerations informed MTI selection, design, and implementation planning.

CalMTA's equity approach is intended to ensure that MTI implementation does not focus only on early adopters or market segments that already have the greatest access to efficient technologies. Instead, CalMTA considers how market transformation strategies can expand availability, reduce barriers, and support broader access over time.

Therefore, equity considerations informed CalMTA's selection, design, and implementation planning for the Second Tranche MTIs with exploration of strategic interventions that could mitigate market-level barriers impacting underserved customers, including ESJ, Low-to-Moderate Income (LMI), and Disadvantaged Communities (DACs). CalMTA engaged with equity organizations to learn how the MTIs could be best designed to increase product accessibility, improve consumer affordability, and deliver the benefits of energy-efficiency to these communities. These considerations were incorporated into MTI development alongside other market transformation criteria.

B. Equity Sounding Board input helped CalMTA consider ESJ community barriers and benefits.

The Equity Sounding Board helped CalMTA consider how MTI strategies may affect ESJ communities and underserved market segments. This input is relevant because market transformation strategies can impact product availability, market actor practices, installation pathways, customer access, and the distribution of benefits over time.

CalMTA identifies several guiding principles for the Equity Sounding Board, including increasing ESJ communities' access to energy-efficient technologies and practices, maintaining or enhancing affordability of energy efficiency products and services in ESJ communities, and increasing access to MTI-related benefits such as local employment, small business development, reduced pollutants, and reduced health risks.

CalMTA considered this input when assessing how MTI strategies could increase access to efficient technologies and avoid unintended adverse effects. This assessment included attention to affordability, community adoption barriers, workforce and small business opportunities, customer-facing implementation considerations, and the need to track whether intended benefits are reaching underserved communities through MTI evaluations and established Market Progress Indicators specific to ESJ concerns.

C. The MTIs are designed to address barriers affecting ESJ, LMI, and underserved customers or communities.

The Second Tranche MTIs are designed to address barriers that may affect ESJ, LMI, and underserved customers or communities. These barriers may include higher upfront costs, limited access to qualified installers or contractors, limited product availability, lower awareness of efficient options, split incentives, emergency replacement constraints, building conditions, and limited participation in early technology markets.

For example, the CRTUs MTI seeks to influence development of inclusive training pathways specific to improving accessibility to skilled workforce opportunities within ESJ communities. Demonstration projects planned for deployment in ESJ communities will validate CRTU savings and other benefits, informing a business case for adoption that reflects the needs and priorities of both contractors and building owners/operators facing equity-specific adoption barriers. The CRTU feature of connected commissioning and controls aims to provide small building owners and tenants with access to building-management capabilities that otherwise would be unaffordable.

The CRAWS MTI specifically addresses barriers faced disproportionately by ESJ communities, including poor-performing envelopes, inefficient HVAC systems, and limited access to financing. A project demonstration in Madera, California, a state-determined disadvantaged community, is highlighting affordable CRAWS product solutions and validating energy, non-energy, and resiliency benefits. The MTI's "envelope-first" business case will support long-term affordability, reduce the cost of HVAC equipment by lowering tonnage needs, and lowering peak energy demand. The MTI will also engage the supply chain to increase workforce training for installation contractors located in or serving ESJ communities and will work to identify low-cost financing opportunities.

Proposed interventions in the Residential HPWH MTI will improve product affordability through demand aggregation in targeted sub-markets, including those more prevalent in ESJ communities (e.g., rural areas with propane or manufactured housing) or where positive bill impacts are easily achieved (e.g., homes with older electric resistance water heaters). They will also influence manufacturer development of alternative product shapes and sizes to make HPWH technology more accessible to smaller homes (such as multifamily units) and will activate the retail channel to support lower-cost installations, paired with trusted community outreach channels and clear, multilingual guidance on costs and bill impacts.

D. CalMTA will track equity-related outcomes through evaluation, reporting, and implementation feedback.

CalMTA's process includes a third-party evaluator who will track equity-related outcomes through evaluation, reporting, and implementation feedback. Equity tracking would include indicators related to customer segment participation, geographic reach, market actor engagement, access to efficient technologies, installation barriers, affordability considerations, and other MTI-specific equity indicators.

The specific metrics and data sources are tailored to each MTI, identified in the evaluation plans in Appendix F of each MTI Plan, and discussed further in Exhibit MTA-03. CalMTA expects that both quantitative and qualitative information will be used to assess whether implementation is addressing equity-related barriers and, if not, what adjustments are needed.

Tracking equity outcomes is important because equity benefits cannot be assumed based solely on the existence of an MTI and progress of other outcomes. CalMTA will need to monitor whether implementation strategies are reaching intended market segments and that barriers affecting ESJ, LMI, and underserved communities are being addressed.

While equity considerations are integrated into the Second Tranche MTIs, they do not replace the broader market transformation objectives of the MTIs. The proposed initiatives are designed to transform markets by addressing structural barriers and producing durable market changes. Equity considerations help ensure that those market changes are designed and implemented in a way that overcomes the specific barriers to access, affordability, and participation barriers affecting ESJ, LMI, and underserved communities.