Application No.:	26-07-XXX (CalMTA)
Exhibit No.:	MTA-06
Witness:	Lynette Curthoys
Commissioner:	
ALJ:	

CALIFORNIA MARKET TRANSFORMATION ADMINISTRATOR
PREPARED TESTIMONY OF
LYNETTE CURTHOYS

Budget Reasonableness

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

July 6, 2026

I.

INTRODUCTION

The purpose of this testimony of Lynette Curthoys,[1] Vice President and executive head for the California Market Transformation Administrator (CalMTA), is to address and demonstrate the reasonableness of the budget relief requested by this Application for approval of a Second Tranche of Market Transformation Initiatives (MTIs). It also includes Attachment 1: Appendix 3: Budget Narrative associated with CalMTA's Initial Tranche Application A.24-12-009.

II.

REASONABLENESS OF REQUESTED BUDGET

A. Overview.

CalMTA has forecasted the incremental budget requested in this Application using the five cost categories approved for the CalMTA program as follows:[2]

1. MTA Administration
2. MTA Operations
3. Initiative/Concept Development
4. MTI Deployment
5. Evaluation

The budget categories and rationale in support of CalMTA's budget in this Application remain the same as proposed in CalMTA's First Tranche Application (A.24-12-009). Namely, in A.24-12-009, CalMTA included an appendix that described the activities, deliverables, and assumptions reflected in CalMTA's five-year cost estimate for the

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

[2] PG&E Advice Letter 4674-G / 6747-E created customized cost categories for CalMTA and noted that the standard California Public Utilities Commission (CPUC) cost categories for energy efficiency (EE) programs do not map well onto the MTA scope of work, p. 26.

implementation phase and included a detailed Excel workbook, Appendix 3: Five Year Cost Estimate.xlsx, with four worksheets. That appendix is attached and incorporated by reference to this testimony.[3]

In approving the First Tranche of MTIs in D.25-11-023, the California Public Utilities Commission (CPUC; Commission) only partially approved CalMTA's proposed budget for Administration and Operations of the overall portfolio proportional to the first two MTI deployments for years 2029–2031. An incremental budget increase is requested in this Application as necessary to support those categories. Additionally, there is an incremental request for MTI development under the Initiative/Concept Development cost category, the rationale for which is discussed in section D of this testimony.

Attachment 4-A: Budget Narrative and Attachment 4-B: Budget Details spreadsheet attached to this Application provides additional budget details and descriptions.

B. Reasonableness of MTI Deployment and Evaluation budgets.

The requested MTI Deployment and Evaluation budgets are reasonable because they are initiative-specific requests that support the deployment strategies, market interventions, and evaluation activities described in each MTI Plan.

The MTI Deployment budgets support the strategic interventions needed to address the market barriers identified for each proposed MTI, including market engagement, manufacturer and supply-chain coordination, contractor and installer engagement, field demonstrations, development of market-facing tools and resources, and coordination with complementary California programs and policies. These activities are necessary to build market readiness, support adoption, and position the MTIs to deliver the energy, demand, greenhouse gas, and system benefits described in this Application. CalMTA's targeted strategic interventions were developed based on market and product research,

[3] Attachment 1 to this testimony is the following appendix to CalMTA's First Tranche Application A.24-12-009: Appendix 3: Five-Year Cost Estimate and Assumptions.

as well as extensive engagement with stakeholders and market actors to understand market dynamics, barriers, and opportunities. They are designed to focus on key barriers that will unlock the market opportunity such that adoption continues long after CalMTA ramps down funding and exits the market. The Commission's approval of these funds will enable CalMTA to contract with third-party implementers to deploy the strategic interventions described in the MTI Plan.

The MTI Evaluation budgets are also reasonable because evaluation is a core element of the market transformation framework. These budgets allow CalMTA to contract with third-party evaluators to conduct independent evaluation, market progress assessment, savings validation, and other analytical activities needed to determine whether each MTI is advancing toward its expected market outcomes. This evaluation function provides accountability, supports adaptive management, and helps ensure that ratepayer-funded investments are producing measurable and durable market impacts.

The proposed MTI Deployment and Evaluation budgets are detailed in Appendix H of each MTI Plan, attached as Attachments 1 through 3 to this Application. Attachment 4-A, Budget Narrative, and Attachment 4-B, Budget Details spreadsheet, provide additional budget detail, including annual allocations and descriptions of the requested funding. Together, these materials demonstrate that the requested budgets are appropriately scoped, transparent, and necessary to support implementation and evaluation of the proposed Second Tranche MTIs.

C. Reasonableness of incremental budget for Administration and Operations.

CalMTA's requested incremental budget for Administration and Operations is reasonable because it is limited, necessary, and directly tied to the foundational functions needed to administer the Commission-approved market transformation portfolio through 2031.

CalMTA requests incremental Administration and Operations funding only for 2029–2031. CalMTA does not request incremental Administration or Operations funding for

2027 or 2028 because the prior D.25-11-023[4] approved the full budget requested for those years. The incremental requested amounts requested in this Application are $2,947,000 for Administration and $9,982,000 for Operations over the 2029–2031 period for which the Commission had provided only 30 percent of the request while adding a sixth year.

The request is reasonable to support core portfolio functions that are necessary regardless of the number of individual MTIs in market. Administration funding supports financial and contract administration, invoice processing, budget tracking, reporting, responses to routine and non-routine information requests, financial audit support, data request responses, and regulatory filing support. These are baseline functions and required to maintain fiscal accountability and compliance with Commission oversight.

Operations funding supports the work needed to manage CalMTA as a portfolio administrator. This includes project management, solicitation and contracting activities, development and management of annual operations plans, MTAB administration, policy tracking and alignment, stakeholder engagement and communications, and non-MTI-specific data systems development and management. These functions are necessary to support transparent implementation, effective coordination with stakeholders and market actors, and the internal systems needed to track progress and manage the portfolio over time. CalMTA has, in turn, proposed an incremental, reasonably projected budget increase that is needed to support these activities for the expanded portfolio.

The incremental request is also reasonable in light of D.25-11-023. In that decision, the Commission approved CalMTA's full requested Administration and Operations funding for the first three years but approved only 30 percent of CalMTA's requested amounts for later years and extended the funding period through 2031. As a result, the currently authorized Administration and Operations funding for 2029–2031 is not aligned with the level of activity needed to administer the expanded portfolio during those years. The

[4] D.25-11-023, at p. 84.

requested incremental funding corrects that mismatch and reasonably supports the six-year deployment period established by the Commission. In recognition of this, the Commission concluded in D.25-11-023 that the Second Tranche Application "may request approval of additional market development, market deployment, evaluation, administration and operations funding not to exceed the $250 million budget established in D.19-12-021."[5]

The requested incremental budget increase also does not represent a new administrative function or an expansion beyond CalMTA's core role. Rather, it supports the same foundational Administration and Operations activities previously described in CalMTA's First Tranche Application, updated to reflect the extended funding period and the addition of the Second Tranche MTIs. The requested amounts are therefore reasonable, necessary, and appropriately scaled to support Commission oversight, portfolio implementation, stakeholder transparency, and accountability through 2031.

D. Reasonableness of additional Initiative/Concept Development budget.

CalMTA's request for additional Initiative/Concept Development funding for 2028–2031 is reasonable because it is essential for CalMTA to stay engaged in the target markets to keep proposed MTIs viable, current, and ready for deployment while the Commission considers their approval. For the proposed Second Tranche MTIs, this includes activities such as additional field testing, environmental and social justice (ESJ) community engagement, measure and savings calibration, sales-data analysis, segmentation refinement, manufacturer engagement, contractor and installer business-case development, coordination with existing programs, and planning for future demonstration sites. These activities refine MTI strategies in response to changing market conditions, validate market assumptions, maintain stakeholder and market-actor engagement, and preserve deployment readiness while the Application is pending.

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[5] D.25-11-023, COL 23, p. 83.

CalMTA request for an additional $5,012,000 in Initiative/Concept Development funding for 2028–2031 is reasonable because it aligns available resources with the MTI approval pathway established in D.25-11-023. CalMTA's originally approved Initiative/Concept Development funding assumed that future MTIs could be approved through a Tier 2 Advice Letter process. D.25-11-023, however, required the Second Tranche of MTIs to be submitted via an Application, which requires more time for review and disposition by the Commission. During this longer development runway, CalMTA must continue work to keep MTIs current, viable, and ready for market deployment when approved.

The requested funding is therefore reasonable and necessary to maintain an orderly MTI pipeline. Without this funding, CalMTA would risk losing market momentum, delaying post-approval deployment, or needing to restart development activities after Commission approval. The request does not represent an expansion of CalMTA's core development function. Rather, it supports the additional development time created by the Application pathway and allows approved MTIs to transition more efficiently to full-scale deployment. In requiring a Second Tranche Application in D.25-11-023, the Commission concluded that it was appropriate for CalMTA to request additional funding for Phase II Development in this Application.[6]

[6] D.25-11-023, COL 23, p. 83.

CALIFORNIA MARKET TRANSFORMATION ADMINISTRATOR

EXHIBIT MTA-06, ATTACHMENT 1

A.24-12-009: APPENDIX 3: FIVE-YEAR COST ESTIMATE AND ASSUMPTIONS

Application 26-07-XXX

California Market Transformation Administrator (CalMTA)

July 6, 2026

The following attachment was filed in CalMTA's previous application A. 24-12-009 but has been included here for reference.

APPENIDIX 3: FIVE-YEAR COST ESTIMATE AND ASSUMPTIONS

This appendix describes the activities, deliverables, and assumptions reflected in CalMTA's five-year cost estimate for the implementation phase. This Appendix also includes a detailed Excel workbook, Appendix 3_Five Year Cost Estimate.xlsx, with four worksheets.

1. Background and General Assumptions

California Market Transformation Administrator's (CalMTA) cost estimate for the five-year Implementation period relies on the following general assumptions:

MTI Portfolio: The cost estimate includes the first five years of estimated Phase III: Market Deployment costs for the two initial Market Transformation Initiatives (MTIs) as listed in Appendix H of each MTI Plan.[1] The cost estimate also reserves funds for development and deployment of future MTI Plans during the five-year funding period. As detailed below, CalMTA assumes that the $250 million five-year budget cap can accommodate initial deployment for up to eight total MTIs.

Budget Cap: CalMTA assumes the five-year implementation budget will be capped at $250 million, including costs for PG&E to function as the fiscal agent for the program (estimated at 2 percent). Within the five-year budget cap, CalMTA can shift funds between program years and within and between program cost categories and MTIs in consultation with the California Public Utilities Commission (CPUC) Energy Division staff and Market Transformation Advisory Board (MTAB). This ensures accountability while also providing CalMTA the ability to adaptively manage the developing MT portfolio and respond to changing market conditions.

During the startup period, where spending was subject to an annual cap, CalMTA has consistently managed the budget closely and remained under the budget cap each year. CalMTA will continue to provide quarterly and annual reporting of expenditures

[1] See Application Appendix 1: Room Heat Pump Market Transformation Initiative Plan and Appendix 2: Induction Cooking Market Transformation Initiative Plan

against the annual cost estimate and will file a trigger-based budget advice letter (TBBAL) as described in the Application if spending is forecasted to exceed the application budget in any given year by more than 25 percent, excluding carryover funds from previous years.

Timeframe: Ordering Paragraph (OP) 9 of Decision (D.)19-12-021 indicates that CalMTA's "initial five-year implementation period, along with its $250 budget, will begin after the Commission approves or modifies the application for the initial set of MTIs." D.19-12-021 set the startup period to 36 months; therefore, the cost estimate in the Application assumes Year 1 of the implementation budget will begin no later than November 23, 2025.

Future MTI Cost Estimates: The budget reserves funds for implementation of future MTI Plans during the five-year funding period. Cost estimates for future MTI Plans will be included in the Tier 2 advice letter that requests approval of each MTI Plan.

Future MTI Approvals: The cost estimate assumes that the Commission will approve CalMTA's request that future MTIs be approved via a Tier 2 advice letter process. CalMTA assumes public and MTAB review of future draft MTI Plans will occur concurrently prior to filing the Tier 2 advice letter. Protests and other delays in approving MTI Plan advice letters will delay assumed Phase III: Market Deployment timelines, resulting in increased Phase II: Program Development costs and a shifting of Phase III: Market Deployment funds into later months (and possibly years) depending on the extent of the delays.

2. CalMTA Budget Structure

CalMTA's five-year cost estimate is organized by cost category, major activity, and year, providing a detailed framework for effective management of expenditures. This framework—when combined with quarterly and annual reporting of expenditures against the annual cost estimate—ensures clarity, adaptability, and accountability in the use of the decision-approved implementation budget. The primary cost categories are outlined below, with cost summaries, percentages, activities, and deliverables for each described in the following sections.

- **MTA Administration:** covers routine and non-routine administrative tasks.
- **MTA Operations:** includes costs of overall CalMTA program operations, including activities related to the subcategories of project management, MTAB administration, policy, stakeholder engagement, and data systems development and management.
- **MTI Development (Phase I and II):** covers the costs of identifying and developing ideas through Phase I: Concept Development and Phase II: Program Development.
- **MTI Deployment (Phase III):** funds reserved for program implementation of the Room Heat Pump and Induction Cooking MTIs and up to six additional MTIs.
- **Evaluation:** includes 3rd party costs related to evaluating MTIs, including market progress evaluation, review of savings and cost-effectiveness models and forecasts, and associated evaluation reports.
- **PG&E Costs:** to cover PG&E's costs as the contracting and fiscal agent.

Table 1: Five-Year Cost Estimate by Cost Category

Five Year Budget Summary by Cost Category

Cost Category	Estimated Expenditures by Year					Totals
	Year 1	Year 2	Year 3	Year 4	Year 5	
MTA Administration	$ 1,271,000	$ 1,257,000	$ 1,414,000	$ 1,343,000	$ 1,413,000	**$ 6,698,000**
MTA Operations	$ 4,237,000	$ 4,361,000	$ 4,434,000	$ 4,606,000	$ 4,755,000	**$ 22,393,000**
Initiative/Concept Development	$ 5,785,000	$ 1,744,000	$ 1,409,000	$ 1,281,000	$ 1,247,000	**$ 11,466,000**
Phase I Activities	$ 634,000	$ 618,000	$ 633,000	$ 653,000	$ 673,000	$ 3,211,000
Phase II Activities	$ 2,917,000	$ -	$ -	$ -	$ -	$ 2,917,000
Funds Reserved for Future MTI Development	$ 2,234,000	$ 1,126,000	$ 776,000	$ 628,000	$ 574,000	$ 5,338,000
MTI Market Deployment (Phase III)	$ 17,894,000	$ 37,649,000	$ 45,432,000	$ 48,303,000	$ 47,127,000	**$ 196,405,000**
Induction Cooking	$ 4,952,000	$ 6,183,000	$ 6,445,000	$ 5,263,000	$ 4,778,000	$ 27,621,000
Room Heat Pumps	$ 5,437,000	$ 7,347,000	$ 7,556,000	$ 7,692,000	$ 6,954,000	$ 34,986,000
Funds Reserved for Future MTI Deployment	$ 7,505,000	$ 24,119,000	$ 31,431,000	$ 35,348,000	$ 35,395,000	$ 133,798,000
Evaluation	$ 512,000	$ 1,492,000	$ 1,800,000	$ 1,974,000	$ 1,993,000	**$ 7,771,000**
PG&E Costs[1]	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000	**$ 5,000,000**
Totals	**$ 30,699,000**	**$ 47,503,000**	**$ 55,489,000**	**$ 58,507,000**	**$ 57,535,000**	**$ 249,733,000**

[1]2% of the total authorized MTA budget is reserved to cover PG&E's costs as the contracting and fiscal agent.

3. MTA Administration

The total cost estimate for MTA Administration is $6,698,000, representing 3% of the total CalMTA five-year implementation budget. MTA Administration includes baseline tasks, including routine and non-routine tasks associated with financial reporting, monitoring and managing contract compliance, legal costs related to CPUC filings, and specialized administrative efforts, as needed, such as responding to data requests and financial audits.

- **Routine Financial and Administrative Tasks:** covers ongoing activities such as financial and contract reporting, contract compliance management, and day-to-day administrative management.
- **Non-Routine Financial and Administrative Tasks:** encompasses specialized or ad hoc administrative functions requiring additional effort.

Decision 19-12-021 requires two performance review activities. CalMTA has estimated costs under the non-routine financial and administrative tasks to include:

- "The MTAB will be asked to provide input assessing the performance of the MTA at the end of its third year of operations."[2] The cost estimate for Year 1 includes costs to procure a third-party contractor to develop this Organizational Review report on behalf of the MTAB.
- "At the end of the fifth year, the MTAB will review the performance of the MTA and recommend to the Commission one of the following course of action…"[3] The cost estimate for Year 2 includes costs to procure a third-party contractor to develop this Long-Term Recommendations Review on behalf of the MTAB.

Key Deliverables

- Routine financial and administrative tasks, including:
    - Monthly invoices
    - Monitored and managed contract compliance
    - Budget management, tracking, and reporting
- Non-routine financial and administrative tasks, including:
    - Organizational review
    - Long-term recommendations review
    - Data requests responses
    - CPUC financial audits and filings
    - Regulatory filing support and other ad hoc financial and reporting requests

4. MTA Operations

The total cost estimate for MTA Operations is $22,393,000, representing 9% of the total CalMTA five-year implementation budget. The MTA Operations cost estimate includes the following subcategories:

[2] D. 19-12-021 p. 58
[3] D. 19-12-021 p. 125

- **Project Management and Operations:** involves procurement management, development and management of annual Operation Plans, schedule and budget management, and communication and coordination across the CalMTA team.
- **MTAB Administration:** funds costs and activities related to the administration of the MTAB including member stipends and travel.
- **Policy:** supports policy development and alignment with regulatory frameworks.
- **Stakeholder Engagement and Communications:** includes activities to maintain relationships and ensure transparent communication with stakeholders.
- **Data Systems Development and Management:** covers the design, implementation, and maintenance of critical data systems.

a. Project Management and Operations

CalMTA will conduct a range of procurement and administrative activities to support successful implementation of MTIs that have been approved by the CPUC and moved to Phase III: Market Deployment. Solicitation and contracting of third-party program implementers will be conducted through a formal Request for Proposal (RFP) process. Key activities are as follows:

- **Solicitation and Contracting:** conducting formal RFP processes to identify and contract third-party program implementers and evaluators.
- **Planning and Tracking:** developing and implementing annual operations plans, planning and tracking of high-level deliverables and project plans, and coordination with internal and external teams on project planning and implementation.

- **Developing and Implementing Internal Policies & Procedures:** developing, refining, and maintaining internal operations processes and procedures for organizational efficiency.
- **Team Communication and Coordination:** facilitating efficient flow of information across the program team.
- **Evaluation Advisory Group Payments and Activities:** funds activities and payments for the Evaluation Advisory Group such as, reviewing and advising on MTI Evaluation Plans, RFPs for third-party MTI evaluators, proposals from third-party evaluators, and evaluation related deliverables.
- **Evaluation Advisory Group Management and Oversight:** costs directly incurred by the CalMTA team for overseeing and managing members.

Key Deliverables

- Annual Operations Plan
- Tracking of organizational key performance indicators
- Development, contracting, and management of RFPs

b. MTAB Administration

The MTAB Administration cost estimate includes costs associated with planning and executing virtual and in-person MTAB meetings over the five-year implementation period. These activities include developing agendas, preparing meeting materials, facilitating meetings, communicating with MTAB members and the public, managing meeting logistics, attendance and note-taking, ensuring follow-up on recommendations, overseeing MTAB member renewals and replacements as terms expire; and covering other direct costs related to convening the MTAB. These costs also encompass MTAB member stipends and travel expense reimbursement, travel costs for CalMTA staff directly involved in MTAB administration, facility expenses, meeting supplies, and meal costs for those attending the meetings.

Key Deliverables

- Hold up to four in-person meetings and up to four virtual MTAB meetings annually
- Annual recruitment and selection of MTAB members to replace those whose two-year terms expire

c. Policy

The policy budget will support a range of critical activities to ensure CalMTA's work remains aligned with current and evolving regulatory frameworks. These activities will also facilitate CalMTA's participation in regulatory processes and Commission approval of future MTI Plans. Key activities include:

- **Monitoring State and Federal Regulatory Activities:** informing key CalMTA staff of CPUC, CARB, CEC, DOE, EPA, and other regulatory agency rulemakings, proceedings, decisions, evaluations, and workshops relevant to program operations; ensuring responsiveness to regulatory changes; and alignment with broader state and federal level environmental and energy policies throughout the implementation period.
- **Policy Research and Documentation:** research on critical policy issues will be conducted continually, with findings summarized in background memos and reports to support strategic decision-making and stakeholder communication.
- **Supporting Regulatory Filings:** throughout the five years, CalMTA will prepare and submit regulatory filings to the CPUC, maintaining alignment with procedural requirements and advancing its policy objectives.

d. Stakeholder Engagement and Communications

CalMTA will sustain and enhance its stakeholder engagement and communication efforts throughout the five-year implementation period, ensuring robust collaboration and transparent communication. These activities are structured to promote alignment across existing programs working cooperatively with program administrators (PAs), support the development and deployment of MTIs, and deepen partnerships with environmental and social justice (ESJ) community representatives. By integrating innovative communication tools and fostering collaborative relationships, CalMTA aims to build a strong foundation for California's market transformation portfolio. The following activities will be conducted regularly throughout the five years. Key activities include:

- **Expanding Stakeholder Involvement:** engaging a broad audience of PAs, implementers, government agencies, ESJ community representatives, small businesses, specialized industry stakeholders, and others to coordinate on MTI implementation.
- **Facilitating Equity:** leveraging the Equity Sounding Board to refine outreach strategies, ensuring that RFP opportunities are accessible to historically underrepresented groups.
- **Managing and Tracking Direct Engagements:** consistently managing and tracking interactions with market actors and PAs involved in related efforts, fostering alignment, and facilitating collaboration across the market transformation landscape.
- **Enhancing Market Innovation:** encouraging diverse market actors to contribute innovative solutions aligned with MTI objectives.
- **Reporting and dissemination:** Develop and release quarterly and annual reports with updates about MTI progress via newsletters, webinars and posted on calmta.org.
- **Supporting Message Testing and Research Activities:** working closely with the program development team to conduct message testing and support other pilot, testing, or research activities related to the marketing and outreach components of MTI planning.
- **Crafting Outreach and Communications Strategies:** customizing outreach and communication strategies for specific markets for MTI deployment.

Key Deliverables:

- Quarterly and annual reports on MTI progress posted publicly on CalMTA's website
- Collateral developed in support of CalMTA or MTI audience outreach explaining the process and progress of CalMTA's work
- Live webinars on CalMTA activities including updates on MTI Market Deployment and results, with on-demand recordings available at calmta.org.
- Semi-monthly (24) stakeholder communications via newsletter or notices each year promoting RFPs, new reports, MTAB meetings, public comment opportunities, etc. Coordination meetings with key stakeholders including PAs, codes & standards working group, ESJ representatives, market actors, and others. Up to three meetings of the Equity Sounding Board each year.

e. <u>Data Systems Development and Management</u>

The Data Systems Development and Management category encompasses the creation, enhancement, and upkeep of software systems that support organizational operations and objectives. This includes a wide range of technical solutions tailored to address specific business needs and supports a broad range of activities including project management, MTI development, and stakeholder engagement. Key activities include:

- **Website and public-facing platforms:** designed to share information and interact with users and stakeholders.
- **CRM systems:** customer engagement platforms and systems such as Salesforce used to securely store and track information, communication, and activities with stakeholders.
- **Requests for Information (RFI) systems:** technology systems used to gather, track and manage RFI submissions, and communicate with submitters.

- **Procurement Systems:** technology systems used to manage, track and facilitate procurement and Request for Proposal (RFP) workflows, and vendor interactions.
- **Program Dashboarding, Tracking and Reporting Systems:** software solutions to monitor and communicate progress of each MTI, evaluate outcomes, and ensure accountability through comprehensive reporting capabilities.
- **Integrations with Partner Software Systems:** technology solutions to ensure secure data exchanges with CalMTA partners and subject matter experts (SMEs).
- **Quality Assurance and Quality Control (QA/QC):** includes the continued process, procedures, and refinement of preventing, identifying, and mitigating technology system defects during data acquisition and sharing.

5. Initiative/Concept Development

The total cost estimate for Initiative/Concept Development is $11,466,000, representing 5% of the total CalMTA five-year implementation budget. The Initiative/Concept Development cost category encompassed Phase I: Concept Development activities and Phase II: Program Development activities as CalMTA expands its portfolio of MTIs.

a. Concept Development (Phase I Activities)

The MT portfolio approach administered by CalMTA , which is modeled on the success of the Northwest Energy Efficiency Alliance (NEEA), encompasses a continuous process of scanning the market for MT opportunities and assessing their viability to be developed into future MTIs. This process ensures there is a continuous flow of new opportunities identified to refill the portfolio if other planned or actual MTIs are phased out, or to backfill behind successful ideas that transition into long-term monitoring after early market interventions.

The bulk of CalMTA's Phase I Concept Development activities occurred during the start-up phase, where CalMTA opened Requests for Ideas in 2023 and 2024. Ideas were screened, scored, and prioritized with input from MTAB and the CPUC Energy Division as detailed in the Phase I Disposition Report (Exhibit MTA-06, Attachment 1 of the supporting testimony).

Because of the need for new ideas, CalMTA will keep the idea portal open to submissions throughout the five-year implementation period. Reporting on new ideas received will be shared via quarterly reports. CalMTA has forecasted limited costs for scoring, ranking, and evaluating MT ideas submitted to CalMTA's idea portal, and then developing MT Advancement Plans for ideas that appear viable enough to warrant additional resources. These plans outline the necessary research and investigations needed to refine the ideas into a complete MTI Plan. CalMTA will also work with market partners, such as CalNEXT, to scan for promising new ideas. This will allow CalMTA to expand its reach beyond the RFI process and to leverage other outreach and research efforts already underway.

Key Deliverables from Phase I:

- Quarterly evaluation of new ideas submitted to the idea portal, including scoring and consultations with the MTAB.
- Periodic re-assessment of previously submitted ideas to determine whether market conditions have changed to increase their viability.
- Advancement Plans for new MT ideas recommended for progression to Phase II.

b. Program Development (Phase II Activities)

In Phase II, CalMTA conducts the market and product research outline in an approved Advancement Plan and refines the MT theory, validates market barriers, and ensures the initiative has a viable leverage point and program logic. This phase includes developing cost-effectiveness models, conducting market characterization, and implementing Strategy Pilots. CalMTA collaborates regularly with the MTAB during Phase II and presents interim findings for feedback. Phase II ends with the creation of a comprehensive MTI Plan, detailing the roadmap for market deployment in Phase III. The scope and contents of future MTI Plans will be similar to the MTI Plans filed in this Application.

Key Deliverables for Phase II:

Year 1

- Phase II activities for three MT ideas from the 2023 RFI will wrap up Phase II activities and CalMTA will deliver up to three draft MTI Plans.[4]
- Incorporate comments from the public and MTAB to deliver up to three final MTI Plans.
- File Tier 2 advice letters to request CPUC approval of up to three final MTI Plans.
- Develop RFPs to procure implementers and evaluators for up to three MTIs.
- Phase II activities for up to two additional MT ideas will continue throughout Year 1 according to Advancement Plans developed in 2025.[5]

Year 2

- Phase II activities described in the 2025 Advancement Plans for up to two MT ideas will wrap up and CalMTA will deliver up to two draft MTI Plans.[6]
- Incorporate comments from the public and MTAB to deliver up to two final MTI Plans.

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[4] In the cost estimate, CalMTA assumes these to be Commercial Replacement and Attachment Window Solutions, Residential Heat Pump Water Heating, and Food Service Water Heating. The first two of these are in Phase II Program Development at the time of the Application and Food Service Water Heating is anticipated to advance to Phase II in 2025. The other MT idea that is in Phase II at the time of the Application is Efficient Rooftop Units, which CalMTA expects to file via Tier 2 advice letter in 2025. However, if any of these initiatives do not continue to advance through the stage gate process, funds planned for them in the cost estimate would be shifted to developing new ideas to fill the MT portfolio.

[5] Estimated costs in the detailed forecast table for this Phase II research and subsequent MTI Plan development are listed as "Funds Reserved for Future MTI Program Development."

[6] Ibid

- File Tier 2 advice letters to request CPUC approval of up to two final MTI Plans.

Years 3 to 5

- Limited funds are budgeted for Phase II activities in Years 3 to 5.
- In the event that up to two new MT ideas are identified that merit development of an Advancement Plan, that would be implemented during outer years of the funding cycle[7]

6. MTI Market Deployment (Phase III)

The total cost estimate for MTI Market Deployment is $196,405,000 representing 79% of the total CalMTA five-year implementation budget.

a. MTI Market Deployment for Induction Cooking and Room Heat Pumps

Appendix H of the MTI Plans for Induction Cooking and Room Heat Pumps provides high-level Phase III cost estimates that are informed by the logic models and program strategies guiding these initiatives. Specific strategic interventions are detailed in Section 2.2 of each MTI Plan. As Phase III activities progress and the program strategy evolves, these estimates may be further refined through CalMTA's market development efforts.

In the MT Framework adopted in the D.19-12-021, Phase III of an MTI's life cycle includes three Stages: Market Development, Long-Term Monitoring, and Transition/Sunset. The cost estimates in Appendix H of the Room Heat Pumps and Induction Cooking MTI Plans assume that both will remain in Market Development for the full five-year implementation period, which is when CalMTA will work with the third-party implementers to conduct the strategic market interventions described in Section 2.2 of each MTI Plan.

Key activities for MTIs approved for Phase III include:

[7] Ibid

- **Program Implementation:** Includes estimated costs for the following activities that collectively aim to drive impactful outcomes and solidify the program's success during Phase III:
    - MTI oversight, strategy, and management will ensure the program operates efficiently, achieves its objectives, and tracks and reports metrics.
    - Awareness-building initiatives associated with the MTI strategy will include campaign strategy design and production and advertisements as required to build demand.
    - Policy development and support to create a strong foundation for long-term sustainability by supporting and influencing relevant policies and standards called out in the MTI strategy.
    - Supply chain engagement will include activities along the full supply chain as defined in the MTI strategy, including workforce education and training, manufacturer outreach and engagement, and retailer engagement on stocking practices, messaging, and program participation.
- **Market Research:** will focus on comprehensive market and technology research, data collection and analysis to gain critical insights into target markets and stakeholder needs. This phase will involve gathering relevant data, identifying key trends, and understanding challenges to inform decision-making and optimize program strategies.
- **Incentives:** will leverage a multi-tiered incentives approach to drive participation and foster engagement across key stakeholders. Mid- and upstream incentives will focus on encouraging producers and suppliers to adopt practices aligned with program objectives, while downstream incentives will target end users to promote adoption and increase demand. This strategic

framework ensures a comprehensive impact across the supply chain, supporting the program's overarching goals.

b. Funds Reserved for Future Deployment

This budget line item is allocated for Phase III costs of future MT ideas that have gone through Phase I and Phase II of the MTI Development/Deployment process and have been approved via an advice letter by the Commission to move forward to Phase III. Specific strategic interventions will be detailed in each future MTI Plan, along with an Appendix H Phase III cost estimate. In addition, the Tier 2 advice letter for each MTI Plan will include a detailed cost estimate breakdown of the funding needed through the end of the current funding cycle in a format similar to the worksheets provided in Appendix 3 of the Application, with detailed cost estimates for program implementation, market research, and incentives.[8]

7. MTI Evaluation

The total cost estimate for MTI Evaluation is $7,771,000, representing 3% of the total CalMTA five-year implementation budget.

The MTI Evaluation category funds the evaluation of MTIs by independent, third-party evaluators, selected via a competitive RFP process. Third-party evaluators will perform ongoing evaluations for each MTI to ensure rigorous market progress, MTI performance assessment, and management accountability, and to generate insights that will inform the evolution of market strategy. Key MTI Evaluation-related activities are as follows:

- **Evaluate Market Progress and Causality:** finalize MTI Evaluation Plans and conduct research and analysis to assess MTI market progress per agreed-upon market progress indicators; assess MTI causality.
- **Review Market Adoption and Cost-Effectiveness Models and Forecasted/Reported Savings:** conduct comprehensive reviews of CalMTA

[8] Only the first two MTIs included in the Application will have five full years of funding during the first funding cycle. Subsequent MTI funding will be forecasted for the remainder of the five years based on when each MTI Plan is approved.

market adoption and cost-effectiveness models, inputs and assumptions, and associated savings and cost-effectiveness estimates.

- **Evaluation Reporting and Tracking:** report findings in annual market progress evaluation reports.

Key Deliverables for MTI Evaluation

- Final MTI Evaluation work plan.
- Third-party evaluator review of MTI market adoption and cost-effectiveness forecasts.
- Market Progress Evaluation Report(s) delivered approximately 15 months after the launch of Phase III activities for each MTI and annually thereafter.