



2023

Annual Operations Plan

*Catalyzing market change for the
energy future we need*

Welcome to market transformation in California!

While creating energy efficiency through its market transformation initiatives, CalMTA advances state goals on decarbonization, environmental and social justice, and adding value to grid health.

The California Market Transformation Administrator (CalMTA) officially launched in early 2023 as a new, dedicated program focused on delivering cost-effective energy efficiency. CalMTA's work will also help achieve California's other goals on greenhouse gas emissions reductions, clean energy workforce development, and energy equity to households and businesses across the state. During this first, critical year, we are ramping up our infrastructure and identifying market transformation initiatives (MTIs) that will bring lasting market changes to accelerate adoption of targeted technologies and practices.

CalMTA was established under a comprehensive market transformation framework set up by the California Public Utilities Commission (CPUC) in Decision 19-12-021. The framework requires an independent third-party administrator, known as CalMTA, to develop and oversee implementation of MTIs with the advice of a Market Transformation Advisory Board (MTAB). The decision provides \$320

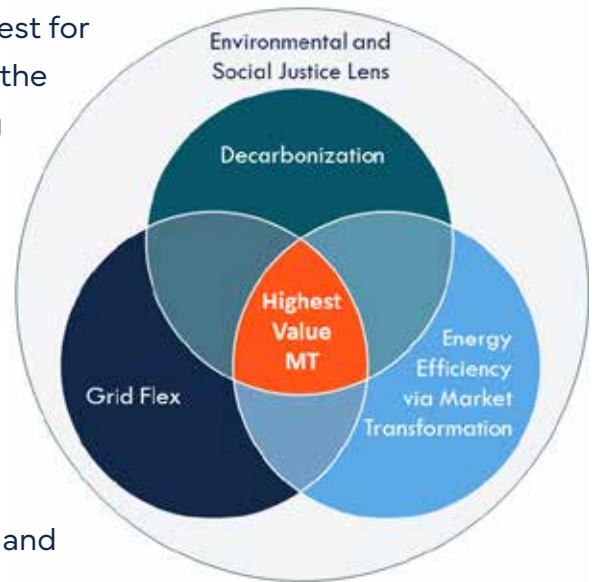
million over eight years to create and manage the state's market transformation portfolio. The work is planned to be transitioned to a nonprofit by 2030.

High-value, market-level solutions

Today's energy system is an integrated set of distributed energy resources, bulk generation, smart efficiency technology, energy storage strategies, and the massive electricity grid. These aspects work together to meet energy needs every day. There are numerous programs in California striving to improve end-use efficiency, grid health, and reliability. In coordination with those programs, CalMTA is employing a unique approach called market transformation to bring added value to Californians. Market transformation is the strategic process of intervening in a market to create lasting change by removing market barriers or exploiting opportunities, to accelerate the adoption of high-value energy efficiency.

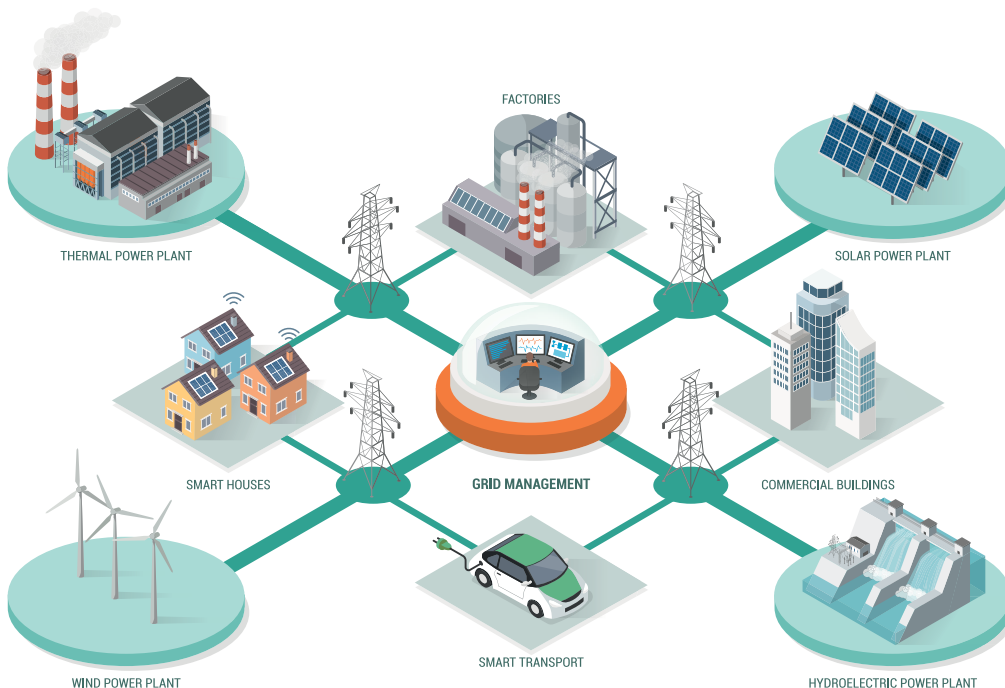
Market transformation is a proven approach that has been successfully delivering energy savings and other benefits in the Northwest for decades. This efficiency has come in the form of growth in the market share of low-energy products such as front-loading clothes washer, high efficiency windows, and practices like strategic energy management. That’s the equivalent of taking roughly 13 natural gas-fired plants offline.


CalMTA-developed MTIs will primarily focus on delivering energy savings, but will also work to achieve other benefits. The assessment and selection of MTI concepts will prioritize those that result in the highest-value market transformation to also bring benefits of decarbonization, demand flexibility, and progress on environmental and social justice (ESJ).



CalMTA’s portfolio of MTIs will be customized to the unique needs of California and aligned with the current set of efficiency programs already in operation. Engagement with key stakeholders will facilitate collaboration and alignment as well as to accelerate market transformation portfolio development and implementation for long-term energy savings. Two specific collaborative mechanisms include the Market Transformation Advisory Board (MTAB) and MTI Working Groups that will collaborate on initiative development.

This **2023 Annual Operations Plan** describes the work CalMTA staff and sub-contractors have completed to date this year and work that lies ahead to meet our first-year goals.



A close-up photograph of a construction worker wearing a blue hard hat and safety glasses. The worker is focused on their task, with their hands visible wearing yellow and green gloves. They are working on a concrete structure, possibly a wall or foundation, with some rebar visible. The background is blurred, showing other workers and construction equipment.

"I look forward to the establishment of an Advisory Board that will keep an eye to assuring all communities will have an opportunity to benefit, especially disadvantaged communities."

CPUC Commissioner Genevieve Shiroma

Laying the foundation

CalMTA's first year of operations will facilitate the development of a robust set of MTIs to deliver high-value impact.

CalMTA will establish a strong foundation this first year of operations to support a portfolio of MTIs over the next eight years. These foundational activities will facilitate the development of a robust set of MTIs to deliver high-value impact. Importantly, we are working to maintain transparency and accountability in its operations to ensure the highest use of ratepayer dollars. The main areas of these efforts are:

- 1 Establishing and optimizing business operations
- 2 Forming an advisory board including developing a charter and conflict of interest policy
- 3 Actively collaborating with key stakeholders working in California's energy efficiency and clean energy industry

CalMTA is administered by Resource Innovations, a woman-led company providing software-enabled, clean energy services for utilities and their customers. We are also supported by a team of expert firms with backgrounds in energy efficiency, market transformation, and equity. Staff from Resource Innovations and our partnering firms (listed below) are dedicated to supporting CalMTA to develop, oversee implementation, and track progress of MTIs.



Build business operations

CalMTA is establishing best-practice administrative systems that will allow day-to-day operations for exceptional staff performance. To this end, we are focused during this start-up year of 2023 on completing the following activities.

FINANCE & IT

CalMTA is developing systems that enable tracking and reporting financial data to Pacific Gas and Electric (the counterparty to CalMTA's contract) and the CPUC on an annual and monthly basis. In addition, we are building an MTI management system that will manage submissions and MTI concept development from the upcoming Request for Ideas solicitation to delivery of the final MTI Advancement Plans.

STAFF HIRING, ROLES & OPERATIONS

With a defined staffing plan, Resource Innovations is recruiting and hiring employees to conduct the daily business of CalMTA. CalMTA is led by Margie Gardner, VP of Market Transformation at Resource Innovations, with support from a team of principals overseeing operations, market transformation initiatives, stakeholder engagement and communications, and policy. Read more about CalMTA staff at: calmta.org/staff.

This work also includes establishing systems and processes that create a collaborative and effective working environment across functional teams. See the next page for activities.

FINANCE & IT ACTIVITIES

- ✓ Develop CalMTA policies for financial management including forecasting, reporting, and invoicing (Q1)
- ✓ Create IT infrastructure including computer delivery and set up, common server for file sharing, email set up, staff billing and payroll, and travel and expense reimbursements (Q1)
- ✓ Ensure IT systems meet firewall requirements (Q1)
- Develop an MTI development and management platform including documentation of process and reporting requirements (Q2)
- Create 2024 budget and file with CPUC in an advice letter (called an ABAL) (Q3)

STAFFING ACTIVITIES

- ✓ Create a staffing plan for CalMTA with roles and reporting structure (Q1)
- ✓ Develop job descriptions for each role and work with Resource Innovations talent acquisition team to fill positions according to schedule and meeting diversity goals (ongoing)
- ✓ Form an onboarding process to help new staff be productive immediately after start date with ongoing information sharing forums (Q1)
- ✓ Ensure new staff receive IT safety and workplace harassment training (ongoing)
- ✓ Develop a project management process and adopt a tool for project tracking (Q2)
- ✓ Develop a comprehensive CalMTA Staff Handbook that documents operational practices and cultural aspects for staff (Q2)
- ✓ Create a Knowledge Hub that allows staff easy access to policies and procedures (Q2)

LEGAL & CONTRACTING

CalMTA is developing processes to ensure subcontractor compliance with our contract terms. In particular, we are instituting conflict of interest rules for staff and subcontractors and a firewall between the work of CalMTA and Resource Innovations. The firewall works to eliminate conflicts of interest and maintain independence related to MTI development decision making. We will also develop a fair, competitive, and transparent process for Request for Proposal (RFP) solicitations to be used when implementation services are sought to deliver market transformation initiatives.

LEGAL & CONTRACTING ACTIVITIES

- ✓ Execute subcontracts with team of firms (Q1)
- ✓ Create and implement a Conflict of Interest (COI) policy and corporate firewall with Resource Innovations leadership (Q1 and ongoing)
- ✓ Establish a COI policy for subcontractors (Q1)
- ✓ Create policies for procurement and a process for approval, scoping, and contracting for vendor services, cloud-based tools and other needs (Q2)
- ✓ Set up and monitor subcontractor compliance with COI policies (Q2)
- Develop Draft Solicitation Protocols that will ensure fair and competitive RFP processes (Q4)

Form an Advisory Board of diverse perspectives

To support CalMTA’s work, the CPUC decision required the formation of a Market Transformation Advisory Board (MTAB) to advise on the design, development, and deployment of MTIs. The nine-member body is comprised of representatives from diverse backgrounds and perspectives working at the intersection of energy efficiency and climate change mitigation, workforce education and training (WE&T), and environmental and social justice (ESJ).

While the MTAB’s advice and recommendations are non-binding, CalMTA will collaborate with members to develop a vision of success and align on CalMTA’s processes and deliverables. This includes setting long-term goals for the Market Transformation Portfolio, such as savings, metrics for ESJ communities, savings attribution approaches and baselines, and tolerance levels for risk. Current MTAB members include:

- **Cyane Dandridge**, Strategic Energy Initiatives, Workforce and/or labor
- **Hayley Goodson**, TURN, Ratepayer advocacy/protection
- **Fred Gordan**, Energy Trust of Oregon, Evaluation
- **Jeff Harris**, NEEA, National/Regional energy efficiency policy professional
- **Randall Higa**, Southern California Edison (SCE), Investor-Owned Utility (IOU)
- **Lujuana Medina**, SoCal REN, CCA/RENs
- **Peter Miller**, NRDC, Environmental advocacy
- **Christina Torok**, CPUC’s Energy Division, CPUC member
- **Ky-Ann Tran**, Cal Advocates, Ratepayer advocacy/protection

Activities related to MTAB recruitment, formation, and workstreams in 2023 are shown on the next page.

CALMTA’S LEADERSHIP TEAM



Margie Gardner
Vice President
Market
Transformation



Jeffrey Mitchell
Principal,
MTI Development
& Deployment



Stacey Hobart
Principal,
Stakeholder
Engagement
& Communications



Jim Giordano
Principal, Business
Operations



Nils Strindberg
Principal, Policy

ADVISORY BOARD ACTIVITIES

- ✓ Define purpose and qualifications for MTAB applicants (Q1)
- ✓ Create a charter and Conflict of Interest policies (Q1)
- ✓ Develop an online application form for interested candidates and publicize the opportunity to apply (Q1)
- ✓ Review and assess applications recommending an MTAB member and alternate for each of the identified backgrounds (Q1)
- ✓ Draft and submit an advice letter with the recommended members for CPUC approval; respond to protests (Q1)
- ✓ Schedule and plan for a series of MTAB meetings to review the request for ideas solicitation, scoring and criteria, and prioritization of submissions (Q2)
- ✓ Hold a public orientation meeting to introduce nominees to CalMTA and the MTI development process (Q2)
- Hold public MTAB meetings in-person and virtually through 2023 to develop a set of MTI concepts for advancement (ongoing)
- Share notices of the meeting schedule including agenda and packet materials on calmta.org and via email announcements (ongoing)

Collaboration & stakeholders

California has a long-standing energy efficiency portfolio of programs in operation. Adding market transformation to this active landscape is an important step to meeting the state's energy and climate goals but requires an understanding of current offerings to ensure that MTIs are effectively adding cost-effective energy savings and other benefits. Close collaboration with existing programs, stakeholders, and market actors will drive the development of more successful MTIs and speed their integration of a Market Transformation portfolio in California..



✓ Announce the launch of CalMTA with a joint CPUC/Resource In-

vestigation Report (Q2)

This work will be guided by a strategy that emphasizes open sharing of CalMTA activities through regular reporting and opportunities for input among program administrators, implementers, efficiency advocates, and others. We will ensure that stakeholders have clear opportunities for input and feedback. Activities related to 2023 stakeholder engagement and communications are described below.

STAKEHOLDER ENGAGEMENT ACTIVITIES

- ✓ Create a logo and brand identity for CalMTA that is unique and recognizable and develop key collateral assets (Q2)
- ✓ Develop an accessible website that provides information about CalMTA's goals and MTI development (Q2)
- ✓ Create an annual operations plan for CalMTA and quarterly reports that share the status of progress (Q2 and ongoing)
- ✓ Create and send regular email or newsletter updates to share progress on CalMTA activities with stakeholders (ongoing)
- ✓ Publicize public MTAB meetings and create opportunities for public comment either during the meetings and afterward (ongoing)
- Conduct personal meetings with key stakeholders including program implementers and administrators to initiate information sharing and collaboration (ongoing)
- Launch and execute a campaign promoting CalMTA's Request for Ideas (RFI) that allows various audiences to submit their best ideas for realizing market transformation (Q2 and Q3)
- Tap efficiency industry companies and organizations to help share information about the RFI and other CalMTA efforts (ongoing)
- Gather input on the prioritized Request for Ideas from targeted audience segments, such as ESJ communities (Q3 and Q4)
- Create and release a second quarter report on CalMTA activities to date and quarterly thereafter (Q3)

A woman with long dark hair, wearing a red t-shirt and blue jeans, is shown in profile from the waist up, loading laundry into a white front-loading washing machine. She is holding a large, woven wicker basket filled with clothes. The laundry includes a grey button-down shirt and a yellow cloth. The background is a light-colored wall with vertical lines, possibly from a window blind or curtain. The overall scene is brightly lit and clean.

“The CalMTA is critical for delivering on the promise of new energy efficiency technologies in California. I look forward to working with Resource Innovations in this role, and to continue building on California’s record of success.”

CPUC Commissioner Darcie L. Houck

Setting the stage for California's market transformation portfolio

All of CalMTA's MTI development phases will be implemented with intentional consideration of California's efficiency, GHG reduction, clean energy, workforce development, and ESJ goals.

The development and deployment of a high-value portfolio of MTIs will follow a three-phase process with milestones and stage gates. All of these phases will be executed with intentional consideration of California's energy and climate goals along with regular review and input from the MTAB and MTI working groups. Phase I activities will occur primarily in 2023 and are covered in this **Operations Plan**. Phase II and Phase III are also described briefly to give insight into work beyond 2023.

Gather & prioritize MT ideas

PHASE I: CONCEPT DEVELOPMENT

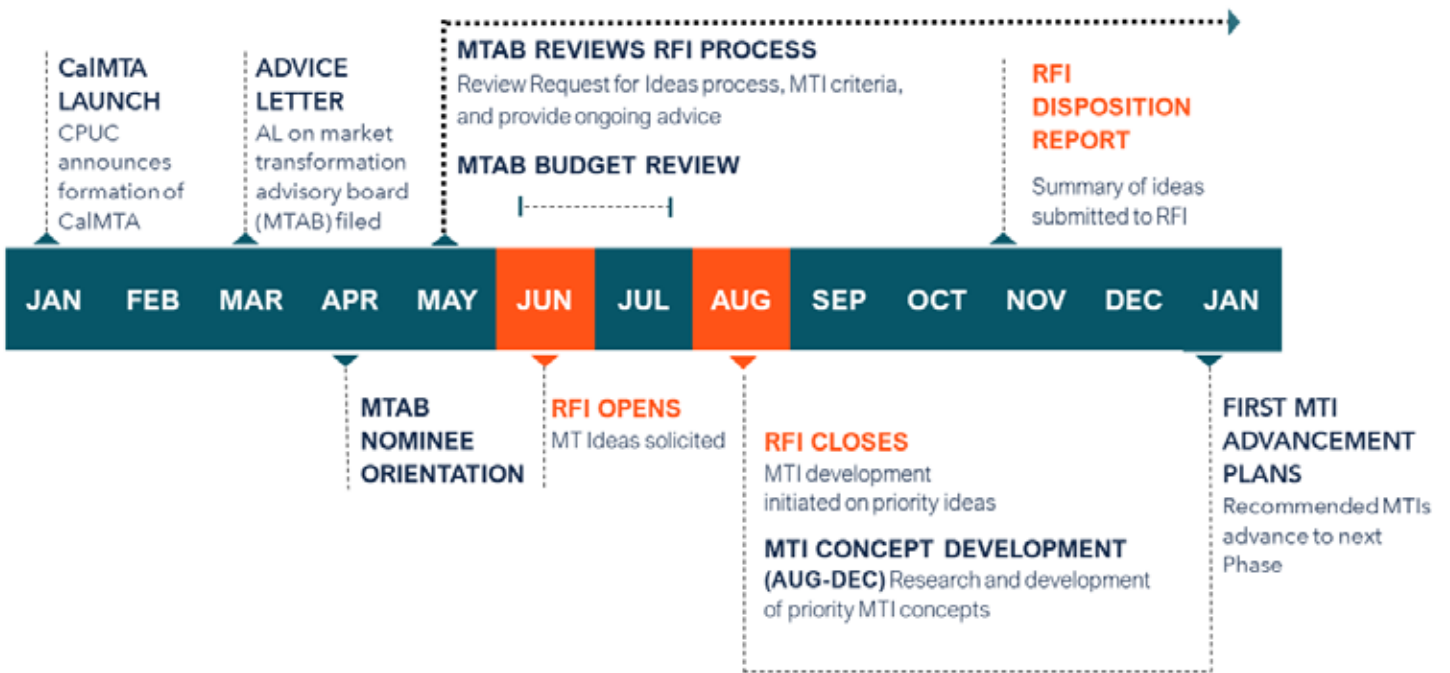
Phase I of MTI development will take place in 2023 and culminate with the delivery of an *RFI Disposition Report* describing the outcome of the ideas submitted through an RFI intake portal, including which ideas will proceed and which, with advice of the MTAB, will not move forward for MTI plan development.

In addition, CalMTA will create MTI Advancement Plans for ideas that are recommended to move to Phase II. The Advancement Plans include actions for market research, field demonstrations, pilots, and other activities to fill gaps in knowledge in order to write a full MTI Implementation Plan during Phase II specific to each market and idea selected. Phase I activities are described below.

PHASE I: MTI PROGRAM DEVELOPMENT ACTIVITIES

- ✓ Create an MTI development process to describe the steps that CalMTA will pursue (Q1 and Q2)
- ✓ Research existing programs to determine current gaps and opportunities for MTI concepts (Q1 and Q2)
- Work with MTAB in public forums to create MTI criteria and scoring for the evaluation of ideas (Q2 and Q3)
- ✓ Selection criteria will cover aspects such as long-term energy savings, equity/workforce development, cost-effectiveness, total system benefit, and GHG reduction potential
- ✓ Create an intake form with instructions and key questions for submitters to share their ideas (Q2)
- Launch an open Request for Ideas, kicking off in June and running for two months, to gather MTI ideas (Q2 and Q3)
- Use the MTI Development and Management Platform (see Build Business Operations section) to catalog, manage and score RFI submissions (Q3 and Q4)
- Develop an approach on how to ensure positive impacts to ESJ communities (Q2)
- Coordinate with the MTAB to review submissions and prioritize MTI ideas for further development (Q3 and Q4)
- Work with MTAB to develop overarching goals for the MT portfolio (Q3)
- Develop conflict of interest policies for MTI Working Groups, and work to establish these groups for specific markets identified in the MTI Advancement Plans (Q4)
- Summarize the outcomes of all ideas submitted and deliver to the CPUC and MTAB as an *RFI Disposition Report* (Q4)
- Develop MTI Advancement Plans for those ideas that will move to Phase II: Program Development (Q4 draft; Q1 2024 final)

CalMTA First Year Timeline



SET UP BEST-IN-CLASS MARKET RESEARCH AND EVALUATION

Market research and evaluation are critical to CalMTA’s work and inform all aspects of MTI development and deployment. For example, market research and evaluation planning will support the creation of MTI logic models and market progress indicators (MPIs) that establish clearly defined, measurable goals and metrics at the start of any initiative.

Evaluations will provide a transparent, independent, and data-driven process for understanding the potential, market penetration, readiness, energy and non-energy benefits of an MTI and a public process for reporting on an MTI’s progress.

APPLYING AN EQUITY LENS

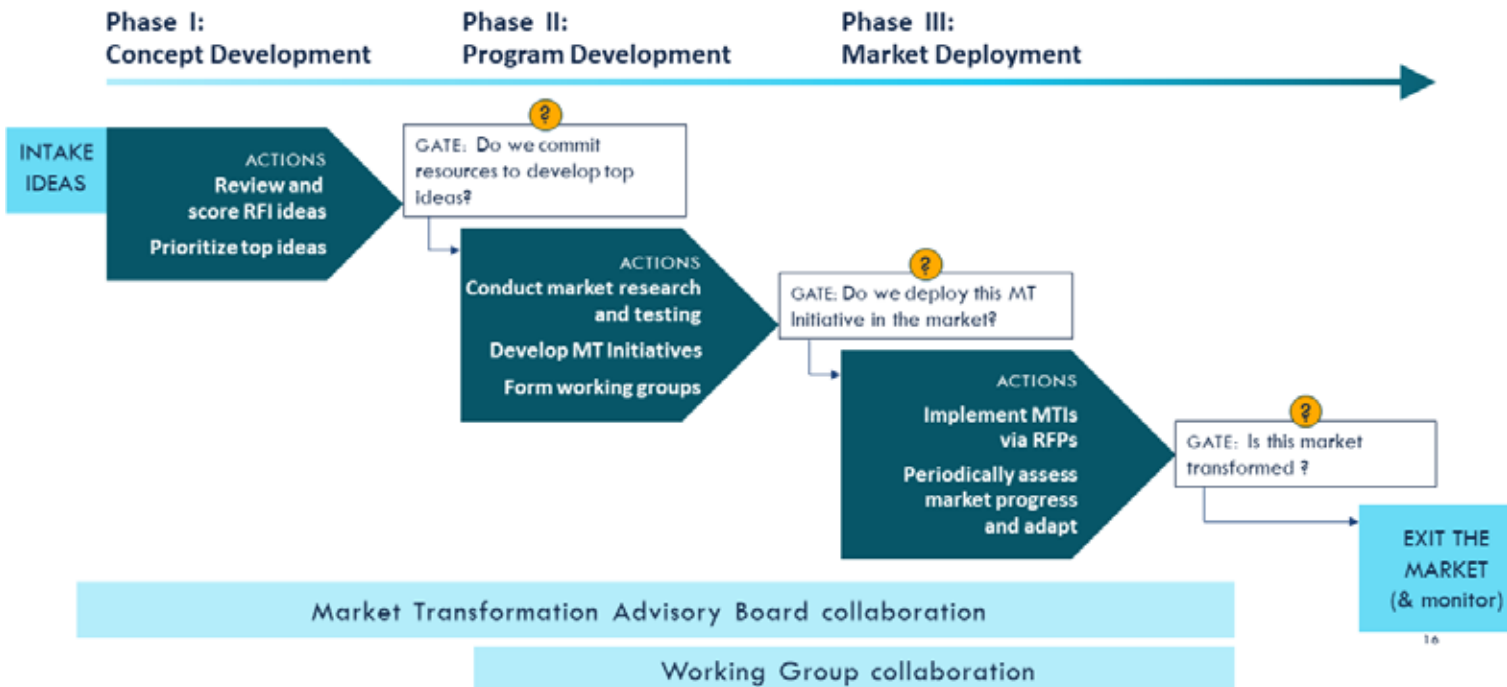
CalMTA recognizes the historical lack of energy efficiency investment in ESJ communities, especially communities of color, and strives for energy equity in our initiative development and portfolio outcomes. The team is developing a process to track, report, evaluate, and improve benefits to ESJ communities. Our approach involves:

- Bringing an equity lens to our MTI selection process, including aligning with existing income-qualified program efforts, and assigning equity metrics to our screening and scoring.
- Engagement and involvement of ESJ communities during the MTI development and implementation process.
- Reviewing our portfolio MTIs to ensure delivery to ESJ communities.



Three phases of MTI development

After intake of ideas, CalMTA will concept priority ideas and development into full MTI plans. After CPUC approval, those plans will be bid out for implementation.



Develop & test MTI strategies

PHASE II: MTI PROGRAM DEVELOPMENT

Phase II of MTI development will be conducted in 2024 and end with delivery of full MTI Plans to be submitted to the CPUC via an application. An MTI Plan documents essential information about the strategy and interventions, including its logic model, anticipated benefits, evaluation plan and metrics that will be tracked to ensure the market is responding appropriately.

PHASE II: MTI PROGRAM DEVELOPMENT ACTIVITIES

- Conduct market research, laboratory and/or field testing, pilots, and other activities per *MTI Advancement Plans* to test market strategies
- Based on testing of strategies, develop final MTI logic models and strategic approaches on market interventions
- Develop evaluation plans and establish market progress indicators (MPIs), cost-effectiveness models, etc. from collected baseline data
- Further prioritize potential MTIs based on portfolio goals and highest value impacts
- Finalize MTI Plans for each initiative recommended to move into full-scale market deployment in Phase III (see sample of MTI plan elements)
- Submit full MTI Plans to the CPUC via an application for approval

FULL MTI PLAN ELEMENTS

- Target market and product defined
- End-state transformation goal is set
- Logic model complete
- Identified intervention and leverage points
- Clear exit strategy
- Savings estimated
- Method and data defined
- Baseline is set
- Evaluation Plan is incorporated
- Data requirements are clear and realistic
- Market progress indicators set
- Fit with EE Portfolio is clear
- Support for GHG, workforce education and training (WE&T), and equity and environmental justice goals are defined


ESTABLISH WORKING GROUPS FOR COORDINATION ON MTI DEVELOPMENT

During MTI development, CalMTA will engage with market actors and other efficiency industry stakeholders to establish working groups. These groups will be comprised of program administrators, third-party implementers, and other subject matter experts who are active in MTI-targeted markets. The purpose of the working groups is to help MTIs better align with existing programs and optimize their approach to catalyzing market change.

MTI Working Groups will be formed per MTI (or per market if there are multiple MTIs in one market) and will advise the CalMTA team on the design and development of initiatives ideas based on their knowledge and work in that market

After MTIs are approved by the CPUC, MTI Working Groups will provide additional input for adjustments as MTIs are deployed. Similar to the MTAB, working groups will review the development of key policies and data, such as savings attribution approaches and baselines, to ensure accurate counting of savings. Their input will be documented during public meetings.

□ Set rules for



“During this effort, we’ll align and collaborate with current programs, utilities, and stakeholders to bring additional market-based efficiency solutions for the benefit of all Californians.”

Lauren Casentini, CEO, Resource Innovations

Deploy MTIs & monitor/adapt

PHASE III: MARKET DEPLOYMENT

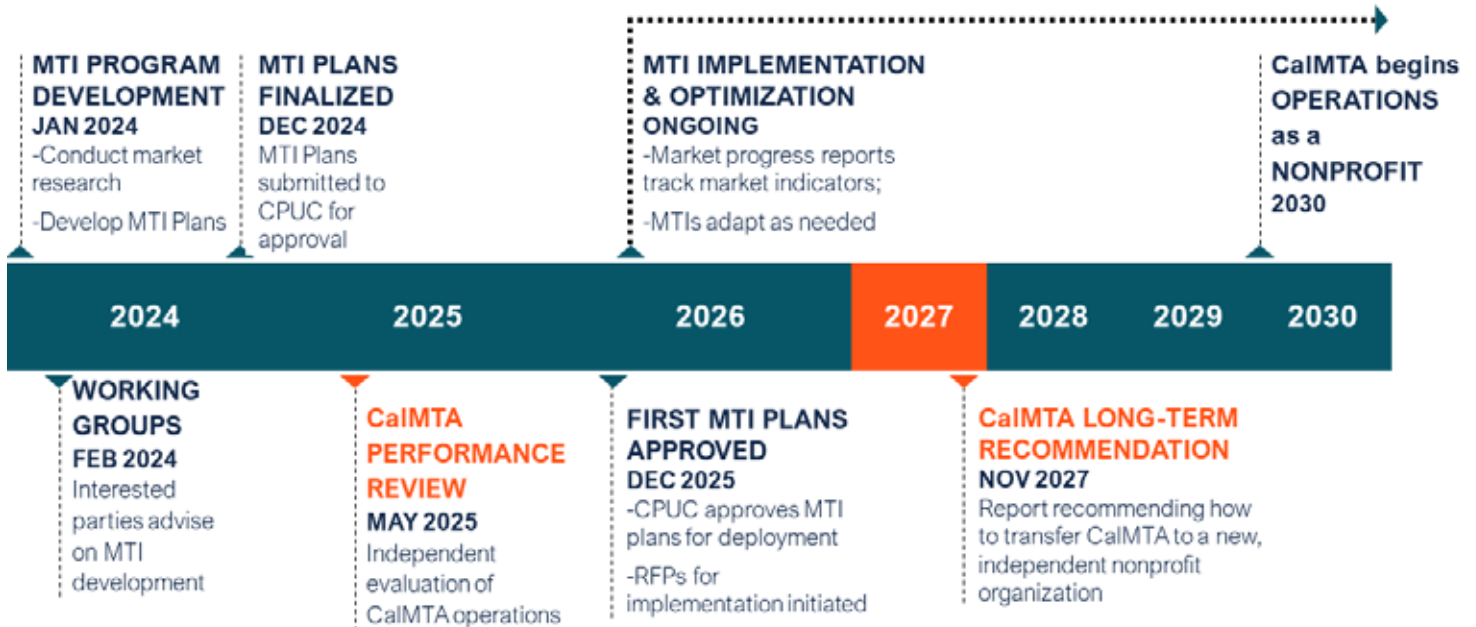
Upon CPUC approval of the CalMTA application for the MTI Plans, activities move into Phase III, which involves the implementation of those plans. We will outsource MTI implementation via Requests for Proposals (RFPs) that will seek qualified firms to carry out the work. Activities during Phase III below will likely occur in late 2024 and beyond.

PHASE III: MTI PROGRAM DEPLOYMENT ACTIVITIES

- Set rules for RFP solicitations to ensure a fair, transparent, and competitive solicitation
- Conduct a solicitation process to secure resources to implement the approved MTI Plans
- Once contractors are selected, launch full-scale market deployment of MTIs working within the timelines and delivering on the milestones described in the MTI Plans
- Conduct evaluations, including monitoring of MTI progress toward Market Progress Indicators (MPIs); evaluations will include a third-party review of savings and cost-effectiveness and discussions with the MTAB and working group members
- Use market data and MPIs to report savings and other impacts, and adaptively manage the MTI as needed to ensure successful achievement of outcomes
- Ramp MTIs down and/or off-board as they either meet their goals or fail to progress
- When MPIs are met, and the MTI no longer needs CalMTA's support, CALMTA may continue with long-term monitoring to track savings annually



Milestone Timeline 2024 - 2030



Conclusion

California has set a bold path to catalyze energy efficiency and decarbonization innovation with market transformation. CalMTA will deliver high-impact solutions that further the state's clean energy economy and climate goals to benefit all Californians.

This plan reports on the activities to be undertaken by CalMTA during its first year in operation. But it also signals something more: a new energy efficiency approach in the face of climate change impacts that grow every year. This new approach—intentional market transformation—adds to California's cache of climate response strategies and helps accelerate the transition to the cleaner energy future we need. Efficiency remains a primary strategy to lower energy demand, reduce air pollution, and create higher-wage, clean energy sector jobs. California's investment in market transformation will help further advance these goals.

Californians, more than most other Americans, have experienced first-hand the challenging impacts of a warming planet. As a leader in this fight, the state is leaning in on market-level actions that will deliver market transformation benefits of efficiency at scale and with staying power.



CalMTA is a program of the [California Public Utilities Commission](#) administered by [Resource Innovations](#)



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