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Advice RI-CalMTA-3

(Resource Innovations, Inc. – California Market Transformation Administrator ID U-1399-E)

Public Utilities Commission of the State of California

Subject: RI-CalMTA’s 2025 Energy Efficiency Annual Budget Advice Letter

Purpose

RI-CalMTA submits its 2025 annual budget advice letter (ABAL) by a Tier 2 advice letter in compliance with directives in Decision (D.) 19-12-021, and D.15-10-028.¹

RI-CalMTA requests that the California Public Utilities Commission (CPUC) approve its 2025 ABAL budget request of \$19,600,000.

Background

Through D.19-12-021, the CPUC authorized the market transformation administrator (CalMTA), an initial administrative budget of up to \$20 million per year for startup work until the CPUC approves the initial tranche of Market Transformation Initiatives (MTIs) for deployment via an application.² Through D.19-12-021, the CPUC further allocated CalMTA a five-year budget of \$250 million to implement MTIs once the initial set of MTIs is approved by the CPUC.

The CalMTA contract with Pacific Gas and Electric Company (PG&E) (discussed below) reduced the annual start-up budget cap from \$20 million to \$19.6 million per year for the first three years and the five-year budget for MTI implementation from \$250 million to \$245 million to cover PG&E’s possible administrative costs. The contract allows CalMTA to request any of PG&E’s unspent administrative funds to be accessible to CalMTA after year six of the contract.

In D.19-12-021, the CPUC ordered PG&E to act as the statewide lead and contracting and fiscal agent responsible for the selection of an independent, statewide market transformation administrator.³ Pursuant to that authority, in March 2021 PG&E issued a competitive Request for Proposals (RFP) at the direction of the CPUC and in compliance with the requirements for third-party solicitations included in D.18-01-004. The RFP resulted in the selection and execution of a contract between PG&E and Resource Innovations for Resource Innovations to administer CalMTA.

¹ D.19-12-021, at p. 59 and D.15-10-028, OP 4.

² D.19-12-021, OP 7, at p. 90.

³ D.19-12-021, OP 6, at p. 90.

On October 26, 2022, as required by D.19-12-021, PG&E filed a Tier 2 Advice Letter 4674-G/6747-E for CPUC approval of the contract. The advice letter was approved by the CPUC with an effective date of November 23, 2022. Tier 2 Advice Letter 4674-G/6747-E approved the initial budget startup budget for CalMTA for 2022-2023.

On March 14, 2023, RI-CalMTA filed Advice Letter RI-CalMTA-1 for CPUC approval of the proposed membership and conflict of interest rules for the Market Transformation Advisory Board (“MTAB”) developed by CalMTA in consultation with CPUC staff as described therein. On April 7, 2023, RI-CalMTA filed Advice Letter RI-CalMTA-1-A, a supplemental advice letter, that provided revisions to the proposed conflict of interest rules in response to a protest to Advice Letter RI-CalMTA-1. Advice Letter RI-CalMTA-1-A was approved by the CPUC’s Energy Division Director with an effective date of April 13, 2023.

Pursuant to D.19-12-021, CalMTA is required to file a Tier 2 advice letter with an annual budget each year for the upcoming budget year.⁴ The decision indicated that the annual budget process for CalMTA “is similar to the rolling portfolio ABAL.”⁵

By this Tier 2 Advice Letter, RI-CalMTA-3, CalMTA submits its 2025 ABAL for approval by the CPUC. CalMTA’s 2025 ABAL complies with all CPUC requirements for ABALs for CalMTA set forth in D.19-12-021.⁶ Advice Letter RI-CalMTA-2 also complies with the requirements of General Order 96-B governing Tier 2 advice letter filings.⁷

Ordering Paragraph (OP) 4 of D.15-10-028 states that the energy efficiency (EE) PAs must file their ABALs for the next year’s EE portfolio by the first business day in September. There is a lack of clarity on whether OP 5 of 15-10-028 applies to CalMTA. OP 5 allows PAs to continue with their previous budget if their ABAL is not approved by January 1 of the year for which it was filed. To limit the risk of a funding cliff on January 1, 2025, and to ensure that CPUC has sufficient time to approve this ABAL before the start of 2025, CalMTA is filing early.

Contents of Filing

This ABAL provides the required information about CalMTA’s 2025 budget and activities, including:

- 1. CalMTA’s 2025 Budget, Savings and Cost-Effectiveness;**
- 2. CalMTA’s 2025 Activities and Deliverables; and**
- 3. MTAB Report and Recommendation on CalMTA’s Proposed 2025 Budget.**

Discussion

1. CalMTA’s 2025 Budget, Savings and Cost-Effectiveness

CalMTA is funded by the four investor-owned utilities (IOUs) based on the same allocation that is used to fund statewide EE programs as shown in Table 1.⁸

⁴ D.19-12-021, at p. 59.

⁵ Ibid.

⁶ D.19-12-021, at p. 59, p. 110 and pp. 125-127.

⁷ General Order 96-B, General Rule 7 and Energy Industry Rule 5.2.

⁸ D.19-12-021, at pp. 63-64.

Table 1. IOU Funding Shares for Market Transformation

IOU	Electric Funding Split*	Gas Funding Split*	Market Transformation Funding Split**
PG&E	44.5%	50.4%	45.5%
SDG&E	15.5%	7.8%	14.0%
SCE	40.0%	0.0%	32.5%
SoCalGas	0.0%	41.8%	8.0%

*See Table 2 on page 5 of SDG&E Advice Letter 3268-E-A/2701-G-A.

**Consistent with a fuel type allocation of 80% electric, 20% gas. See Table 3 on page 7 of SDG&E Advice Letter 3268-E-A/2701-G-A.

In the EE Application Proceeding (A.22-02-005), the CPUC issued D.23-06-055 on May 26, 2023, which included an updated funding allocation among the IOUs for statewide programs.⁹ CalMTA will assume that the IOU funding shares approved for the market transformation framework in D.19-12-021 and reflected in the contract between PG&E and Resource Innovations still apply to CalMTA. We anticipate PG&E, the fiscal agent for the CalMTA contract, will use these funding shares unless the CPUC clarifies through a future decision or Commission directive that a new funding arrangement applies.

In terms of savings and cost-effectiveness, CalMTA does not expect to have any approved MTIs in the market long enough in 2025 to have any claimed savings.¹⁰ Therefore, we forecast no energy savings and a cost-effectiveness ratio of zero for all cost-effectiveness tests required to be filed with the ABAL.

CalMTA Startup Budget Summary

Table 2 includes a summary of the three-year startup budget for CalMTA, including actuals and expenditures from the first year, the 2024 authorized ABAL budget, a year-to-date preliminary 2024 forecast, and the 2025 budget requested in the ABAL for the third and final year of the startup period.

Table 2. CalMTA Startup Budget Summary

Cost Category	2022-23 Authorized Budget	2022-23 Actual Expenditures	2024 Authorized Budget	2024 Preliminary Forecast*	2025 Budget Request
Administration	\$1,636,831	\$588,178	\$1,011,287	\$1,008,000	\$967,000
Operations	\$8,179,935	\$5,075,958	\$4,444,191	\$4,444,112	\$4,647,000
Initiative/ Concept Development	\$4,546,965	\$5,385,303	\$14,076,113	\$14,075,947	\$13,986,000
TOTAL	\$14,363,731	\$11,049,439	\$19,531,591	\$19,528,059	\$19,600,000

* Includes actuals for January – May, preliminary actuals for June, and forecasted expenditures for July – December. Assumes funding conditionally allocated in the 2024 ABAL is requested by CalMTA and approved by CPUC staff.

⁹ The updated statewide funding allocation is included in Table 1 of D.23-06-055, on p. 6, located here: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M512/K907/512907396.PDF>.

¹⁰ CalMTA is planning to submit our application for approval of at least one MTI in late December of 2024. We expect that a decision on our application will likely take about a year and thus our approved MTIs will likely not be in the market until 2026.

CalMTA 2025 Budget

CalMTA’s budget request for 2025 is \$19,600,000 (see Table 3).

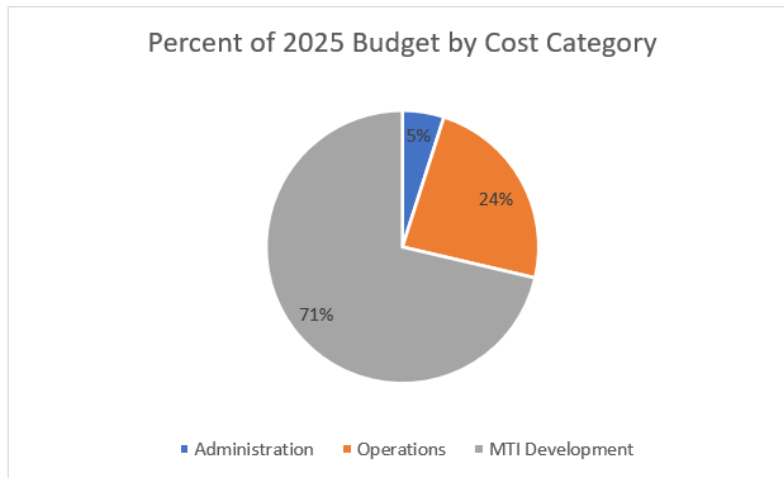
The budget is comprised of three cost categories established in the MTA contract between PG&E and Resource Innovations and included in PG&E’s Advice Letter 4674-G/6747-E¹¹ – MTA Administration, MTA Operations, and Market Transformation Initiative/Concept Development. Table 3 shows the detailed budget by cost category and major activity. Figure 1 shows the relative percentages of the total CalMTA budget by cost category. Unlike the firm annual spending cap of \$19.6M for the third and final startup year, the budget amounts for cost categories and major activities within CalMTA’s 2025 ABAL are forecasted (estimated) costs and are not cost caps. CalMTA will coordinate with the CPUC Contract Manager to shift funds as needed to ensure 2025 expenditures remain within the Year 3 budget cap of \$19.6 million, updating the MTAB quarterly as described below.

The activities and deliverables associated with each cost category help to deliver on California’s energy and climate goals through market transformation, as well as help advance efforts related to workforce development and equity. These activities are addressed further in Section 2.

Payment Structure

While the CPUC-approved contract between PG&E and Resource Innovations to administer CalMTA in PG&E’s Advice Letter 4674-G/6747-E allows several options for payment types, the 2025 budget will use time and materials as the payment type.

Figure 1. Percentage Share of Total CalMTA 2025 Budget by Cost Category



¹¹ PG&E’s Advice Letter 4674-G/6747-E, Attachment A, p. 25 includes five cost categories for CalMTA, including: MTA Administration, MTA Operations, Initiative/Concept Development, MTI Market Deployment, and Evaluation. For 2024, CalMTA will only include funding for the first three because activities in the other categories haven’t yet started.

Table 3. 2025 CalMTA Budget Estimate by Cost Category and Activity

Cost Category	Major Activity	Activity Detail						Cost Category Totals
		# FTEs ¹	Estimated Labor Costs			Estimated Non-Labor Costs	Activity Totals	
			Subs	RI	Total Labor Costs			
MTA Administration	Administration Subtotals	2.3	\$ -	\$ 867,000	\$ 867,000	\$ 100,000	\$ 967,000	\$ 967,000
	Routine Financial and Administrative Tasks	1.9	\$ -	\$ 674,000	\$ 674,000	\$ -	\$ 674,000	
	Non-Routine Financial and Administrative Tasks	0.4	\$ -	\$ 193,000	\$ 193,000	\$ 100,000	\$ 293,000	
MTA Operations	Operations Subtotals	10.4	\$ -	\$ 4,256,000	\$ 4,256,000	\$ 391,000	\$ 4,647,000	\$ 4,647,000
	Project Management and Operations	0.7	\$ -	\$ 593,000	\$ 593,000	\$ 90,000	\$ 683,000	
	MTAB Administration	0.6	\$ -	\$ 250,000	\$ 250,000	\$ 101,000	\$ 351,000	
	Policy	1.4	\$ -	\$ 649,000	\$ 649,000	\$ -	\$ 649,000	
	Stakeholder Engagement and Communications	6.0	\$ -	\$ 2,229,000	\$ 2,229,000	\$ 175,000	\$ 2,404,000	
	Data Systems Development and Management	1.8	\$ -	\$ 535,000	\$ 535,000	\$ 25,000	\$ 560,000	
Initiative/Concept Development	Concept Development (Phase I Activities) Subtotals	4.7	\$ 721,000	\$ 1,264,000	\$ 1,985,000	\$ 75,000	\$ 2,060,000	\$ 13,986,000
	Technology Scanning and Research Totals	1.4	\$ 81,000	\$ 502,000	\$ 583,000	\$ 75,000	\$ 658,000	
	Scanning, Outreach, and Engagement		\$ 6,000	\$ 303,000	\$ 309,000	\$ 75,000	\$ 384,000	
	RFI Management		\$ 75,000	\$ 199,000	\$ 274,000	\$ -	\$ 274,000	
	Prelim. Analysis, modelling & forecasting	0.7	\$ 208,000	\$ 98,000	\$ 306,000	\$ -	\$ 306,000	
	Advancement plan development	2.7	\$ 432,000	\$ 664,000	\$ 1,096,000	\$ -	\$ 1,096,000	
	Program Development (Phase II Activities) Subtotals	24.1	\$ 5,645,000	\$ 4,506,000	\$ 10,151,000	\$ 1,775,000	\$ 11,926,000	
	MTI #1: Induction Cooktops and Ranges Totals	1.9	\$ 178,000	\$ 606,000	\$ 784,000	\$ 800,000	\$ 1,584,000	
	Market and Tech. Research and Engagement		\$ 142,000	\$ 485,000	\$ 627,000		\$ 627,000	
	Ongoing Market Engagement; Updates to MTI		\$ 36,000	\$ 121,000	\$ 157,000		\$ 157,000	
	MTI #2: Portable/Window Heat Pump Totals	1.8	\$ 172,000	\$ 560,000	\$ 732,000	\$ 400,000	\$ 1,132,000	
	Market and Tech. Research and Engagement		\$ 137,000	\$ 448,000	\$ 585,000		\$ 585,000	
	Ongoing Market Engagement; Updates to MTI		\$ 34,000	\$ 112,000	\$ 146,000		\$ 146,000	
	MTI #3: Efficient Rooftop Units Totals	2.5	\$ 577,000	\$ 431,000	\$ 1,008,000	\$ -	\$ 1,008,000	
	Market and Tech. Research and Engagement		\$ 410,000	\$ 233,000	\$ 643,000		\$ 643,000	
	Strategy and MTI Plan Development		\$ 167,000	\$ 198,000	\$ 365,000		\$ 365,000	
	MTI #4: Efficient Streetlighting Totals	3.5	\$ 1,055,000	\$ 440,000	\$ 1,495,000	\$ -	\$ 1,495,000	
	Market and Tech. Research and Engagement		\$ 851,000	\$ 298,000	\$ 1,149,000		\$ 1,149,000	
	Strategy and MTI Plan Development		\$ 204,000	\$ 142,000	\$ 346,000		\$ 346,000	
	MTI #5: Commercial Replacement & Attachment Windows Totals	3.7	\$ 621,000	\$ 964,000	\$ 1,585,000	\$ 475,000	\$ 2,060,000	
	Market and Tech. Research and Engagement		\$ 563,000	\$ 919,000	\$ 1,482,000		\$ 1,482,000	
	Strategy and MTI Plan Development		\$ 58,000	\$ 45,000	\$ 103,000		\$ 103,000	
	MTI #6: Food Service Water Heating Systems Totals	4.2	\$ 1,341,000	\$ 436,000	\$ 1,777,000	\$ 100,000	\$ 1,877,000	
Market and Tech. Research and Engagement		\$ 1,107,000	\$ 321,000	\$ 1,428,000		\$ 1,428,000		
Strategy and MTI Plan Development		\$ 234,000	\$ 115,000	\$ 349,000		\$ 349,000		
MTI #7: Residential Heat Pump Water Heaters Totals	3.7	\$ 1,124,000	\$ 439,000	\$ 1,563,000	\$ -	\$ 1,563,000		
Market and Tech. Research and Engagement		\$ 879,000	\$ 260,000	\$ 1,139,000		\$ 1,139,000		
Strategy and MTI Plan Development		\$ 245,000	\$ 180,000	\$ 425,000		\$ 425,000		
MTI #8: Batch 3 MTI	2.8	\$ 577,000	\$ 630,000	\$ 1,207,000	\$ -	\$ 1,207,000		
MTI Deployment			\$ -	\$ -	\$ -	\$ -	\$ -	
Evaluation			\$ -	\$ -	\$ -	\$ -	\$ -	
Totals		41.5	\$ 6,366,000	\$ 10,893,000	\$ 17,259,000	\$ 2,341,000	\$ 19,600,000	

Budget Tracking and Reporting

CalMTA uses an Oracle system to track all program expenditures. The system allows CalMTA to monitor spending against the approved budget estimates for the cost categories, major activities, and subtasks shown in Table 3. CalMTA provides a summary of spending (monthly, annual, and remaining balance) as part of its monthly invoicing, which is reviewed and approved by the CPUC Contract Manager prior to payment by PG&E.

CalMTA will report on the status of the budget for each cost category, major activity, and subtask in the quarterly and annual reports, including any forecasted fund shifting between and within cost categories. CalMTA will also include a brief narrative describing the driver of any changes and the implications. Quarterly and annual reports will be posted on the CalMTA website and shared to the service list of R.13-11-005. In addition, CalMTA will incorporate a quarterly budget update into future MTAB meetings.

2024/2025 Budget Comparison

While the 2024 and 2025 ABAL budgets include similar allocation percentages at the cost-category level, there have been some adjustments at the major activity level. In comparing the 2025 budget forecast against the 2024 budget forecast, it is important to note that in the first half of 2024, CalMTA coordinated with the CPUC Contract Manager to shift funds within the 2024 Initiative/Concept Development cost category as described in Appendix A: Summary of 2024 Funding Allocation Changes. The following provides a high-level comparison of the 2024 reallocated budget forecast and the 2025 budget forecast, with more details provided in Appendix A.

- Administration: Activities are forecasted for 2025 at approximately 5% of the total budget at \$967,000, which is about 4% less than was forecasted in the 2024 budget.
- Operations: While the total forecasted budget for this cost category is approximately 24% of the total budget forecast (similar to 23% in the 2024 budget forecast), the major cost categories of policy and stakeholder engagement and communications are budgeted to increase by about one third in 2025, while project management, the MTAB operations, and data systems development and management are forecasted to decrease.
- Initiative/Concept Development: As more MTI ideas advance through the stage gate process to full MTI Plans, the 2025 budget forecasts this category to include approximately 85% for Phase II activities and 15% Phase I activities, whereas the reallocated 2024 budget shown in Appendix A includes 72% for Phase II and 28% for Phase I.

In the 2025 ABAL budget forecast, any anticipated strategy testing activities or pilots are included in the MTI-specific Phase II budgets. In 2025, as in 2024, approval of new strategy testing pilots will require written approval of the CPUC Contract Manager after:

1. The MTAB reviews the pilot budget and workplan.
2. Posting of pilot budget and workplan to the CPUC Public Documents Area for 15 calendar days to solicit public comment.
3. CalMTA addresses public comments and holds a public webinar to share final budget and workplan and to discuss comments and resulting changes.

CalMTA's 2025 Activities and Deliverables

At the end of 2024, CalMTA will submit an application to the CPUC for approval of the first tranche of MTIs. D.19-12-021 estimated that Commission review of the application would take approximately 6 to 9 months. However, CalMTA has planned that the application proceeding could last up to 11 months, concluding prior to the end of the 36-month startup period in November 2025. During 2025 we will support this regulatory proceeding, prepare for procurement of the third-party MTI implementers and evaluators, and continue to collaborate with the MTAB, CPUC staff, and the public to advance additional market transformation ideas through the stage gate process described in D.19-12-021. This section describes planned 2025 activities and deliverables by cost category and activity.

MTA Administration

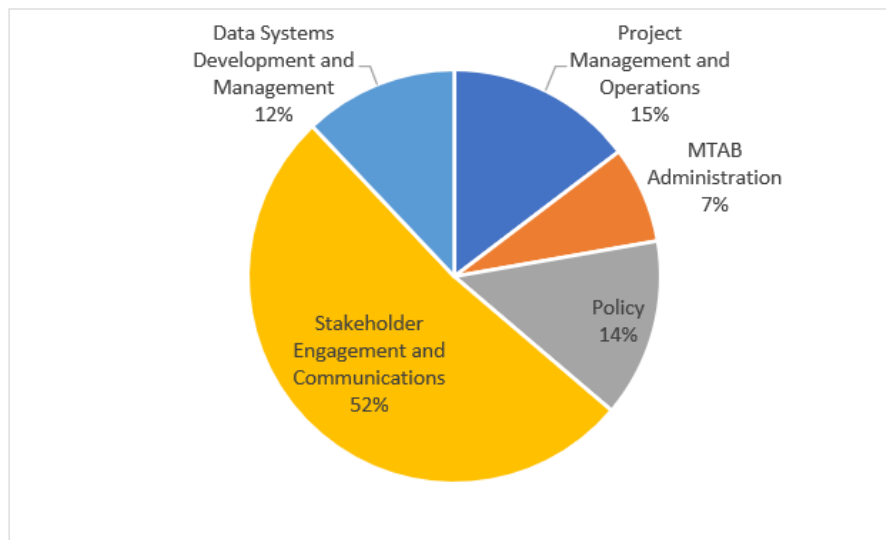
The budget for the MTA Administration cost category is \$967,000, which represents just under 5% of the total CalMTA budget. The proposed Administration budget accounts for routine

financial and contract administration activities, including the processing of monthly program and subcontractor invoicing; monitoring and managing contract compliance; and budget management, accruals, and forecasting. Also included in the Administration budget are funds for non-routine administration requests that may arise (such as CalMTA responses to ad hoc financial reporting requests from the CPUC or PG&E, financial audits, or other data requests), and administrative and legal activities related to CPUC filings.

MTA Operations

The budget for the MTA Operations cost category is \$4,647,000, which represents 24% of the total CalMTA budget. The Operations budget addresses the costs associated with the five major operational activities described below. Figure 2 shows the percentage share of the Operations budget by major activity.

Figure 2. Percentage Share of MTA Operations Budget by Major Activity



Project Management and Operations

The proposed operations budget includes project management and oversight of the entire CalMTA effort, including associated travel and other direct costs. Key activities include: implementing project management processes and tools; conducting regular leadership and tracking meetings; developing the 2026 Annual Operations Plan; compliance and tracking regarding conflict-of-interest and requirements; developing/maintaining internal operations processes and procedures; and procurement planning for MTI implementation and evaluation solicitations.

Key Deliverables:

- Develop 2026 Annual Operations Plan.

MTAB Administration

The proposed budget covers the administrative costs related to the planning and execution of virtual and in-person MTAB meetings throughout 2025. It includes developing agendas and meeting facilitation; communicating with individual MTAB members or the public as needed; preparing materials for MTAB meetings; attendance,¹² logistics, and note-taking at the meetings; ensuring follow-up on recommendations; member renewals and replacements as terms expire; and other direct costs associated with convening the MTAB including MTAB member stipends and travel expense reimbursement, travel costs for CalMTA staff who are directly involved with MTAB administration, facility costs, meeting supplies, and meal costs for those in attendance at MTAB meetings.

Key Deliverables:

- Hold up to four in-person meetings and up to four virtual MTAB meetings.
- Recruit and replace MTAB members whose two-year terms expire in April 2025.

Policy

The policy budget category supports a number of activities to ensure CalMTA's efforts align with current and evolving policy, as well as participating in the application proceeding required to secure CPUC approval of the first tranche of MTIs.¹³ Specific activities are described below.

- Track and inform key CalMTA staff of CPUC rulemakings, proceedings, decisions, evaluations, workshops, etc. of relevance to CalMTA.
- Track and inform key CalMTA staff on California Air Resources Board and California Energy Commission rulemakings, workshops, and programs of relevance to CalMTA.
- Track and inform key CalMTA staff on State and Federal legislation and Federal rulemakings of relevance to CalMTA.
- Perform research and draft background memos/reports on key policy issues of importance to CalMTA.
- Support regulatory filings to the CPUC.
- Lead CalMTA's participation in the application proceeding requesting approval of the first MTI Plans, including activities such as responding to comments and developing CalMTA's policy positions.

Stakeholder Engagement and Communications

In 2025, CalMTA's stakeholder engagement and communication activities will continue to foster collaboration with existing programs and ensure alignment on MTIs under development. We will also seek to deepen relationships with environmental and social justice (ESJ) communities by engaging with our Equity Sounding Board to be formed in late 2024. The CalMTA team will continue to develop and maintain platforms and systems to manage and regularly communicate with stakeholders including regular reporting and email notices of MTAB meetings and report releases. We will also manage market engagement opportunities in support of the MTI development work. Specific activities are described below.

¹² Time for subcontractors and RI staff on the MTI team to support preparation and delivery of the MTAB meetings is included in their respective Phase I or Phase II budgets.

¹³ Per OP 9 of D.19-12-021, "PG&E shall file on behalf of the MTA, an application with the Commission for the approval of the initial tranche of MTIs."

CalMTA-Focused Activities

- Develop and publish quarterly and annual reports, including documenting CalMTA and MTI development progress.
- Package and disseminate information on market research, laboratory and/or field testing, pilots, and other activities as developed during MTI program development.
- Publish and disseminate CalMTA Advancement Plan(s).
- Develop and publish semi-monthly stakeholder communications via newsletter or notices with updates on CalMTA, the MTAB work, and MTI development (including research outputs).
- Host regular webinars and conference presentations to share CalMTA and MTI development updates.
- Redevelop the CalMTA website to better present our work including the reports and publications being released.
- Maintain communications collateral, contact management database, emailing platform, analytics, and other tools.
- Manage stakeholder collaboration in all areas of the California efficiency market with regular briefings, personal meetings, and direct electronic communications with updates and opportunities to engage.
- Maintain regular collaboration with mission-aligned organizations and other allies to disseminate information on the California market transformation portfolio development to stakeholders.

MTI-Focused Activities

The following activities are included in the MTI budget, but performed by the stakeholder engagement team:

- Support positive outcomes for ESJ communities resulting from the MTIs by continuing to engage with the Equity Sounding Board to be established in late 2024 to give feedback and guidance on the equity aspects of our work.
- Manage and track direct engagements with market actors and program implementers with related efforts.
- Craft outreach and communications strategies for specific markets that will be integrated into the MTI Plans to be developed in 2025.
- Support the program development team on message testing and other pilot, testing, or research activities related to the marketing and outreach aspects of MTI planning.

Key Deliverables:

- Annual and quarterly reports made public via calmta.org.
- Semi-monthly (24) stakeholder communications via newsletter or notices.
- Live webinars on CalMTA activities, with on-demand recordings available at calmta.org.
- Analytics reporting with website visits, social reach, list growth, etc.
- Collateral developed in support of CalMTA or MTI audience outreach explaining the process and progress on work.
- Stakeholder contact lists and meeting tracking/reporting.
- 3-4 meetings of the Equity Sounding Board.
- Engagement and communications scopes in up to three full MTI Plans.

Data Systems Development and Management

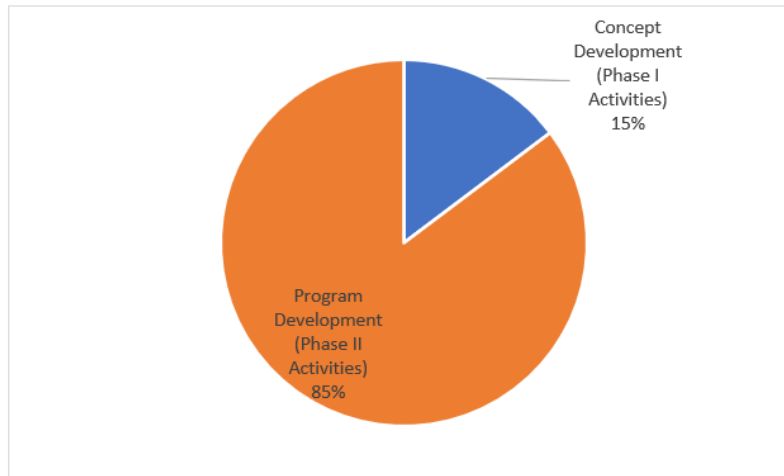
The CalMTA team leverages IT systems to support a broad range of activities including project management, stakeholder engagement, and MTI development. Examples of data systems that are currently in use include the CalMTA website; CRM systems for contact tracking and customer engagement; a Salesforce-based platform for activity tracking, RFI management, and reporting; a web-based platform for gathering stakeholder feedback; multiple web-based platforms for data analytics and hosting. In 2025, CalMTA will continue to assess technology needs and will develop new, and improve existing, data systems to support CalMTA operational and data management. Specific activities are described below.

- Conduct ongoing assessment and perform technical solutioning for IT system needs (tools selection, architecture, and system design).
- Maintain and support CalMTA domain and infrastructure.
- Manage data systems security using industry best practice. Adhere to California requirements related to data systems security and the protection of personally identifiable information.
- Provide technical support and expansion of CalMTA website.
- Provide technical support and management of contact management systems.
- Update, manage, and expand the administrative “back-end” data side of the ongoing RFI portal.
- Assess and develop solutions for future RFP/procurement activities and MTI data needs.
- Develop program/portfolio tracking and monitoring solutions, including data analytics and dashboarding.
- Oversee data integration with partner systems.

Initiative/Concept Development

The budget for the Initiative/Concept Development cost category is \$13,985,000, which represents 71% of the total 2025 CalMTA budget. The Initiative/Concept Development budget addresses the costs associated with two major activities that align with the first two phases of the adopted Market Transformation Framework in the appendix of D.19-12-021 including Phase I: Concept Development and Phase II: Program Development. Each of these is described below. Figure 3 shows the percentage of the Initiative/Concept Development budget by major activity. Detailed information on the MTI stage gate process, including opportunities for feedback from MTAB, the CPUC, and other stakeholders can be found in the [Phase I Disposition Report](#).

**Figure 3. Percentage Share of Initiative/Concept Development Budget
by Major Activity**



Phase I: Concept Development

The portfolio approach administered by CalMTA encompasses a continuous process of scanning the market for MTI opportunities, assessing, and advancing MTIs. This process will be used to ensure there is a continuous flow of new opportunities identified to refill the portfolio as other planned or actual MTIs phase out for various reasons.

Because of the need for new ideas, the 2025 budget includes limited funds for ongoing Phase I: Concept Development, which includes scoring, ranking, and evaluating MTI ideas submitted to CalMTA's idea portal, and then developing MTI Advancement Plans for ideas that appear viable enough to warrant additional resources. In addition to ideas identified as part of the 2024 request for ideas (RFI) process, CalMTA will 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 existing outreach and research efforts already underway. Specific Phase I activities planned for 2025 are described below.

Concept Identification

- Transition to a continuous RFI process, allowing market actors to submit MTI ideas through CalMTA's idea portal at any point during the year.
- Collaborate with state and national market partners to identify and cultivate MTI ideas.
- Use the MTI identification process to collect, catalog, research, and score RFI submissions.
- Collaborate with stakeholders, including manufacturers, emerging tech programs, community-based organizations (CBOs), regional EE organizations, the MTAB, existing EE implementers, and utilities to identify ideas.

Concept Assessment

- Coordinate with the MTAB to review and prioritize new MTI ideas for further development.
- Conduct cost/benefit analysis and create models that forecast market adoption to assess opportunities.
- Develop MTI Advancement Plans for those ideas that will move to Phase II: Program Development, and review with the MTAB.

Key Deliverables from Phase I:

- Reviews of new ideas, including scoring and discussions with the MTAB.
- Advancement Plans for up to two MTI ideas recommended to transition to Phase II.

Phase II: Program Development

During Phase II: Program Development, CalMTA conducts market and technology research and develops the program strategy that leads to development of an MTI Plan. The tasks in Phase II: Program Development build confidence that the target market is understood, the barriers to adoption are identified, there is a reasonable market transformation theory, and there is high confidence in the effectiveness of the program strategy that will be implemented in Phase III: Market Deployment.

In early 2024, with input from the MTAB and CPUC staff, CalMTA transitioned three market transformation ideas from Phase I: Concept Development to Phase II: Program Development: Induction Cooktops & Ranges, Portable/Window Heat Pumps, and Efficient Rooftop Units (ERTUs). Phase II research activities for these three MTIs are ongoing in 2024 according to the CPUC-approved Advancement Plans, which can be found on the CalMTA website.

CalMTA is on track to develop and submit two MTI Plans from this first batch (Induction Cooktops & Ranges and Portable/Window Heat Pumps) via an application for CPUC approval by the end of 2024 to move them into Phase III: Market Deployment. Because markets change quickly and the application proceeding may take up to a year, CalMTA will continue to engage in limited Phase II activities in these markets during 2025 and the MTI Plans will be written with an eye toward being able to incorporate learnings from 2025 into the strategy for Phase III: Market Deployment as part of an adaptive management process with input from the MTAB. The scope of continued market engagement during the application proceeding will be described in the MTI Plan and may include the following activities:

- Monitoring the market for changes that may impact program strategy.
- Continued market engagement with market actors such as manufacturers, retailers, program administrators, and CBOs.
- Continued market and technology research.
- Continued refinement of program strategies through ongoing strategy tests.

While the ERTU MTI transitioned to Phase II in early 2024, the Advancement Plan indicated that Phase II research would take approximately two years to complete, extending into 2025.

Anticipated Phase II activities for 2025 for ERTUs include:

- Completion of the ERTU field study.
- Finalization of energy modelling and measure analysis.

- Initial development work for the MTI Plan, which is anticipated to be filed in 2026.

CalMTA also worked with the MTAB to prioritize four additional ideas from the 2023 RFI that we anticipate advancing to Phase II the third quarter of 2024: residential heat pump water heaters, foodservice water heating systems, efficient streetlighting, and commercial replacement and attachment window solutions. We anticipate all four ideas from Batch 2 will have ongoing Phase II activities that continue into 2025, including:

- Conduct secondary research and data analysis.
- Quantify energy and non-energy impacts.
- Characterize market structure and baseline conditions.
- Investigate supply and demand side markets.
- Analyze cost and benefits.
- Review regulatory and policy landscape.

CalMTA opened a second RFI in mid-2024, scoring and evaluating the submitted ideas, and working with the MTAB to identify additional opportunities to consider advancing to Phase II. This ABAL assumes up to two additional MTIs will advance to Phase II in 2025 (Batch 3) from the 2023 or 2024 RFIs.

CalMTA will provide ongoing updates to the MTAB and the public during Phase II research in 2025, which will confirm that the idea is viable to move forward to Phase III: Market Deployment. Our ABAL budget assumes that all required Phase II research will be completed in 2025 and MTI Plan development will begin with up to three MTI Plans finalized in 2025 to be submitted for CPUC approval. MTI Plans will include:

- Well-defined target market and product/service definition.
- Draft logic model with identified leverage points, intervention strategies, and a clear exit strategy.
- Baseline market adoption models, market adoption forecasts, and cost-effectiveness metrics.
- Draft evaluation plans market progress indicators (MPIs), etc., based on collected baseline data.
- Estimated market deployment budget and timeline.

Key Deliverables from 2025 Phase II Activities (ongoing from 2024):

- Market characterizations and other completed market and technical research as identified per MTI Advancement Plans.
- Up to three MTI Plans submitted to the MTAB and the CPUC for approval to advance to Phase III: Market Deployment by December.¹⁴

2. MTAB Report and Recommendations

By D.19-12-021, the CPUC directed CalMTA to include in its ABAL a report and recommendations on the ABAL by the MTAB.¹⁵ In compliance with this direction, this section represents the report from the MTAB, including their feedback and recommendation.

¹⁴ This assumes the CalMTA application is approved in October with a clear process for approval of future MTIs.

¹⁵ D.19-12-021, at p. 125.

Process for Soliciting MTAB Feedback

This ABAL has been substantially shaped by input from the MTAB. CalMTA solicited input from the MTAB on the ABAL via the following process:

1. Draft ABAL sent to the MTAB June 10, 2024, for preliminary review and posted on the CalMTA website the same day via the MTAB meeting packet.
2. A meeting of the MTAB was convened June 14 during which CalMTA presented the draft budget, and MTAB feedback/comments were gathered.
3. MTAB members were given until June 24, 2024, to submit written feedback on the budget to CalMTA.
4. CalMTA reviewed and incorporated feedback from the MTAB.
5. CalMTA reviewed the revised ABAL redline and new Appendix A in the MTAB meeting on July 12 and posted it to CalMTA's website on July 15, 2024
6. CalMTA meet with Energy Division and Cal Advocates on July 16, 18, and 24 to further discuss options for increasing the level of detail in the ABAL budget.
7. CalMTA emailed final ABAL materials out to all MTAB members on August 9, 2024 to confirm individual member recommendations, and responses from all members were received by August 12, 2024.
8. The final budget and MTAB recommendation report were then incorporated into this ABAL filing.

Meeting notes and recordings of the [June 14](#) and [July 12](#) MTAB meetings can be found on the CalMTA website and are linked here. Responses to comments received from MTAB members are posted on the CalMTA website.

Summary of MTAB Feedback

MTAB feedback was received via a combination of verbal input during two public MTAB meetings as well as written comments provided by Ky-An Tran of Cal Advocates. In addition, following the July MTAB meeting, CalMTA met with Energy Division and Cal Advocates to further discuss ways to increase the level of detail in the 2025 ABAL budget estimate. Key feedback that helped shape the ABAL is summarized below. A more complete write-up of comments and responses can be found in this document: [MTAB ABAL Comments](#).

Many of Ky-An Tran's written comments and discussion at the July 12 meeting focused on providing clear points of comparison between the 2024 and 2025 budgets, particularly related to Administration and Initiative/Concept Development. CalMTA addressed these comments by adding a detailed Appendix A that compares the 2024 ABAL budget, the reallocated 2024 budget after fund shifting that occurred in early 2024, and the proposed 2025 budget. CalMTA also added a section to address this comparison in the text of the ABAL. In response to Ky-An Tran's comments, Appendix A also documents all funds authorized to date from the Program Strategy Testing/Pilots budget.

Ky-An Tran's written comments and the discussion at the July 12 MTAB meeting made clear a need for more regular reporting to MTAB on the status of the budget, including a brief narrative describing the driver of any changes and the implications. Based on this feedback, CalMTA revised the 2025 ABAL, adding additional text about budget tracking and reporting in MTAB meetings and in CalMTA's quarterly and annual reports.

Ky-An Tran initiated a discussion at the July 12 MTAB meeting about why CalMTA revised the forecast for 2024 in ABAL Table 2 to increase the Administration cost category back up to the full 2024 ABAL amount and what resulting tasks were cut from other areas. CalMTA clarified that no activities were cut and that no changes are currently forecasted at the cost-category level for 2024. Rather, in response to Ky-An Tran's comment, CalMTA updated the forecast because it is too early in the year to forecast shifting Administration costs to other cost categories as was done in 2023.

Ky-An Tran provided written comments and initiated a discussion at the July 12 MTAB meeting about the level of detail provided in the budget, suggesting that CalMTA provide a line-item version of the 2025 budget, including, for example, costs for all Phase II activities planned for each MTI idea, and estimated costs for all key deliverables described in the ABAL. In response to this feedback, CalMTA explained that the market transformation scope of work delivered by CalMTA is not the sum of specific deliverables and includes work such as program strategy, management, and outreach that does not map directly to a tangible deliverable. Cost estimates are developed based on the anticipated level of effort to deliver the activities forecasted in the ABAL and are not built in the line-item format requested by this comment. However, after further discussion with Energy Division staff and Ky-An Tran of Cal Advocates on July 16 and 18, CalMTA added additional subtasks in the 2025 budget, with the understanding that additional subtasks will likely require additional documentation and reporting of fund shifting. CalMTA also added a second appendix to the ABAL (Appendix B) to provide additional detail on non-labor cost estimates.

Ky-An Tran raised concerns about CalMTA historically over estimating Administration costs only to underspend in this category while overspending in the "Initiative/Concept Development" cost category. To address this, CalMTA added information to the ABAL explaining that, unlike the firm annual cap of \$19.6M for the 3-year startup period, the budget amounts for cost categories and major activities in CalMTA's 2024 ABAL and 2025 ABAL are forecasted (estimated) costs and CalMTA will coordinate with the CPUC Contract Manager to shift funds as needed to ensure 2025 expenditures remain within the annual cap.

Ky-An Tran expressed concern about CalMTA requesting the full budget amount up to the \$19.6M cap. CalMTA explained that the program could have up to nine MTIs in Phase II in 2025 while continuing Phase I scanning activities and preparing for Phase III implementation. The volume of work identified fully accounts for the available budget and eliminates the need for the unspecified budget placeholder, as was done in 2024.

On July 24 CalMTA met with Energy Division staff and Ky-An Tran and Shelly Lyser of Cal Advocates to discuss the wording of CalMTA's written responses to Ky-An Tran's written comments as detailed in the [MTAB ABAL Comments](#).

MTAB Recommendation

As previously noted, D.19-12-021 required CalMTA to include in its ABAL a report and recommendations on the ABAL by the MTAB members. The recommendations made by MTAB members do not preclude members or the organizations they represent from taking a different position during the CPUC's public process to approve the ABAL.

After full review of the budget and accompanying advice letter language, MTAB members recommended that the CPUC approve this ABAL on a vote of seven MTAB members "in

support,” and one MTAB member, Ky-An Tran of Cal Advocates was “not in support.” The ninth MTAB member is the CPUC Contract Manager, who is a non-voting member.

Protests

Anyone wishing to protest this submittal may do so by letter sent electronically via e-mail, no later than September 6, 2024, which is the first business day 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
E-mail: EDTariffUnit@cpuc.ca.gov

The protest shall also be electronically sent to CalMTA (Resource Innovations) at the addresses shown below on the same date it is electronically delivered to the Commission:

Jim Giordano
Resource Innovations
E-mail: info@calmta.org

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name and e-mail address of the protestant; and statement that the protest was sent to the utility (in this case to Resource Innovations) no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

Pursuant to General Order (GO) 96-B, Rule 5.2, and OP 8 of D.19-12-021, this advice letter is submitted with a Tier 2 designation. CalMTA requests that this Tier 2 advice submittal become effective on regular notice, September 16, 2024, which is 30 calendar days after the date of submittal.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being served electronically on the service list for R.13-11-005. All electronic approvals should be sent to info@calmta.org.

/S/ Lynette Curthoys
Lynette Curthoys
Vice President of Market Transformation
Resource Innovations, Inc.

cc: R.13-11-005 Service List



ADVICE LETTER SUMMARY

ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.:

Utility type:

ELC GAS WATER
 PLC HEAT

Contact Person:

Phone #:
E-mail:
E-mail Disposition Notice to:

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed¹:

Pending advice letters that revise the same tariff sheets:

¹Discuss in AL if more space is needed.

Protests and correspondence regarding this AL are to be sent via email and are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

California Public Utilities Commission
Energy Division Tariff Unit Email:
EDTariffUnit@cpuc.ca.gov

Contact Name:
Title:
Utility/Entity Name:

Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

Contact Name:
Title:
Utility/Entity Name:

Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

CPUC
Energy Division Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

ENERGY Advice Letter Keywords

Affiliate	Direct Access	Preliminary Statement
Agreements	Disconnect Service	Procurement
Agriculture	ECAC / Energy Cost Adjustment	Qualifying Facility
Avoided Cost	EOR / Enhanced Oil Recovery	Rebates
Balancing Account	Energy Charge	Refunds
Baseline	Energy Efficiency	Reliability
Bilingual	Establish Service	Re-MAT/Bio-MAT
Billings	Expand Service Area	Revenue Allocation
Bioenergy	Forms	Rule 21
Brokerage Fees	Franchise Fee / User Tax	Rules
CARE	G.O. 131-D	Section 851
CPUC Reimbursement Fee	GRC / General Rate Case	Self Generation
Capacity	Hazardous Waste	Service Area Map
Cogeneration	Increase Rates	Service Outage
Compliance	Interruptible Service	Solar
Conditions of Service	Interutility Transportation	Standby Service
Connection	LIEE / Low-Income Energy Efficiency	Storage
Conservation	LIRA / Low-Income Ratepayer Assistance	Street Lights
Consolidate Tariffs	Late Payment Charge	Surcharges
Contracts	Line Extensions	Tariffs
Core	Memorandum Account	Taxes
Credit	Metered Energy Efficiency	Text Changes
Curtable Service	Metering	Transformer
Customer Charge	Mobile Home Parks	Transition Cost
Customer Owned Generation	Name Change	Transmission Lines
Decrease Rates	Non-Core	Transportation Electrification
Demand Charge	Non-firm Service Contracts	Transportation Rates
Demand Side Fund	Nuclear	Undergrounding
Demand Side Management	Oil Pipelines	Voltage Discount
Demand Side Response	PBR / Performance Based Ratemaking	Wind Power
Deposits	Portfolio	Withdrawal of Service
Depreciation	Power Lines	

Appendix A: Summary of 2024 Funding Allocation Changes

CalMTA's 2024 budget was authorized via Advice Letter (RI-CalMTA-2), submitted by CalMTA on July 31, 2023, and approved by the CPUC Energy Division on November 2, 2023.

The budget forecast in the 2024 annual budget advice letter (ABAL) (Table A1 below) was developed in June to July of 2023. Since then, CalMTA has coordinated with the CPUC Contract Manager on the following changes that are described in more detail in this appendix:

- 1) **Phase II cost tracking:** At the request of the CPUC Contract Manager, in 2024 CalMTA began tracking and invoicing Phase II program strategy development costs at the MTI level, rather than by the subtasks listed in the 2024 ABAL
- 2) **Fund shifting:** \$2.8 million in funds estimated for Phase II activities were shifted to Phase I and approximately \$883,500 in funds from Program Strategy Testing/Pilots were shifted to other Phase II Program Strategy Development activities
- 3) **Strategy pilot approvals:** The CPUC Contract Manager approved workplans and budgets to allocate \$3,116,000 to specific strategy pilots

These changes did not impact the overall CalMTA budget allocation, or the total funds allocated at the cost-category level.

This appendix describes the 2024 fund shifting and strategy pilot authorizations made as of July 8, 2024. Going forward, CalMTA will provide periodic budget updates at MTAB meetings and will include financial updates in its quarterly reports, including information on any fund shifting or authorization of remaining Program Strategy Testing/Pilots funds.

Table A1. CalMTA 2024 ABAL Budget Forecast

Cost Category	Major Activity	Activity Detail							Cost Category Totals		
		# FTEs			Labor Costs		Non-Labor Costs	Activity Totals			
		RI	Subs	Total	Subs	RI				Total	
MTA Administration	Routine Financial and Administrative Tasks	3.5		3.5		\$ 1,011,287	\$ 1,011,287	\$ -	\$ 1,011,287	\$ 1,011,287	
	Operations Subtotals	9.9		9.9		\$ 3,929,588	\$ 3,929,588	\$ 514,603	\$ 4,444,191		
MTA Operations	Project Management and Operations	1.7		1.7		\$ 675,070	\$ 675,070	\$ 193,320	\$ 868,390	\$ 4,444,191	
	MTAB	1.1		1.1		\$ 421,259	\$ 421,259	\$ 89,000	\$ 510,259		
	Policy	1.1		1.1		\$ 482,810	\$ 482,810	\$ -	\$ 482,810		
	Stakeholder Engagement and Communications	4.1		4.1		\$ 1,578,233	\$ 1,578,233	\$ 181,283	\$ 1,759,516		
	Data Systems Development and Management	2.0		2.0		\$ 772,217	\$ 772,217	\$ 51,000	\$ 823,217		
	Concept Development Subtotals	1.1	1.6	2.7		\$ 655,906	\$ 470,070	\$ 1,125,976	\$ 75,000		\$ 1,200,976
Initiative/Concept Development	<i>Concept Identification</i>									\$ 14,076,113	
	Technology Scanning and RFI Support	0.2	0.3	0.5		\$ 125,534	\$ 89,967	\$ 215,500	\$ 215,500		
	Outreach, reporting, research	0.1	0.2	0.3		\$ 74,142	\$ 53,136	\$ 127,278	\$ 202,278		
	<i>Concept Assessment</i>								\$ -		
	Preliminary benefit analysis and forecasting models	0.4	0.5	0.9		\$ 222,379	\$ 159,373	\$ 381,751	\$ 381,751		
	Advancement plan development, reporting	0.4	0.6	1.0		\$ 233,851	\$ 167,595	\$ 401,446	\$ 401,446		
	Program Development Subtotals	10.4	10.4	20.8		\$ 4,139,205	\$ 4,137,442	\$ 8,276,647	\$ 4,598,490		\$ 12,875,137
	<i>Program Strategy Development</i>										
	Detailed benefit analysis and forecasting models	1.7	1.7	3.5		\$ 687,329	\$ 687,036	\$ 1,374,365	\$ 1,374,365		
	Market Research	2.9	2.9	5.8		\$ 1,162,489	\$ 1,161,994	\$ 2,324,483	\$ 2,324,483		
Strategy Development, MTI Plan Development, Pilot Oversight, Reporting	5.7	5.7	11.5		\$ 2,289,388	\$ 2,288,412	\$ 4,577,800	\$ 98,490	\$ 4,676,290		
<i>Program Strategy Testing/Pilots</i>								\$ 4,500,000	\$ 4,500,000		
MTI Market Deployment					\$ -	\$ -	\$ -	\$ -	\$ -		
Evaluation					\$ -	\$ -	\$ -	\$ -	\$ -		
Subtotals		25.0	12.0	36.9		\$ 4,795,111	\$ 9,548,387	\$ 14,343,498	\$ 5,188,093	\$ 19,531,591	
								Grand Total	\$ 19,531,591		

Phase II Cost Tracking

When approving the 2024 invoice template in January of 2024, the CPUC Contract Manager asked CalMTA to track and invoice Phase II program strategy development costs at the MTI level, rather than by the subtasks listed in the ABAL. Therefore, the following subtasks were removed from the template:

- Detailed benefit analysis and forecasting models
- Market research
- Strategy development, MTI Plan development, pilot oversight, reporting

The above subtasks were replaced with:

- Policy development & evaluation: costs to support development of programmatic aspects of the application and evaluation framework (as opposed to activities attributed to specific MTIs)
- Portable/window heat pumps: all Phase II research and strategy development activities, including development of the MTI Plan and its appendices

- Induction cooktops & ranges: all Phase II research and strategy development activities, including development of the MTI plan and its appendices
- Efficient rooftop units (ERTUs): 2024 research and strategy development activities

2024 Funding Reallocations

Reallocations from Phase II to Phase I

The 2024 ABAL budget forecast was developed and filed before the 2023 RFI had closed and well before any MTI ideas were advanced to Phase II. Therefore, in preparing the budget forecast for the 2024 ABAL, CalMTA made assumptions about the level of effort that would be required for Phase I activities, the number of MTIs that would advance to Phase II, and the timing for when the ideas would advance. After the first three MTI ideas advanced to Phase II in January of 2024, CalMTA gained a better understanding of the significantly higher level of effort required to complete Phase I activities, for example:

- The Market Transformation Framework in D.19-12-021 did not envision a public review process for the Advancement Plans prior to advancing MTI ideas from Phase I to Phase II. However, based on feedback from MTAB and the CPUC Contract Manager, CalMTA has since established a process in which Advancement Plans are posted for public comment for two weeks. CalMTA then prepares detailed response to comment tables. The first three Advancement Plans received over 175 comments from MTAB and the public.
- After the first batch of frontrunner MTI ideas, MTAB asked to have more involvement in prioritizing and selecting which MT ideas to advance to Phase II. As a result, CalMTA adjusted the schedule to allow for workshop-style MTAB meetings to review and prioritize MTIs that scored high in Phase I. This delayed advancement of Batch 2 ideas to Phase II.

Based on our experience, the CalMTA team worked with the CPUC Contract Manager to update the 2024 budget estimates (shifting funds between major activities) to better reflect the process and requirements developed during the second half of 2023. These budget reallocations became effective on February 14, 2024.

To accommodate an expected increase in time spent on Phase I activities (along with a relative reduction in Phase II effort because of the Batch 2 delay described above), \$2.8M was shifted from Phase II Program Strategy Development to the Phase I activities listed in Table A2.

Midway through 2024, CalMTA determined that the above reallocation from Phase II to Phase I needed further redistribution between the subtasks in Phase I. Specifically, CalMTA identified a

need to shift \$400,000 from Technology Scanning and RFI Support to Advancement Plan Development & Reporting and \$100,000 from Preliminary Benefit Analysis & Forecasting Models to Outreach, Reporting, Research. The number of RFI submittals were lower than expected and the team has increased efficiencies in reviewing new submittals, so these funds were shifted to accommodate additional research and market actor engagement needed to develop the Advancement Plans, additional outreach with the utility codes & standards teams, as well as increased review and engagement with the CalMTA Strategic Advisors in developing the preliminary logic models and the draft Advancement Plans.

Reallocations within Phase II

In addition, after completing several months of Phase II research per the Advancement Plans for the first three MTI ideas, the CalMTA team identified additional knowledge gaps and program strategy questions that could be answered through lab testing, modeling, and market research rather than in-market strategy pilots. Therefore, CalMTA requested and the CPUC Contract Manager approved, shifting \$883,500 from the \$4.5M Program Strategy Testing/Pilot budget to the Program Strategy Development budget (6/5/24 approval date). Additional details on this fund shift can be found in the [funds transfer request memo](#).

Table A2: 2024 Budget Fund Shifting Summary

Major Activities	Budget Increase or (Decrease)
Concept Development (Phase I)	
<i>Concept Identification</i>	
Technology Scanning and RFI Support	\$840,000
Outreach, Reporting, and Research	\$280,000
<i>Concept Assessment</i>	
Preliminary Benefit Analysis & Forecasting Models	\$280,000
Advancement Plan Development & Reporting	\$1,400,000
Concept Development (Phase I)	
<i>Technology Scanning and RFI Support</i>	(\$400,000)
<i>Advancement Plan Development</i>	\$400,000
<i>Preliminary Benefit Analysis & Forecasting Models</i>	(\$100,000)
<i>Outreach, Reporting, Research</i>	\$100,000
Program Development (Phase II)	
<i>Program Strategy Development</i>	
Funds shifted to Phase I tasks (listed above)	(\$2,800,000)
New strategy development activities	\$883,500
<i>Program Strategy Testing/Pilots</i>	(\$883,500)

These fund shifts did not impact the overall CalMTA budget allocation, or the total funds allocated at the cost-category level. Table A3 provides a comparison of the budget forecasts in the 2024 ABAL with the current budget forecast, after the fund shifts described in this appendix.

Table A3: Budget Allocations Comparison Table

Major Activity	Budget Allocations		
	2024 ABAL Estimates	2024 Reallocated	2025 ABAL Estimates
1. Routine Financial & Administrative Tasks	\$ 1,011,287	\$ 1,011,287	\$ 967,000
Administration Cost Category Subtotal	\$ 1,011,287	\$ 1,011,287	\$ 967,000
2. Project Management	\$ 868,390	\$ 868,390	\$ 683,000
3. MTAB Operations	\$ 510,259	\$ 510,259	\$ 351,000
4. Policy	\$ 482,810	\$ 482,810	\$ 649,000
5. Stakeholder Engagement and Communications	\$ 1,759,515	\$ 1,759,515	\$ 2,404,000
6. Data Systems Development and Management	\$ 823,217	\$ 823,217	\$ 560,000
Operations Cost Category Subtotal	\$ 4,444,191	\$ 4,444,191	\$ 4,647,000
Concept Development (Phase I Activities)	\$ 1,200,976	\$ 4,000,975	\$ 2,060,000
7. Technology Scanning and RFI Support	\$ 215,500	\$ 655,500	\$ 658,000
8. Outreach, Reporting, Research ³	\$ 202,278	\$ 582,278	
9. Preliminary Benefit Analysis & Forecasting	\$ 381,751	\$ 561,751	\$ 306,000
10. Advancement Plan Development & Reporting	\$ 401,446	\$ 2,201,446	\$ 1,096,000
Program Development (Phase II Activities)	\$ 12,875,137	\$ 10,075,138	\$ 11,926,000
11. Program Strategy Development	\$ 8,375,137	\$ 6,458,638	\$ 11,926,000
12. Program Strategy Testing/Pilots ^{1,2}	\$ 4,500,000	\$ 3,616,500	
Initiative/Concept Development Cost Category Subtotal	\$ 14,076,113	\$ 14,076,113	\$ 13,986,000
Grand Totals	\$ 19,531,591	\$ 19,531,591	\$ 19,600,000

¹ \$554,000 of the adjusted 2024 Program Strategy Testing/Pilots budget remains to be authorized.

² 2025 strategy testing and pilot estimates, where applicable, are included in the MTI-specific budgets.

³ In the 2025 budget estimate, Technology Scanning, Outreach, Reporting, and Research are combined into a single task.

Program Strategy Testing/Pilots Funding Authorizations

CalMTA’s 2024 budget requested \$19,531,591 (see Table A1) of which \$15,031,591 was authorized for use upon disposition of the ABAL by CPUC Energy Division. The 2024 ABAL established a process by which the remaining \$4.5M, designated for Program Strategy Testing/Pilots, would be authorized by written approval of the CPUC Contract Manager after:

1. MTAB review of the pilot budget and workplan.
2. Posting of pilot budget and workplan to the CPUC Public Documents Area for 15 calendar days to solicit public comment.
3. CalMTA addresses public comments and holds a public webinar to share final budget and workplan and to discuss comments and resulting changes.

Table A4 summarizes a total of \$3,116,000 approved to fund three Program Strategy Testing/Pilots (including a supplemental request of \$75,000 for the Portable/Window Heat Pump Strategy Pilot), as well as the \$883,500 in funds shifted from the Program Strategy Testing/Pilots budget to the Program Strategy Development budget as described above.

Table A4: Program Strategy Testing/Pilots Funding Authorization Summary

Pilot Name (Link to Workplan or Memo)	Public Comment Period (Link to Comments)	Webinar Date	CPUC Approval Requested	CPUC Approval Received	Authorized Spend Amount
Geographic Targeting Using ESRPP for Portable/Window Heat Pump and Induction Cooking	Jan 8-23, 2024	8-Feb-24	13-Feb-24	14-Feb-24	\$ 1,525,000
Portable/Window Heat Pump Self-Installation Practices	Jan 8-23, 2024	8-Feb-24	13-Feb-24	14-Feb-24	\$ 650,000
Portable/Window Heat Pump Self-Installation Practices - Supplemental Budget Request	Apr 11-26, 2024¹	N/A ²	29-Apr-24	30-Apr-24	\$ 75,000
Induction Cooking Chefluencer Event Testing	May 22-Jun 5, 2024	7-Jun-24	13-Jun-24	21-Jun-24	\$ 866,000
Funding Shift to move funds from Strategy Testing/Pilot Budget to Phase II Program Strategy Development	May 17-Jun 3, 2024¹	N/A ²	17-May-24	5-Jun-24	\$ 883,500
Total					\$ 3,999,500

¹ No comments were received

² Per agreement with the CPUC Contract Manager, a webinar was not required.

Program Strategy Testing/Pilots: Funding Authorization Summary	
2024 Funding Reserved for Program Strategy Testing/Pilots	\$ 4,500,000
Total Authorized as of July 12, 2024	\$ 3,999,500
Available funds	\$ 500,500

Appendix B: Non-Labor Budget Detail

Table B-1 provides additional detail on the estimated 2025 non-labor costs (by cost category and major activity).

Table B1. Non-Labor Budget Detail

Cost Category	Non-Labor Expense Items by Major Activity	Totals
Admin	Non-Routine Financial and Administrative Tasks	
	Professional Services ¹	\$ 100,000
	Administration Subtotal	\$ 100,000
Operations	Project Management and Operational Oversight	
	Travel and Other Costs for In-Person Collaboration Meetings	\$ 24,000
	Evaluation Advisory Group Compensation	\$ 66,000
	Totals	\$ 90,000
	MTAB Administration²	\$ -
	MTAB Member Stipends	\$ 60,665
	MTAB Member Travel Costs	\$ 15,600
	Facility and Meals	\$ 13,000
	RI Staff Travel Costs	\$ 11,500
	Totals	\$ 100,765
	Stakeholder Engagement and Communications	
	In-person Focus Groups & Outreach Meetings ³	\$ 35,200
	Conference/Event Registration and Travel	\$ 23,040
	Software and licensing (Empower, etc.)	\$ 17,501
	Other Marketing Costs (e.g. printing, advertising, purchase mailing lists)	\$ 29,100
Equity Listening Session and Sounding Board	\$ 46,200	
Misc	\$ 24,000	
Totals	\$ 175,041	
Data Systems Development and Management		
Salesforce Licensing costs	\$ 12,000	
Data/Web Hosting	\$ 1,200	
Other tools/licensing costs	\$ 12,000	
Totals	\$ 25,200	
	Operations Subtotal	\$ 391,000
Initiative/Concept Development	Concept Development	
	Scanning, Outreach and Engagement (Data Purchase/Research Costs)	\$ 75,000
	Totals	\$ 75,000
	Program Development	
	MTI #1: Induction Cooktops & Ranges (Data Purchase/ESRPP Continuation)	\$ 800,000
	MTI #2: Portable/Window Heat Pumps (Data Purchase/ESRPP Continuation)	\$ 400,000
	MTI #3: Efficient Rooftop Units (ERTU)	\$ -
	MTI #4: Efficient Streetlighting	\$ -
	MTI #5: Commercial Repl. & Attachment Windows (Field Study / Lab Testing)	\$ 475,000
	MTI #6: Food Service Water Heating Systems (Lab Testing)	\$ 100,000
	MTI #7: Residential Heat Pump Water Heaters	\$ -
	MTI #8: Batch 3 MTI(s)	\$ -
	Totals	\$ 1,775,000
	Initiative/Concept Development Subtotal	\$ 1,850,000
	Grand Totals	\$ 2,341,000

¹ External advisory services, including legal support related to the Application Proceeding

² Assumes four virtual and four in-person MTAB Meetings.

³ Travel and meeting expense. Assumes six focus groups and eight outreach meetings.