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DATE

Advice RI-CalMTA-2

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

Public Utilities Commission of the State of California

Subject: RI-CalMTA’s 2024 Energy Efficiency Annual Budget Advice Letter

Purpose

RI-CalMTA submits its 2024 energy efficiency (EE) annual budget advice letter (ABAL) by Tier 2 advice letter in compliance with directives in Decision (D.) 19-12-021, and D.15-10-028,¹ which directed all EE program administrators to file a Tier 2 advice letter containing the budget for the next calendar year’s EE portfolio.

RI-CalMTA requests that the California Public Utilities Commission (CPUC) approve its 2024 ABAL budget request of \$15,585,156.

Background

By D.19-12-021, the CPUC ordered Pacific Gas and Electric Company (PG&E) to act as the statewide lead and contracting and fiscal agent responsible for the selection of an independent, statewide market transformation administrator (CalMTA).² 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.

On October 26, 2022, as further 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.

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 AL

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

² D.19-12-021, Ordering Paragraph 6, at p. 90.

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, the CalMTA, once selected, was further required to file a Tier 2 advice letter with an annual budget each year for the upcoming budget year.³ The decision clarified that the annual budget process for CalMTA "is similar to the rolling portfolio ABAL."⁴

By this Tier 2 Advice Letter, RI-CalMTA-2, CalMTA submits its 2024 ABAL for approval by the CPUC. CalMTA's 2024 ABAL complies with all CPUC requirements for ABALs for EE program administrators set forth in D.15-10-028.⁵ Advice Letter RI-CalMTA-2 also complies with the requirements of General Order 96-B governing Tier 2 advice letter filings.⁶

Contents of Filing

This ABAL provides the required information about CalMTA's 2024 budget and activities, including:

1. **CalMTA's 2024 Budget, Savings and Cost-Effectiveness;**
2. **CalMTA's 2024 Activities and Deliverables; and**
3. **MTAB Report and Recommendation on CalMTA's Proposed 2024 Budget.**

Discussion

1. CalMTA's 2024 Budget, Savings and Cost-Effectiveness

Pursuant to D.19-12-021, the CPUC allocated CalMTA an initial administrative budget of up-to \$20 million per year for startup work for the CalMTA until the CPUC approves the initial tranche of Market Transformation Initiatives (MTIs) for deployment via an application.⁷ Once the initial tranche of MTIs is approved by the CPUC, CalMTA will have a five-year budget for MTIs of \$250 million. In addition, PG&E's Tier 2 Advice Letter 4674-G/6747-E for CPUC approval of the CalMTA Contract reduced the annual start-up budget cap to \$19,600,000 for the first three years and the five-year budget for MTIs to \$245,000 to cover PG&E's possible administrative costs. The decision also required that CalMTA file an ABAL for future budget years, including 2024. CalMTA is funded by the four investor-owned utilities (IOUs) based on the same allocation that is used to fund statewide EE programs.⁸

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%

³ D.19-12-021, at p. 59.

⁴ Ibid.

⁵ D.15-10-028, OP 4, at pp. 123-125.

⁶ General Order 96-B, General Rule 7 and Energy Industry Rule 5.2.

⁷ D.19-12-021, OP 7, at p. 90.

⁸ D.19-12-021, at pp. 63-64.

*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 terms of savings and cost-effectiveness, CalMTA does not expect to have any approved MTIs in 2024. 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.

2024 CalMTA Budget Forecast

CalMTA’s forecasted budget for 2024 is \$15.6 million. The estimated budget and activities are addressed further in section 2. 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 2024 budget will use Time and Materials as the payment type.

Table 2. CalMTA 2024 Forecasted Budget by Cost Category and Activity

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	2.4		2.4		\$ 744,897	\$ 744,897	\$ -	\$ 744,897	\$ 744,897
	Operations Subtotals	9.0		9.0		\$3,835,695	\$ 3,835,695	\$ 456,783	\$ 4,292,478	
	Project Management and Operations	1.6		1.6		\$ 675,070	\$ 675,070	\$ 135,500	\$ 810,570	
	MTAB Operations	1.0		1.0		\$ 421,259	\$ 421,259	\$ 89,000	\$ 510,259	
	Policy Engagement	1.0		1.0		\$ 482,810	\$ 482,810	\$ -	\$ 482,810	
MTA Operations	Stakeholder Engagement and Communications	3.7		3.7		\$1,527,602	\$ 1,527,602	\$ 181,283	\$ 1,708,885	
	Data Systems Development and Management	1.8		1.8		\$ 728,953	\$ 728,953	\$ 51,000	\$ 779,953	\$ 4,292,478
	Concept Development Subtotals	0.9	1.5	2.4		\$ 655,906	\$ 420,680	\$ 75,000	\$ 1,151,586	
	<i>Concept Identification</i>									
	Technology Scanning and RFI Support	0.2	0.3	0.5		\$ 125,534	\$ 80,514		\$ 206,048	
	Outreach, reporting, research	0.1	0.2	0.3		\$ 74,142	\$ 47,553	\$ 75,000	\$ 196,695	
	<i>Concept Assessment</i>								\$ -	
	Benefit analysis and forecasting models	0.3	0.5	0.8		\$ 222,379	\$ 142,628		\$ 365,006	
	Advancement plan development, reporting	0.3	0.5	0.9		\$ 233,851	\$ 149,986		\$ 383,837	
	Program Development Subtotals	7.1	8.6	15.8		\$3,716,802	\$3,080,902	\$ 2,598,490	\$ 9,396,195	
	<i>Strategy Development and Testing</i>									
	Detailed benefit analysis	1.2	1.4	2.6		\$ 617,187	\$ 511,594		\$ 1,128,781	
	Market Research	2.0	2.4	4.4		\$1,043,858	\$ 865,266		\$ 1,909,124	
	Strategy Testing, MTI Plan Development, Reporting	4.0	4.8	8.7		\$2,055,757	\$1,704,042	\$ 98,490	\$ 7,618,088	
	Strategy Testing/Pilots							\$ 2,500,000	\$ 2,500,000	\$ 10,547,781
MTI Market Deployment						\$ -	\$ -	\$ -	\$ -	\$ -
Evaluation						\$ -	\$ -	\$ -	\$ -	\$ -
	Subtotals	19.5	10.1	29.6		\$4,372,708	\$8,082,174	\$ 3,130,273	\$ 15,585,156	
									Grand Total	\$ 15,585,156

2. CalMTA’s 2024 Activities and Deliverables

This section describes planned 2024 activities and deliverables by cost category and activity.

MTA Administration

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 contingency 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, annual true-up reports, and financial audits.

MTA Operations

Project Management and Operations

The proposed operations budget includes project management of the entire CalMTA effort. Key activities include implementing project management processes and tools; conducting regular leadership and tracking meetings; developing the 2025 annual operations plan, 2025 Annual Budget Advice Letter, and the first MTI Application to the CPUC; compliance and tracking regarding conflict-of-interest requirements; and developing/maintaining internal operations processes and procedures.

Key Deliverables:

- 2025 ABAL.
- MTI Application (requests funding for the initial tranche of MTIs).

MTAB Operations

The proposed budget covers virtual and in-person MTAB meetings. It includes developing agendas, communicating with individual MTAB members as needed, preparing materials for MTAB meetings, facilitating and note-taking at the meetings, ensuring follow-up on recommendations, and direct costs associated with convening the MTAB.

Key Deliverables:

- Up to four in-person and up to six virtual MTAB meetings.

Policy Engagement

The proposed policy budget supports a number of activities with the goal of ensuring CalMTA's efforts mesh well with current and evolving policy. The primary activities include tracking regulation and legislation of interest to CalMTA and summarizing the findings into memos and other materials; ensuring the evolving regulatory landscape in California is understood by CalMTA leadership and MTI program developers; performing regulatory research and summarizing the findings; and supporting regulatory filings to the CPUC.

Specific activities are described below:

- Track and inform key CalMTA departments of CPUC rulemakings, proceedings, decisions, evaluations, workshops, etc. of relevance to CalMTA.
- Track and inform key CalMTA departments on California Air Resources Board and California Energy Commission rulemakings, workshops, and programs of relevance to CalMTA.

- Track and inform key CalMTA Departments 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, such as the annual budget advice letter.
- Support CalMTA's application to the CPUC for Market Transformation Initiative (MTI) approval.

Stakeholder Engagement and Communications

In 2024, work related to stakeholder engagement and communications includes developing and maintaining platforms and systems to manage and regularly communicate with CalMTA stakeholders. It also includes developing and managing engagement opportunities both on behalf of CalMTA as an overarching program, as well as specific markets based on MTI priorities.

Specific activities are described below:

- Develop and publish annual, quarterly, and other reports documenting CalMTA and MTI development progress.
- Publish semi-monthly stakeholder communications via newsletter or notices with updates on CalMTA, MTAB work, and MTI development.
- Host regular webinars and event presentations to share CalMTA and MTI development updates.
- Perform ongoing development and updates of calmta.org website content, communications collateral, contact management database, and other assets.
- Conduct stakeholder outreach and coordination in all areas of the California efficiency market with personal and direct electronic communications and virtual as well as in-person meetings.
- Conduct outreach to targeted market actors and audiences in support of MTI development, including meetings and interviews with Environmental Social Justice community representatives and other market actors.
- Craft outreach and communications strategies for specific MTIs that will be integrated as part of MTI Plan development.
- Maintain regular collaboration with mission-aligned organizations and other allies to help disseminate CalMTA information.

Key deliverables:

- Annual and quarterly reports to CPUC.
- Semi-monthly stakeholder communications via newsletter or notices.
- Live webinars on CalMTA activities, with on-demand recordings available at calmta.org.
- Regularly updated calmta.org website, collateral, stakeholder contacts.

Data Systems Development and Management

In 2024 CalMTA will develop new and improve existing data systems to support CalMTA operational and data management needs.

Specific activities are described below:

- Conduct assessment and solutions of IT system's needs (tools selection, architecture, and system design).
- Maintain and support CalMTA domain and infrastructure.
- Manage data systems security.
- 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.

Market Transformation Initiative/Concept Development

The portfolio approach administered by CalMTA encompasses a continuous process of scanning the market for MTI opportunities, assessing and advancing MTIs, while implementing tactics directly to remove market barriers. This process will be used to ensure there is a continuous flow of new opportunities identified to refill the portfolio as more mature MTI's transition out of direct market activities.

CalMTA's 2023 Annual Operations Plan included opening the first Request for Ideas (RFI) for MTIs, scoring and evaluating the ideas, and developing MTI Advancement Plans for one to three MTIs that are most ready for near-term advancement (i.e. the "front runner MTIs"). Efforts in 2024 will focus on further advancing additional promising ideas identified in 2023, readying them for market development activities, while continuing to assess the market for new opportunities.

Concept Development

CalMTA will continue and expand upon the concept development work initiated in 2023, monitoring the market for new technology or practice opportunities and competing products that may alter initiative strategies.

Specific activities are described below:

- Open additional RFIs at regular intervals to gather MTI ideas from California and national audiences.
- Collaborate with stakeholders to develop new MTI opportunities. Stakeholders may include manufacturers, emerging tech programs, community-based organizations (CBOs), regional energy efficiency organizations, and utilities.
- Conduct light market research as needed to fill gaps in knowledge for new ideas collected in 2024.
- Use the MTI identification process to periodically collect, catalog, manage and score RFI submissions.
- Coordinate with the MTAB to review submissions and prioritize MTI ideas (in addition to those from the 2023 RFI) for further development.

- Develop MTI Advancement Plans for those ideas that will move to Phase II: Program Development and review with the MTAB.

Key deliverables:

- Two to four RFI solicitations.
- Summary reports of idea solicitations.
- MTI Advancement Plans for prioritized MTI's.

Program Development

The program development phase of MTI management is when CalMTA staff develop MTI Plans for the most promising ideas. 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.

Activities for Program Development in 2024 will primarily focus on developing fully-fledged MTI Plans for MT ideas that were selected in 2023. By the end of 2024, one to three MTI Plans will be completed, and CalMTA will file an application with the CPUC for approval of these MTIs to start deploying into the market. Additional MTIs will gain approval as they are ready in future years. Specific program development activities are described below.

- Conduct market research, laboratory and/or field testing, pilots, and other activities per MTI Advancement Plans to test market strategies and develop program design.
- Conduct outreach to stakeholders, such as CBOs and other regional organizations to develop relationships, learn from their experiences, and identify opportunities to forge partnerships.
- Based on testing of strategies and prior team experiences, develop final MTI logic models and strategic approaches to market interventions.
- Develop MTI diffusion modeling, cost-effectiveness analysis, and impact calculators.
- Develop evaluation plans and establish market progress indicators (MPIs), etc. based on collected baseline data.
- Launch and manage working groups as needed by MTI, sector, or end use.
- Further prioritize potential MTIs based on portfolio goals and highest-value impacts.
- Finalize one to three MTI Plan(s) for each initiative that is recommended to move into full-scale market deployment in Phase III. 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 metric.
 - Draft evaluation approach and data management requirements.
 - Estimated market deployment budget and timeline.
- Submit one to three full MTI Plan(s) to the CPUC via an application for approval.
- Continue developing MTI Plans for additional viable MTIs as learnings from research and testing conclude.

Key deliverables:

- Market characterizations and other completed market research as identified per MTI Advancement Plans.
- Launched MTI Working Groups.
- Up to three full MTI Plans submitted to the CPUC via an application.

3. MTAB Report and Recommendations on Proposed 2024 Budget

By D.19-12-021, the CPUC directed CalMTA to include in its ABAL a report and recommendations on the draft ABAL by the MTAB.⁹ In compliance with this direction, CalMTA includes this report section with a summary of the comments from the MTAB and their recommendation.

Process for Soliciting MTAB Feedback

CalMTA solicited input from the MTAB input on the draft ABAL via the following process:

1. Draft ABAL sent to the MTAB June 2, 2023 for preliminary review.
2. A meeting of the MTAB was convened June 8 during which the CalMTA presented the draft budget, and MTAB feedback/comments were gathered.
3. MTAB members were given until (Date) to submit written feedback on the budget to the CalMTA.
4. CalMTA reviewed and incorporated feedback from the MTAB. (Date)
5. CalMTA sent the final budget to the MTAB along with a proposed MTAB Recommendation Report, based on their feedback. (Date)
6. MTAB meeting was convened on June 30 for final review.
7. The final budget and MTAB recommendation report are incorporated into this ABAL filing.

Key Comments Received from MTAB

Overview:

Table 3: Summary of Key MTAB Comments and CalMTA Responses

Commenter	Comments	Topic	CalMTA Response

MTAB Recommendation

To be developed

Protests

⁹ D.19-12-021, at p. 125.

Anyone wishing to protest this submittal may do so by letter sent electronically via e-mail, no later than **DATE**, 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:

Margie Gardner
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 Ordering Paragraph 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, **DATE**, 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/ Margie Gardner
Margie Gardner
Vice President of Market Transformation
Resource Innovations, Inc.

cc: R.13-11-005 Service List

Include Advice Letter Summary Form