Draft MTAB Meeting Notes

June 8, 2023
Virtual Meeting

Margie Gardner opened the June 8 meeting with introductions and an icebreaker. She reviewed the agenda.

Review May Meeting Notes

Margie Gardner called for any changes to the previous orientation meeting notes. There were no changes.

2024 Budget Presentation & Discussion

Margie Gardner explained that we will be reviewing the 2024 budget and draft Annual Budget Advice Letter (ABAL), which when finalized will be filed with the California Public Utilities Commission (CPUC) for approval. She explained that a form would be sent after the meeting for Market Transformation Advisory Board (MTAB) members to comment. Margie turned the presentation over to Jim Giordano, CalMTA's Principal of Operations. Jim walked the Advisory Board members through the budget sections and what they mean.

After the overview, the following staff presented key activities for their departments:

- Jim Giordano, Principal of Operations
- Nils Strindberg, Principal of Policy
- Stacey Hobart, Principal of Stakeholder Engagement & Communications
- Jeff Mitchell, Principal of Market Transformation Development

There were clarifying questions about the operations budget from the MTAB members including:

- The percentage of the budget allocated to operations and administration versus MTI development. Answer: Operations is 28% of the overall budget. Administration is 5%.
- The categorization of the budget to cover an audit. Answer: It was clarified that funds were set aside for a contingency audit to cover the costs of meeting any special requests, but they would only be spent if an audit were requested.

- What is attributed to the associated non-labor costs for the operations expenses. Answer: It was explained that the $135,000 represents staff meetings for the CalMTA meetings, professional services such as outside council or design services.
- Is there a rollover from one year to the next? Answer: It was clarified that during the first three start up years, budget rollovers are not allowed. But during the five-year period for implementation of MTIs, funds could rollover.
- Does the operations budget includes data security. Answer: That expense is included.
- Has CalMTA thought about other entities in California doing parts of market transformation, say codes & standards, for example. Answer: Margie explained that was happening—we are meeting reaching out to implementers, codes & standards folks, CalNEXT etc. The policy aspect of our budget is more related to what we need to know to ensure that the MTIs and the organization align with the state's energy efficiency framework and all the activities under that. It was suggested that this work happen early to anticipate any conflicts that come up.
- The policy budget looks at staff costs of $500,000, but only one FTE; is that the salary of the FTE? Answer: It was explained that there were other expenses that go into total labor costs beyond salary, but the budget does represent 1 fully burdened FTE based on 1,800 hours a year.
- On the task to track and inform for the policy function, do we see anything beyond the track and informing such as more active engagement with the sister agencies like the CEC or CARB. Answer: It was clarified that this would happen once we have MTIs and can talk more specifically about the markets.
- Characterize the portion of the budget that is reserved for targeted outreach to not-the-usual suspects. Answer: Explained that CalMTA is working with Oritz Group to reach out to contacts both for the ESJ communities and contacts in workforce development. Those initial introductory engagements will be followed up with deeper focus group-style sessions where conversations can be specific to MTIs that are likely to advance.
- Need for deeper detail that justifies the cost of the deliverables described for each category. Answer: Margie explained that some of the numbers represent ranges because we don't know how many MTIs there will be.
- The basis on which the MTI development budget was based. Answer: Jeff Mitchell explained that the budget is based on an expected 7-10 MTIs in 2024, but it is a range. He also stated that the cost of each MTI development could vary greatly. It was raised that this initiative and concept section of the budget is most susceptible to change based on how many initiatives are developed and what they need.

MTAB members advised that the budget should make a proposal of how many MTIs we think there will be and build the budget around that proposal. This could include scenario building that looks at the high-end number of MTIs as well as the low-end number to understand an appropriate target. Overall, the narrative needs to be more specific on what CalMTA aims to

achieve and specific outputs to complete in 2024. Some budget ranges are likely ok but should be limited and tied to more specific action items.

There were clarifying questions about the market transformation development budget from the MTAB members including:

- Whether to hold quarterly RFIs or less often—annually or semi-annually. It was explained that although the ideas would be accepted at any time, we would not handle them on a rolling basis. Rather, we would batch and communicate that they would be handled at a later point in time. There was concern that staff may not have time to continue to accept new proposals while also working on what's in hand. Other MTAB members felt that quarterly was more appropriate. Jeff Mitchell explained that we want to ensure we stay connected to the market and so we want to make sure that if there's a new opportunity, we are in position to take advantage of it.
- What would happen if we submit one MTI halfway through the year and there are two more coming at the end of the year? Would this get the ball rolling on MTIs in process. What does that do for budgeting in 2025? Does that start the clock on the $50 million a year budget? Christie Torok (CPUC) explained that the start up period ends and implementation begins when the Application is disposed. There have been discussions about what the process would be for funding approval for subsequent MTIs. That process would be explained in the Application and in place after the Application is approved. If there are MTIs ready earlier in 2024, there's nothing that would prevent an Application from being submitted.

  Margie added that given the start-up budget stops once the Application is approved, we would have to explain how we would finish the year with the budget in place and transition to the new approved funding for the MTI work.

Budget Detail

Jim presented the detail around how the budget calculations were developed. MTAB members had feedback including:

- Advice to include the budget table in the advice letter with additional information in the narrative that explains this is FTE expenses plus the associated costs. In addition, include that the MT Administration is X%.
- Suggested that the $2.5 million expense be further detailed for what that money would be used for. Seeking a number or range of pilots that would be implemented with those funds.
- Consideration of including evaluation costs as a line item as well as development of an evaluation framework. Margie explained that currently the evaluation costs are the

MTI development budgets. She also noted that the evaluation framework would be done in 2023 and was not sure there would be additional work in 2024.

- Would be useful to include the forecasted budget in 2023 to see how transitioning between the years and the plan moving forward.
- Reiterated that the budget should be offered in the context of goals or provided from a standpoint of assumptions or factors that went into creating it.
- Ensure that market research baselines are developed. Jeff ensured that creation of natural market baselines would definitely happen as part of the market research. There was further discussion about what would be required to initiate that kind of market research. It was clarified that there was no stage gate in particular, but that CalMTA would work with the MTAB to determine what market research was necessary. This work would be outlined in the MTI advancement plans.
- Questioned whether it made sense to increase the pilot scope beyond $2.5 million and if the work didn't materialize, you wouldn't spend it. Thinking that if you got two really good MTIs, then $2.5 million would probably cover only one. Margie asked what the group was comfortable with in terms of increasing this budget amount and what is the risk of not spending the funds as requested.

  It was explained that there would not be an option for carryover, which something of a risk. Members advised that it's better to maximize the request and if you don't meet it, then you can explain why not. In terms of process, the other approach would be to file an amendment mid-year with an additional funding request. However, a mid-year amendment would be likely to be more complicated than including the greater amount in the ABAL budget request and the timing may not work. The most important thing is that the funding is adequately justified. The number needs to have details on how it's broken down.

- There was further discussion about whether funding could be reallocated across categories. It wasn't immediately clear if that could be done, but would likely follow how the IOUs approve fund shifting.

Future Schedule for Budget Development

Margie explained that after the meeting a survey would be sent out to MTAB members. The survey feedback is due on June 13 with the next meeting happening on June 30.

Public Comment

Marc Costa of The Energy Coalition commented that the energy efficiency proposed decision is out, there's some promising language in the about innovation and expanding into the IDSM management integration world. Given that the MTA has some unique guidelines in terms of metrics cost-effectiveness, I would also hope that extends to budget allowable expenses mirroring what's in the EE proposed decision for traditional administrators and hopefully there's even more allowed for the MTA when it comes to DER and IDSM approaches. So, curious if you are going to look into that and if discussions are happening. If not, encourage you to do that.

The meeting was adjourned.