



April 18, 2024

MEMORANDUM

TO: CalMTA Market Transformation Advisory Board

FROM: CalMTA Leadership Team

SUBJECT: Proposed CalMTA KPIs

This memo identifies proposed Key Performance Indicators (KPIs) for CalMTA. CalMTA developed this set of KPIs to correspond with the high-level principles in the Market Transformation Framework adopted with Decision D.19-12-021, which called for MTIs to:

- Include metrics to assess progress toward MTI goals (KPI 1)
- Integrate strategies to maximize equity (KPI's 2, 3)
- Drive incremental savings that achieve the state's energy efficiency (EE), equity, and GHG reduction goals. (KPIs 4 -12)
- Manage MTIs cost-effectively as a portfolio (KPIs13, 14)

In addition to the KPIs noted above, KPIs 15 -19 pertain to CalMTA administrative performance.

CalMTA proposes to monitor, manage, and report overall program performance via a scorecard that tracks agreed upon KPIs for the overall program in each of the above five categories. CalMTA will update the CalMTA performance scorecard quarterly - for indicators that can be tracked quarterly - with comprehensive annual updates based on program data and findings from third party evaluations.

In addition to CalMTA-level KPIs, which are the focus of this memo, CalMTA will create scorecards that track individual MTI performance. CalMTA will develop MTI performance scorecards as part of the MTI Plan required for each MTI to advance to Phase III (Market Development). These MTI scorecards will feature market progress and equity indicators developed for each MTI, along with incremental impacts, budget performance, cost-effectiveness, and MTI milestones.

Proposed CalMTA KPIs

Table 1 shows the proposed KPIs, with illustrative (fictional) values, and is followed by a brief description and rationale for each.

Table 1. Proposed CalMTA KPIs with Illustrative Values¹

Performance Category	KPI	Target (per plan) ^a	Fore-cast ^b	Reported to date	Status/Updated ^c
MT Progress	1. Achievement to Phase III MTI market progress milestones (% of current year milestones met) ^d	100%	90%	90%	1/31/27
Equity/ Environmental and Social Justice (ESJ)	2. MTI Equity Milestone Attainment (% of current year MTI equity milestones met) ^{de}	100%	100%	100%	1/31/27
	3. Percent of ESJ engagement milestones achieved (current year)	100%	100%	100%	1/31/27
Incremental Savings and Benefits towards CA Goals	4. 2026-2030 Net Incremental TSB (\$)	\$2.3B	\$2.0B	\$50M	1/31/27
	5. 2026-2030 Co-Created TSB (\$)	\$2.9B	\$2.9B	\$100M	1/31/27
	6. Lifetime Net Incremental TSB (\$)	\$12.4B	\$12.4B	\$50M	1/31/27
Portfolio Cost Effectiveness	7. Forecasted B-C Ratio, TRC	1.0	1.3		1/31/27
	8. Forecasted B-C Ratio, PAC	1.0	3.2		1/31/27
Administrative Performance	9. Percent ops plan milestones achieved (current year)	100%	95%	95%	1/31/27
	10. Current Year Budget Expenditures (\$M)	\$50M	\$48.7M	\$48.7	1/31/27
	11. Admin percent of total expenditures (current year)	10%	9.7%	9.7%	1/31/27
	12. Budget accrued to third parties as percent of total program expenditures (current year)		20%	20%	1/31/27
	13. Budget accrued to third parties as percent of total program expenditures (2026-2030 cumulative)			4%	1/31/27

¹ NOTE: values populated in the table are intended for illustrative purposes only, to aid in understanding the type of data that would be included. These are not real data.

- ^a This column represents the commitments or targets made in the MTI Plan, Operations Plan, and ABAL. The value will serve as the yardstick against which performance is assessed. Portfolio-level TSB values will increase when MTIs are added to the portfolio (i.e., when they advance to Phase III) but will otherwise remain unchanged unless there is a deliberate change to an MTI Plan that has been vetted with the MTAB and CPUC.
- ^b This is the reported value as of the date updated. It is updated based on the most recently available actual data. For savings and benefits KPIs, forecasting model inputs are updated, and the value reflects the updated outputs of those models, which will be evaluated by third-party evaluators after they are reported.
- ^c Red, yellow, green rubric TBD after we decide on scorecard metrics and format. For example, we could decide that green is within 5% of target, orange within 10%, and red any greater shortfall.
KPIs based on sales or other empirical data, may be updated quarterly - depending on the data sharing/purchasing agreements negotiated by CalMTA. Metrics that depend on annual market progress evaluations will be updated annually. This mock-up represents what the 2026 year-end scorecard might look like.
- ^d KPIs 1 and 2 are rollups of all the individual MTI milestones for market transformation and equity, respectively.
- ^e This would include any workforce development metrics developed for the individual MTIs, as relevant.

KPI Descriptions

Market Transformation Progress

KPI 1. Achievement to MTI market progress milestones (% of milestones met)²

MTIs are characterized by high investment in the initial years of an initiative, with substantial quantitative energy impacts following in later years. As such, market impact in the short- and medium-term is best assessed based upon the market progress indicators (MPIs) documented in the MTI Plan and performance to market progress milestones as documented in the MTI Plans and/or the CalMTA Operations Plan. This KPI tracks the proportion of market progress milestones met or on track to be met for the current year. Individual MTI-level scorecards will provide the ability to “drill down” into individual MTI performance and market progress indicators.

Equity and Environmental Justice

CalMTA recognizes the historical inequities of efficiency investment and is using an equity lens in our approach to developing a market transformation portfolio for California that delivers benefits to environmental and social justice communities. CalMTA is committed to distributional and procedural equity, and KPIs 2 and 3 are intended to be program-level indicators of performance on these aspects of equity, respectively.

KPI 2. MTI Equity Milestone Attainment (% of current year MTI equity milestones met)

Like KPI 1, this KPI summarizes MTI portfolio performance to established equity milestones across the entire MTI portfolio. Individual MTI scorecards will provide the ability to “drill down” into individual MTI performance and equity indicators.

KPI 3. ESJ engagement milestones achievement (percent of current year planned engagement activities completed)

This KPI reflects CalMTA’s performance on procedural equity. It indicates the percentage of planned ESJ engagement milestones completed each year - as documented in the MTI Plans and/or the CalMTA Operations Plan.

² Each MTI will establish market progress indicators (MPIs) as part of the MTI Plan required for advancement to Phase III, Market Development. These metrics will be tracked over time to assess MTI market progress. In addition to the ongoing tracking of MPIs, CalMTA will establish market progress *milestones* each year. These milestones will specify the expected annual accomplishments corresponding to each MPI.

Incremental Savings and Benefits towards CA Goals

KPI's 4-6 measure the incremental impact of California's investment in market transformation via CalMTA. In this program level scorecard, these KPI's show the aggregate impacts of the entire portfolio of MTIs. CalMTA will also create a set of more detailed MTI-level scorecards, so that stakeholders and managers can track the progress and impact of individual MTIs.

KPI 4. 2026-2030 Net Incremental TSB (\$)

This KPI is the total **net incremental TSB** for all MTIs in Phase III (i.e., the sum of all MTI incremental impacts, net of utility program validated impacts; $[(TMA-BMA) * UEI]$ - utility program validated impacts.³ TSB is calculated using the California TSB methodology using CalMTA's incremental market adoption forecasts and associated unit energy impacts as inputs. We expect this value to be zero until 2027 because no incremental impacts are expected until after the first year of MTI market deployment (Phase III), which is 2026. We expect net incremental TSB to ramp up over the 2027-2030 period, with the greatest impact occurring in the later years of the initiatives - after 2030.

Note: TSB comprises the dollar value of benefits from electric energy savings, gas energy savings, demand savings, and GHG reduction. An earlier version of the KPIs included these disaggregated savings values, but we decided to simplify the scorecard by removing them. We may, however, develop reporting that allows the reader to "drill down" into disaggregated benefits - by type of benefit and by MTI.

KPI 5. Co-Created Incremental TSB (\$)

This KPI is **total incremental TSB** for all MTIs in Phase III (i.e., the sum of all MTI incremental impacts; $[(TMA-BMA) * UEI]$). It estimates the total combined impact of the MTI due to coordinated CalMTA and utility program market interventions. While this value will not be used for CalMTA incremental impact or cost effectiveness reporting to the CPUC, CalMTA regards it as a key performance indicator because it represents the impact of collaborative efforts associated with the MTI.

KPI 6. Lifetime Net Incremental TSB Forecast (\$)

This KPI is the TSB value for the lifetime of all MTIs in the CalMTA portfolio (i.e., all MTIs that have advanced to Phase III), which is typically 20 years. MTIs are characterized by lower impact during the early years of investment - the period with the greatest level of market intervention - with benefits accelerating after structural market changes are achieved. Therefore, the value of MTIs is best represented over the lifetime of the MTI, so that it includes the full impacts of the market transformation.

³ TMA = total market adoption; BMA = baseline market adoption and represents the market adoption that would have occurred absent the MTI; UEI = unit energy impact. For more information, see CalMTA MTI Evaluation Framework [Insert Link].

Portfolio Cost Effectiveness

KPI 7. B-C Ratio, TRC

This KPI indicates the lifetime forecasted cost-effectiveness for CalMTA's portfolio based on net incremental TSB, using California's rules for the Total Resource Cost Test.

KPI 8. B-C Ratio, PAC

This KPI indicates the lifetime forecasted cost-effectiveness for CalMTA's MTI portfolio based on net incremental TSB, using California's rules for the Program Administrator Cost Test.

Administrative Performance

KPI 9. Percent of operations plan goals/milestones achieved

This KPI indicates performance to CalMTA's Operations Plan milestones - the proportion of milestones in the current year Operations Plan that are achieved.

KPI 10. Current Year Budget Expenditures (\$M)

This KPI measures current year expenditures versus budgeted expenditures.

KPI 11. Administrative expenses percent of total expenses (%)

This KPI indicates the proportion of current year expenditures that went toward administrative expenses.

KPI 12. Budget accrued to third parties as percent of total program expenditures (current year)

This indicator indicates the proportion of total CalMTA expenditures outsourced to third parties (including implementers, evaluators, market partners - in the form of incentives, marketing dollars, etc.) during the current year.

KPI 13. Budget accrued to third parties as percent of total MTI expenditures (cumulative 2026-2030)

This indicator indicates the proportion of total CalMTA expenditures outsourced to third parties (including implementers, evaluators, market partners - in the form of incentives, marketing dollars, etc.) over the initial five-year funding period.