



February 9, 2024

**MEMORANDUM**

**TO:** Market Transformation Advisory Board

**FROM:** Alex Wurzel, Program Manager  
 Alexis Allan, MT Strategy Manager  
 Elaine Miller, Senior Manager, Market Transformation Strategy

**SUBJECT:** Batch 1 Strategy Pilot Feedback Memo

CalMTA would like to thank both the Market Transformation Advisory Board (MTAB) and the public for the feedback provided on the two Strategy Pilots for Geographic Targeting Using ESRPP for Portable/Window Heat Pump and Induction Cooking & Portable/Window Heat Pump Self-Installation Practices. The draft Strategy Pilot statements of work (SOWs) were posted for comment on the California Public Utilities Commission's (CPUC) [Public Document Area \(PDA\) website](#) from Jan. 8-22, 2024. During the comment period we received 10 responses. Below is a summary of the feedback and CalMTA's responses. When appropriate, we have updated the Program Strategy Pilot SOWs. Final documents can be found in our website's reports section: <https://calmta.org/resources-and-reports/>

**Table 1: ESRPP for Portable/Window Heat Pump & Induction Cooking Feedback**

Source	Feedback #	Feedback Provided	CalMTA Response
Public (SDG&E)	1	Starting in PY2024, the Statewide Plug Load and Appliance Program plans to begin offering induction cooking and will work with the same retailers that the ESRPP uses. SDG&E seeks clarification on how CalMTA are planning to mitigate any potential overlap with statewide programs, specifically the SW PLA program.	CalMTA is committed to coordinating productively with statewide programs and specifically the Golden State Rebate Program. This is a high priority for CalMTA across our portfolio. We are excited to learn that Golden State Rebates is including customer incentives for induction stoves in the program. It offers an opportunity to learn about the possible intersections between customer targeted incentives for induction and what CalMTA's pilot is exploring with targeted mid-stream retailer incentives. Collaboration between the programs on

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			<p>induction could also provide valuable insights on customer messaging, retailer stocking practices, product availability and overall tracking of market adoption. CalMTA will need to work with the Golden State Rebate implementors to develop a clear coordination and collaboration process, especially when it comes to retailer locations enrolled in both programs. We can also work with the ESRPP (RAA) current implementors (PG&amp;E) to learn about how things are currently coordinated on induction as it is already part of the current ESRPP Program. We recommend an initial call to learn about each other's retailer efforts and then consistent coordination calls on the progress of the CalMTA pilot as it unfolds.</p>
Public (PG&E)	2	<p>The MTA should participate in the U.S. Retail Partners Platform (USRPP). The CA IOUs endorse the MTA's active involvement with the U.S. Retail Partners Platform (USRPP). This collaboration would support the market transformation of portable heat pumps and induction cooktops. The key to market transformation is attaining large-scale adoption. MTA's support of USRPP would expand the program's reach beyond the PG&amp;E service area. PG&amp;E has supported the USRPP for over 15 years but will transition USRPP to the MTA at the end of the first half of 2024. PG&amp;E backed the inclusion of induction cooktops, portable air conditioners, and heat pumps in the USRPP program, aiming to drive specific technological shifts and boost the in-store availability of induction cooktops. The historical, anonymized USRPP sales data provides a market baseline for portable heat pumps and induction cooktops, offering valuable insights for future market</p>	<p>Thank you for your support for CalMTA to expand upon the already good work that PG&amp;E and other sponsors have done to build the ESRPP program. We plan to launch this strategy pilot statewide in March or April of 2024 targeting retailer sales of induction stoves, cooktops, room AC units, and portable heat pumps. Our main objective is to see if retailers and the ESRPP model can adapt to targeting ESJ communities with affordable induction and portable heat pumps. Our second objective is to enable the continued gathering of this valuable statewide data set.</p>

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		<p>transformation strategies for these technologies. ENERGY STAR® created a specification for induction cooktops, resulting in PG&amp;E including the product in its USRPP program. The 2021 USRPP program began with less than five qualifying monthly sales and ended with sixty-four units sold. In the first two months of the 2022 program year, the USRPP exceeded the 2021-year totals, with six new moderately priced units added to the qualified product list and gaining greater market adoption. Portable heat pumps represent a small market segment; however, efforts to increase their market share and attain the desired market transformation are developing</p>	
	3	<p>USRPP supports Codes &amp; Standards Advocacy subprograms. The Codes &amp; Standards Advocacy subprograms (C&amp;S) have used the USRPP sales data for PG&amp;E's service territory to respond to the U.S. Department of Energy (DOE) rulemaking and define the laboratory testing scope. Backing the USRPP is the most cost-efficient approach to acquiring appliance sales data and, at times, the sole method. When conducting laboratory tests to endorse these stringent standards, focusing on appliances with the highest market share is beneficial, ensuring that the test results accurately reflect the current market trends. The USRPP sales data guide the selection of products for laboratory testing. CalMTA should enter the market with an ENERGY STAR Retail Products Platform pilot. The C&amp;S staff would like to continue</p>	<p>CalMTA will work with the Codes &amp; Standards Advocacy team, their subject matter experts, and current contractors to ensure a smooth transition of ESRPP from PG&amp;E to the CalMTA Strategy Pilot. With the C&amp;S team we will develop a process for ensuring that the ESRPP data sets can continue to service the Advocacy Team's lab testing and standards advocacy work. CalMTA will also share the Strategy Pilot results and lessons learned and ensure coordination with the Codes and Advocacy team upon the completion of the pilot or any continued CalMTA work with ESRPP.</p>

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		discussing the USRPP transition from PG&E to MTA and any data implications.	
MTAB (Randall Higa)	4	The secondary activity is an AC-recycling “turn in.” This is a downstream activity, and the plan doesn’t mention any longer-term knowledge objective (e.g. to understand market barriers). As such it’s unclear how this downstream activity would benefit any MTI, so the link to market transformation should be made clearer. Also, the IOUs discontinued their appliance recycling program for good reasons, we recommend that CalMTA review past evaluation reports on Calmac.org to understand past challenges facing appliance recycling programs in California.	CalMTA will review evaluation reports on the past utility efforts targeting appliance recycling programs before implementing the A/C recycling strategy. The main purpose of the secondary AC-recycling program is to drive customers to the retailers to: 1) build awareness of the benefits of portable heat pumps, and 2) build sales of portable heat pumps at primarily ESJ targeted zip codes. In addition, the AC turn-in events offer an opportunity to learn about customers’ understanding on the importance of recycling older AC units properly and their knowledge of the benefits of portable heat pumps. In the current conceptual logic model, we have called out the interventions of “awareness building” and “leverage of current programs.” CalMTA envisions that turn-in events like these will give us important information on customer awareness and behaviors. CalMTA has updated the Strategy Pilot plan to better reflect these research objectives.
	5	For both strategic pilots, the only public report-out seems to be a webinar. Findings from each pilot should be documented in a report so that ratepayer funded “lessons-learned” can be disseminated to all stakeholders. These types of deliverables and their preliminary schedule should be included in the strategic pilot plans.	CalMTA will ensure that the research findings from both strategy pilots are fully documented in a report that will be publicly available, in addition to a webinar.
	6	CalMTA needs to determine what portion of low-income purchases for this equipment is through an ESRPP retailer.	The data available through ESRPP does not include customer data, so we will not be able to gather income demographics through this mechanism. The ability to effectively target certain audience segments is important, and the CalMTA team will investigate other ways to measure those impacts as we develop our program strategy, logic model, and associated market progress indicators.

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	7	Other retail shops besides Lowes, Best Buy, etc., such as Pacific Sales should be included. Most of these residential manufacturers have their own showrooms as well but gas ranges are still displayed four times more often than electric.	<p>We understand that Pacific Sales was purchased by Best Buy and that their consumer products mostly flow through Best Buy retail stores. It is unclear if their product sales will be captured through Best Buy data sets or the independent supplier, Nationwide. They do appear to have some independent stores in California that primarily service builders. We will continue to research this through our market characterization, supply chain map and data gathered through this Strategy Pilot. Yet, overall, through ESRPP (Home Depot, Lowes, Best Buy and Nationwide) we estimate that these 3 chains and the independents that source their products through the buying group Nationwide, CalMTA will be able to reach an estimated 60-80% share of the California market. If we find through the Strategy Pilot that we are missing a substantial number of independent appliance stores, we can work to recruit them for the full program if it scales.</p> <p>ESRPP participating retailers provide full category sales data as part of the program, which will allow the team to monitor the impacts of the program on sales, which can be a proxy for retailer assortment.</p>
	8	There needs to be demonstration/education workshops and seminars for induction appliances as most consumers walking through these retailers don't know what they are looking at. They will need to educate the staff as well to be able to answer the questions about induction. Demonstrations and education are critical as merely adding more units on the sales floor is not sufficient. Sales personnel will need to respond intelligently to questions about the impacts to their overall energy bills when induction ranges are replacing gas.	We recognize the importance of demonstration/education, especially with such a new technology as induction. ESRPP is built off of a foundation that retailers are experts in selling product and will not give floor space to products that don't sell. In addition, the upstream incentives are based on units sold, therefore it is in the retailers' best interest to market incentivized products and train sales staff on those products. A requirement of the program is a quarterly update from retailers to all ESRPP program sponsors that highlight which steps are being taken to promote incentivized products. This often includes promotion view adds, mailers, employee spiffs, and associate training. We will advocate when possible that retailers include both staff training and customer demonstrations in targeted stores for induction.

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	9	Consideration will also be needed to inform consumers about the impacts to their electrical system which may need incentives even with a lower priced induction range.	<p>This is a barrier that we have documented in the MTI Advancement Plan and will research in this next phase. For this Strategy Pilot with retailers, we will advocate that retailers include this message in any of their consumer marketing and training materials deployed as part of the pilot. As mentioned in the response above, we do require a quarterly update from retailers to all ESRPP program sponsors that highlight which steps are being taken to promote incentivized products.</p> <p>We cannot supply consumers any incentives for electrical upgrades through this pilot because the incentives we are supplying go directly to the retailers to encourage appropriate stocking. Yet, we recognize this as a barrier and, if this program advances to Phase III, we will need to partner with programs that are already providing incentives for electrical upgrades as part of electrification efforts. That said, one longer term goal of the overall MTI will be to help bring more affordable 120V products to market, obviating the need for an electrical upgrade, but this is a longer-term goal for the program.</p>

**Table 2: Portable/Window Heat Pump Self-Installation Practices Feedback**

Source	Feedback #	Feedback Provided	CalMTA Response
MTAB (Randall Higa)	1	CalMTA needs to pilot test more than just self-installation practices. The customer must first correctly identify whether a unit is indeed a HP unit vs a cooling plus strip heat unit, vs a swamp cooler, which is a non-trivial task. CalMTA should also determine whether customers are more prone to purchase these units online, or via a brick- and-mortar store. CalMTA needs to assess the entire customer journey, of which	This Strategy Pilot is just one part of a three-pronged research effort. In addition to the Strategy Pilot, CalMTA will be doing a full market characterization and product assessment research as detailed in the Portable/Window Heat Pump Advancement Plan ( <a href="https://calmta.org/resources-and-reports/portable-window-heat-pumps-advancement-plan/">https://calmta.org/resources-and-reports/portable-window-heat-pumps-advancement-plan/</a> ). We recognize the barriers associated with customers being able to correctly identify whether the product is indeed a heat pump. We will learn about this challenge both through the market characterization, product assessment and through the other

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		installation and proper operation and maintenance is the end.	ESRPP strategy pilot via discussions with retailers. We will engage both manufacturers and retailers on how these products are described, presented, and marketed to consumers as part of the feedback to these market actors. We will also interview pilot participants, CBOs, other program SME's and retailers to assess the entire customer journey for portable/window heat pumps. An additional source of customer research will be leveraged from other regions and the national CEE, DOE, and ENERGY STAR efforts that are currently focused on these products.
	2	The pilot should Include traditional window heat pump (i.e., non-saddle versions) that are ducted to a window, or provide justification why such HPs are excluded.	The Strategy Pilot will include the traditional window heat pumps that are ducted to the windows, standard orientation window units, and U-shaped window units in addition to the saddle versions. This was an omission to the draft Strategy Pilot plan, which we are adding to the final version.
	3	CalMTA needs to clarify, what is the baseline? Cooling units only? or Cooling plus strip heat?	The baseline for a portable heat pump MTI will be developed as part of the baseline market adoption estimation, which is included in the broader portable heat pump Advancement Plan that can be found here: <a href="https://calmta.org/resources-and-reports/portable-window-heat-pumps-advancement-plan/">https://calmta.org/resources-and-reports/portable-window-heat-pumps-advancement-plan/</a>
	4	CalMTA is pilot testing installation using manufacturer's materials and installation instructions. So it's as much a test of the clarity of the self-installation instructions as anything else. In order to make it an unbiased pilot test about self-installation, they need to select manufacturers based on pre-determined criteria, such as #1 through #5 in sales. However, CalMTA seems to be restricting this pilot only to manufacturers who sign an NDA or will provide bulk pricing on equipment, and they set their "performance metric" at acquiring one manufacturer	It is not CalMTA's intention to restrict manufacturer participation in the pilot to only those that sign NDAs. The main intention of the pilot is to learn about possible challenges that consumers, especially those in the ESJ communities, face when trying to self-install four different form factor portable heat pumps: the window units (like traditional window ACs), saddlebag versions, U-shaped, and portable units on wheels that connect to the window through a dual ducted hose. We will ask for bulk pricing, but this will not determine a manufacturer's ability to participate. It is just an attempt to reduce pilot costs. In some cases, we plan to purchase these products through existing retail channels (online or through retail stores). You make a good point that CALMTA should

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		<p>each of window and portable HPs. They are then assuming that the participating manufacturer instructions are representative of all manufacturer instructions. Instead, they should assess as many manufacturer instructions as possible, and come out with "best practices" for self-installation instructions. Whether or not a manufacturer signs an NDA or offsets pilot costs should not be a consideration.</p>	<p>try assessing as many brands as possible and will attempt to diversify those that we purchase for the pilot. Those purchases will not be restricted by NDAs or bulk pricing.</p>