

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Application of Pacific Gas and Electric Company (U 39 M) on Behalf of the California Market Transformation Administrator (U-1399-E) for the Approval of the Initial Tranche of Statewide Energy Efficiency Market Transformation Initiatives.

Application 24-12-009
(Filed December 20, 2024)

**OPENING COMMENTS OF THE CALIFORNIA MARKET TRANSFORMATION
ADMINISTRATOR ON THE PROPOSED DECISION OF
ADMINISTRATIVE LAW JUDGE FITCH**

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October 13, 2025

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The California Market Transformation Administrator (CalMTA) respectfully submits these Opening Comments on the Proposed Decision (PD) of Administrative Law Judge (ALJ) Julie Fitch Approving Initial Tranche of Energy Efficiency Market Transformation Initiatives mailed in Application (A.) 24-12-009 on September 23, 2025. CalMTA is a Commission program administered by Resource Innovations, Inc. and these Opening Comments on the PD are timely filed and served pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure and the accompanying instructions. As detailed herein, the PD is in full alignment with the direction of the Legislature and the Commission to pursue an innovative new program that wisely invests ratepayer dollars to cost-effectively leverage the power of markets to achieve large-scale and lasting energy savings and should be adopted by the Commission with the limited modifications identified herein.

I.

**THE PROPOSED DECISION IS BASED ON AND COMPLIES WITH GOVERNING
LAW, IS SUPPORTED BY A PREPONDERANCE OF THE EVIDENCE, AND MUST
BE ADOPTED BY THE COMMISSION, WITH LIMITED MODIFICATION.**

ALJ Fitch’s thorough and well-reasoned PD in this Application complies with applicable California constitutional and statutory standards governing Commission decisions by being “based on the law and on the evidence in the record”¹ and proceeding “in the manner required by law.”² CalMTA strongly urges the Commission to adopt the PD, with limited modification addressed in Section II *infra*.

¹ Public Utilities (PU) Code Section 1701(e)(8).

² PU Code Sections 1757, 1757.1.

The PD stands in stark contrast to the Alternate Proposed Decision (APD) of Commissioner Matthew Baker. The two proposed decisions do not reach the same outcomes for the simple reason that the APD departs from applicable law and fact, with those errors identified in CalMTA’s separate Opening Comments on the APD filed this same day. The Commission can fulfill its duty to follow the law and evidence in this Application by adopting the PD.

The reasons for doing so are clear. Namely, as detailed in CalMTA’s Opening Brief, “this Commission’s jurisdiction does not exist in a vacuum,” but instead is expressly defined and dictated by the California Constitution and the Legislature in the Public Utilities (PU) Code.³ The Commission, as an administrative agency, is, therefore, “a creature of statute and only possesses such powers as may be conferred upon it”⁴ and, thus, it is from the Legislature “whence the commission’s authority derives,...”⁵ The Commission is, in turn, required to follow that law and to recognize that its decisions are not “valid or effective unless consistent and not in conflict with the statute....”⁶ Construction of these applicable statutes must also “follow the rule that words” used in a statute are “to be interpreted” according to their “plain and common sense meaning” and must also construe a statute in context “consistent” with its “legislative purpose.”⁷ Administrative regulations or actions that seek to alter a statute or “enlarge” its scope or promulgate a regulation inconsistent with controlling law are void.⁸

In 1968, the California Supreme Court began to follow an approach of applying a “strong presumption of validity” or being “highly deferential” to Commission interpretations of the PU Code if they bore a “reasonable relation to statutory purposes and language.”⁹ However, the Court has now reversed that holding and found that, for Commission cases in which the appellate review standard is the one applicable to this proceeding, such “deference” no longer applies to

³ CalMTA Opening Brief, at p. 7, with citation to Cal. Const. Art. XII, Sections 3 and 5.

⁴ *People v. Harter Packing Co.* (1958) 160 Cal. App. 2d 464, 467.

⁵ *City of Los Angeles v. Public Utilities Commission* (1972) 7 Cal.3d 331, 356 (citing *Pacific Tel. & Tel. v. Public Util. Com.* (1965) 62 Cal.2d 634, 655).

⁶ California Government (“Cal.Gov’t”) Code § 11342.2.

⁷ D.18-04-005, at p. 13 (with citation to D.01-11-031 by which the Commission established guidelines “to follow in employing the plain-meaning rule” rooted in California case law including *California Teachers Assn. v. Governing Bd. of Rialto United School Dist.* (1997) 14 Cal.4th 627, 632; *People v. Valladoli* (1996) 13 Cal.4th 590, 597; *Harris v. Capital Growth Investors XIV* (1991) 52 Cal.3d 1142, 1159).

⁸ *Dyna-Med, Inc. v. Fair Employment Housing Com.* (1987) 43 Cal.3d 1379, 1389 (with citation to *Morris v. Williams*, (1967) 67 Cal. 2d 733, 748);

⁹ *Greyhound Lines, Inc. v. Public Utilities Com.* (1968) 68 Cal.2d 406, 410-411.

Commission interpretations of statute, including any claim of a “rational basis” alone to support any such interpretation.¹⁰

For this application, which seeks approval of two Market Transformation Initiatives (“MTIs”) proposed by CalMTA, as the independent Market Transformation Administrator (MTA), the controlling law is PU Code Section 399.4(1)(d), enacted as part of the Clean Energy and Pollution Reduction Act of 2015 (Senate Bill (“SB”) 350 (Stats. 2015, ch. 547)), which directs the Commission to do the following:

“(d) The commission, in a new or existing proceeding, shall review and update its policies governing *energy efficiency programs funded by utility customers* to facilitate achieving the targets established pursuant to subdivision (c) of Section 25310 of the Public Resources Code. In updating its policies, the commission shall, at a minimum, do all of the following:

“(1) Authorize *market transformation programs with appropriate levels of funding to achieve deeper energy efficiency savings.*”¹¹

PU Code Section 399.4 further makes clear that, as used in that section, “the term ‘energy efficiency’ includes, but *is not limited to*, cost-effective activities to achieve peak load reduction that improve end-use efficiency, lower customers’ bills, and reduce system needs.” (Emphasis added.)

While the PD, along with CalMTA’s briefs and testimony in this Application, have detailed the Commission’s implementation of this controlling law in Decision (“D.”) 19-12-021, the statute and its implementation bear repeating again to demonstrate the strong legal basis supporting the PD. To begin with, the Commission’s implementation of PU Code Section 399.4(d)(1) was undertaken in accordance with its plain language and intent by approving and adopting a Market Transformation (MT) Framework to comply with “the statutory requirement to develop a market transformation path for energy efficiency programs, and the importance of doing so to meet the state’s aggressive energy efficiency goals.”¹² The Commission-adopted MT Framework included most of the elements of the framework proposed by a Market Transformation Working Group (MTWG) formed for that purpose.¹³ In adopting the MT

¹⁰ *Center for Biological Diversity, Inc., v. Public Utilities Com.* (2025) 18 Cal. 5th 293, 308-309.

¹¹ Later amendment of PU Code Section 399.4 as part of wholesale technical changes to multiple statutory provisions in AB 1516 (Stats. 2017, ch. 561) did not change the quoted language and mandate nor have any changes been made to this provision at any time since its enactment in 2015.

¹² D.19-12-021, at p. 56; Ordering Paragraph 11, at p. 91; Attachment A (“Adopted Transformation Framework”).

¹³ D.19-12-021, at pp. 7-8.

Framework and resolving issues on which consensus had not been reached, the Commission, among other things: 1) selected “an independent, statewide, third-party administrator, to be hired by Pacific Gas and Electric Company (PG&E) through a competitive solicitation process, and approved and overseen by the Commission;” 2) “decline[d] to set an up-front benefit-cost ratio threshold for individual MTIs at this stage, though the administrator is required to make a cost-effectiveness showing for each MTI when proposed;” and 3) ordered that “[i]nitial funding for the MTIs will be for five years and a total of \$250 million, to begin once the initial tranche of MTIs is reviewed and approved by the Commission.”¹⁴ The selected MTA was *ordered* to “follow the processes” outlined in the adopted MT Framework.¹⁵

In the time since the issuance of D.19-12-021, Resource Innovations was selected as the MTA (CalMTA) through the competitive solicitation conducted by PG&E, has entered and complied with all terms of the approved contract with PG&E and Commission oversight,¹⁶ and has met all requirements and sought all required approvals related to the formation and operation of a required Market Transformation Advisory Board (MTAB) and related program funding.¹⁷ As further required by D.19-12-021, CalMTA has solicited, reviewed, evaluated, and selected the two initial MTIs timely submitted in this Application for the Commission’s approval in accordance with D.19-12-021.

The Commission’s continuing commitment to the MT Framework it adopted in D.19-12-021 is demonstrated by the fact that “market transformation” was not addressed in the Commission’s decision (D.23-06-055) approving the most recent Investor Owned Utilities’ (IOUs) energy efficiency portfolios, and D.19-12-021 was cited in that decision only with respect to regional energy networks (RENs).¹⁸ Further, as detailed in CalMTA’s Opening Brief, the Commission in this same period has twice reported and confirmed to the Governor and the Legislature that, by D.19-12-021, the Commission “adopted market transformation framework elements that were proposed by the California Energy Efficiency Coordinating Committee

¹⁴ D.19-12-021, at p. 3. *See also*, D.19-12-021, Ordering Paragraphs 6 through 12, at pp. 90-92.

¹⁵ *Id.*, Ordering Paragraph 11, at p. 91.

¹⁶ PG&E ALs 4674-G/6747-E approved by the Commission’s Energy Division with an effective date of November 23, 2022.

¹⁷ CalMTA Advice Letter RI-CalMTA-1-A (MTAB Proposed Membership and Conflict of Interest Rules) approved by the Commission’s Energy Division on May 17, 2023; CalMTA Advice Letter RI-CalMTA-2 (CalMTA 2024 Annual Budget) approved by the Commission’s Energy Division with an effective date of August 30, 2023.

¹⁸ D.23-06-055, at pp. 2, 85, 88, 112.

(CAEECC) and directed PG&E to hire a third-party EE administrator to oversee market transformation initiatives”¹⁹ and twice included CalMTA in its most recent reports to the Legislature pursuant to PU Code Section 910.4 (AB 1338).²⁰

This law, its implementation, and its effective status today has been thoroughly recognized and followed by the PD, which correctly begins that “our *starting point* is with the Section 399.4(d)(1) requirement that the Commission must authorize market transformation programs in order to achieve deeper energy efficiency savings.”²¹ The PD further confirms that the “framework decision for market transformation (D.19-12-021) was adopted in December 2019,” and the effort to develop and implement that framework pursuant to statute and D.19-12-021 “has been underway for nearly eight years,” startup funds up to \$60 million have been allocated, and “the deployment phase is now ready to be launched, if the Commission approves the MTIs proposed by CalMTA.”²² On this point, CalMTA notes that not all of the funds allocated for “startup” have been spent by CalMTA.²³

The PD also makes clear that, *if* the Commission does not approve CalMTA’s proposed MTIs, “the *Commission is still required by statute* to invest in some form of *energy efficiency market transformation*,”²⁴ and the Commission would be obligated “to consider other alternatives.” But, as the PD concludes, such a step is *not* necessary where “this application represents the *best available proposal to initiate our energy efficiency market transformation effort* with as much consistency and reach as is possible *under our jurisdiction*.”²⁵

¹⁹ CalMTA Opening Brief, at p. 10.

²⁰ *Ibid.* at p. 20. As noted in footnote 48, the AB 1338 Annual Reports on “Trusts and Entities Established by the California Public Utilities Commission” are also located at <https://www.cpuc.ca.gov/about-cpuc/divisions/office-of-governmental-affairs>. CalMTA’s formation and work are fully described in both the most recent 2025 AB 1338 Annual Report (at pp. 2-3, 22-25) and the 2024 AB 1338 Annual Report (at pp. 2-3, 22-25).

²¹ Proposed Decision (PD), at p. 18.

²² PD, at pp. 18-19. CalMTA notes that the Proposed Decision stated that “startup funds up to \$60 million have been *invested*,” but, in fact, it is more correct to state “allocated” where CalMTA has not spent all of those funds.

²³ Ex. MTA-03 at p. 2, ll. 12-24. “CalMTA”s actual spend in 2023 was \$10,401,454” and as documented in CalMTA’s public annual report, actual spending for 2024 was \$17,629,471.

²⁴ PD, at p. 19; emphasis added.

²⁵ *Id.*

The PD also makes clear that failure to deploy the MTIs would be a gigantic and unjustified step backward where “a great deal of investment and momentum that has been developed, in particular over the last three years, could be lost”²⁶ and where:

- “[M]arket transformation strategies...offer the opportunity to provide consumers with more cost-effective energy efficiency actions to help them reduce the cost burden of their energy bills over the long term;”
- “[E]mphasizing market transformation initiatives is even more important at a time when customers are facing rising energy costs, because these initiatives have a long-term focus on reducing upfront costs and developing mature markets for the delivery of energy efficiency options to customers;”
- Market transformation creates the “opportunity to provide customers with additional options for mitigating cost in the future, especially as the state moves toward decarbonization of energy delivery over the next two decades, as required by Senate Bill 100 (Stats. 2018, Ch. 312), which sets a goal of providing 100 percent of retail electricity sales from eligible renewable zero-carbon resources by 2045;” and
- “The MTIs proposed in the Application represent two important technologies that the state will need to rely on if we are to electrify existing natural gas measures and work in earnest to achieve the 2045 goals” and “taken together...represent a significant portion of the natural gas use in most homes.”²⁷

The PD also makes the critical point that while “it would have been preferable to be able to access some federal or other funds to support or co-fund the MTIs proposed in the application, no funding sources have been identified for this program.”²⁸ While the PD encourages CalMTA to “pursue any such opportunities that may arise in the future,” which CalMTA will do, “[r]ight now, we do not want the absence of federal or other outside support to impede our efforts in California to bring about cost-effective long-term solutions for our customers as soon as possible.”²⁹ The PD also appropriately affirms that “D.19-12-021 achieved the right balance in

²⁶ PD, at p. 19.

²⁷ *Ibid.*, at pp. 19-20.

²⁸ *Ibid.* at p. 20.

²⁹ *Ibid.*.

requiring MTIs to balance short-term investment with long-term cost-effectiveness, allowing “flexibility for CalMTA to pursue promising technologies that may be expensive now, but show promise for future cost declines.”³⁰

Of additional significance, the PD bases its findings on a further statutory mandate in PU Code Section 454.5(b)(9)(C)(i) that “*requires*” that an electrical corporation “to “first meet its unmet resource needs through all available energy efficiency and demand reduction resources that are cost-effective, reliable, and feasible,”³¹ an objective embedded in the Commission’s longstanding Energy Action Plan “Loading Order.”

Finally, as supported by this law and an appropriate and detailed weighing of the evidence in this proceeding,³² the Proposed Decision correctly concludes:

- While “D.19-12-021 does not require the MTIs to be cost-effective immediately upon being proposed,” CalMTA demonstrated that “the proposed MTIs pass the TRC, PAC, and SCT thresholds for cost effectiveness as proposed and analyzed.”
- “The MTIs proposed by CalMTA are cost-effective, reliable, and feasible, and thus should contribute to the resource needs of all of the electric utilities” that will contribute to their compliance with PU Code Section 454.5(b)(9)(C)(i).³³
- CalMTA’s analysis, data, methodology, and documentation used to evaluate and support the MTIs are “reasonable” and “rigorous,” are based on “best practices,” comply with Commission requirements for cost-effectiveness analysis in D.19-12-021, were developed over “several years,” and “have been thoughtfully designed and targeted.”³⁴
- CalMTA also “appropriately selected and targeted” technologies that would deliver incremental savings “beyond that currently being achieved in the larger energy efficiency resource acquisition portfolio and account for and prioritize deployment to ESJ and disadvantaged communities, an “approach” that “is valuable because it enables a more manageable and controllable energy load for residents.”³⁵

³⁰ PD, at p. 21.

³¹ *Ibid.*, at pp. 20-21; emphasis added.

³² *Ibid.* at pp. 21-34.

³³ *Ibid.*, at p. 21.

³⁴ *Ibid.*, at p. 35.

³⁵ *Ibid.*, at p. 36.

- The proposed “MTIs are worthwhile investments of ratepayer funds to pursue the benefits projected by CalMTA.”³⁶

The PD is based on a correct understanding and application of the controlling law and evidence in this Application and appropriately applies both in approving the MTIs for Room Heat Pumps and Induction Cooking proposed by CalMTA, confirming the appropriate emphasis for these MTIs on environmental and social justice communities, and approving the CalMTA’s evaluation plans.³⁷ The PD represents the only lawful option before the Commission for resolution of this Application and must be adopted instead of the APD, which is grounded on legal and factual errors, as described in CalMTA’s Opening Comments on the APD also timely filed today.

II.

THE PROPOSED DECISION REQUIRES MODIFICATIONS TO CORRECT THE AUTHORIZED BUDGET GOING FORWARD AND IN THE NEAR TERM TO BE CONSISTENT WITH THE EVIDENTIARY RECORD AND ACCOUNT FOR REQUIRED PROGRAM WORK AND ADMINISTRATION.

A. Modifications Are Needed to the Authorized Budget.

The PD approves full implementation funding for the first six years of the Room Heat Pump and Induction Cooking MTIs,³⁸ as well as full funding for six years of Initiative/Concept Development (Phase I and Phase II) activities need to fund ongoing development of additional MTIs.³⁹ Because the PD did not approve any of the funding proposed for Future MTI Market Deployment, the PD approves smaller Administration and Operations budgets that represent 30 percent of what was requested by CalMTA, “because the deployment budget for the MTIs proposed in the application is approximately 30 percent of the total deployment budget anticipated by CalMTA as part of the \$250 million original reserved budget cap.”⁴⁰

The PD’s approach to determining the appropriate Administration and Operations budgets, however, is based on two incorrect assumptions. First, the PD states that the full \$250 million budget reserved by the Commission in D.19-12-021 “assumed that CalMTA would come to the Commission with a proposal to deploy the full budget on a larger/full set of proposed

³⁶ PD, at p. 38.

³⁷ *Ibid.*, Ordering Paragraphs (OPs) 1 and 2, at p. 62.

³⁸ *Ibid.*, OP 1, at p. 62 and Table 3, at pp. 49-50.

³⁹ *Ibid.* at p. 49.

⁴⁰ *Id.*

MTIs, rather than only two as CalMTA proposes.”⁴¹ This statement is inaccurate. In D.19-12-021, the Commission stated, “Initial funding for the MTIs will be for five years and a total of \$250 million, to begin once the initial tranche of MTIs is reviewed and approved by the Commission.”⁴² D.19-12-021 contemplated that a future decision on the first tranche of MTIs would both authorize the \$250 million for five years of implementation funding and would make a determination regarding the process by which future MTIs would be approved—making clear that additional MTI proposals to be funded by the \$250 million were expected from CalMTA following the “first tranche of MTIs” and that the three-year startup period was to produce only the “initial set of proposals for MTIs.”⁴³ In D.19-12-021 the Commission indicated “we will not prescribe the number or types of initial MTIs that the MTA should bring forward to the Commission in an initial application.”⁴⁴

Second, the Proposed Decision incorrectly assumes that the Administration and Operations budgets have a direct, linear relationship to the total Market Deployment budget (i.e., Phase III of an MTI). This is not the case. The Administrative and Operational activities that are described in Appendix 3: Five-Year Cost Estimate and Assumptions support all three phases and encompass activities that CalMTA must perform regardless of the number of MTI’s deployed in the market.⁴⁵ This is why the Excel Sheet in Appendix 3 of the Application shows CalMTA’s proposed cost estimates for Administration and Operations are relatively flat over the five-year implementation period, increasing only slightly to reflect an annual labor rate escalation and costs related to required non-routine administrative deliverables (specifically, the organization review in year 1 and the long-term recommendations review and non-profit transition plan in year 3).

⁴¹ PD, at p. 48.

⁴² D.19-12-021, at p. 3, p. 90 OP 7 and p. 91 OP 9.

⁴³ *Ibid.*, at p. 61.

⁴⁴ *Ibid.*, at p. 62.

⁴⁵ Application, Appendix 3 at pp. 4-11. Non-scalable, program-wide activities include routine financial and contract reporting, contract compliance management, invoicing, and budget oversight, as well as required non-routine financial and administrative tasks, such hiring a third-party consultant to conduct required organizational and long-term recommendations reviews, financial audits and filings, data request responses, and regulatory filings. Operations activities include development and implementation of an annual Operations Plan, procurement management, payments to advisory groups, MTAB administration, policy tracking related to MTIs in development and deployment, program-level communications and outreach activities (meetings, monthly reports, quarterly reports, newsletters, etc.). ALJ Fitch’s email to the service list of A-24-12-009 on July 14, 2025, confirmed that the Application and Appendices are part of the official proceeding record.

In addition, the PD now requires additional Administration and Policy activities, such as the second application that CalMTA must prepare in 2026,⁴⁶ but these activities were not anticipated by CalMTA and, therefore, were not included in the original cost estimates. Development of the application, supporting testimony, and other filings required of CalMTA as the de facto applicant will require a significant level of effort from CalMTA staff as well as specialized legal counsel—activities that were not planned in CalMTA’s proposed cost estimate and which cannot be performed with the pro-rated funds allocated in Table 3 of the PD.⁴⁷

In D.19-12-021 the Commission recognized the importance of not tying the initial MT budget allocation to “unstable and fluctuating” funding amounts.⁴⁸ This was reiterated in the testimony of Jeff Harris of the Northwest Energy Efficiency Alliance, who said that “successful cost-effective market transformation requires budget and operational stability.”⁴⁹ Therefore, it is reasonable and appropriate for the Commission to fund 100 percent of CalMTA’s cost estimate for Administration and Operations for the full implementation period. However, if the Commission prefers to defer authorization of a portion of the Administration and Operations budget to a future application that will approve additional MTIs, the Commission should provide funding for all activities that will be required whether or not the Commission approves additional MTIs. This will require full funding of Administration and Operations for 2026-2028.⁵⁰

The PD makes a similar error in pro-rating the cost estimate for the Evaluation cost category in Table 3, approving only 30 percent of the total evaluation budget estimated by CalMTA.⁵¹ However, CalMTA’s cost estimate for the Evaluation cost category includes three subcategories: Induction Cooking, Room Heat Pump, and Funds Reserved for Future MTI Evaluations.⁵² To fully fund the approved Evaluation Plans for Induction Cooking and Room Heat Pumps, the Commission must approve 100 percent of the associated budgets for each MTI. Funding for evaluation of future MTIs will be proposed and approved within future MTI Plans.

⁴⁶ PD, at OP 8 at p. 63.

⁴⁷ Application, Appendix 3, at p. 2: “The cost estimate assumes that the Commission will approve CalMTA’s request that future MTIs be approved via a Tier 2 advice letter process.”

⁴⁸ D.19-12-021, at p. 61.

⁴⁹ Ex. NEEA-01, at p. 5 (NEEA (Harris)).

⁵⁰ Application, Appendix 3, at pp. 4-11.

⁵¹ PD, at p. 49.

⁵² Application, Appendix 3, Excel Sheet for Five-Year Cost Estimate and Assumptions, Budget Detail by Major Activity.

Below and in Appendix A, CalMTA provides corrected numbers for Table 3 of the PD that shows accurate funding needed for 1) Evaluation activities for both MTIs, and 2) Administration and Operations activities in 2026-2028. In providing a revised Table 3, CalMTA requests the Commission to release additional Administration and Operations funding for 2029-2031 with approval of future MTI Plans in the next application.

Corrections to Table 3. Approved Budget for CalMTA for First Tranche of MTIs⁵³

Cost Category	Total Approved Budget by Year (\$000)						Totals
	2026	2027	2028	2029	2030	2031	
MTA Administration⁵⁴	381 1,271	381 1,257	424 1,414	403	424	424	2,438 5,193
MTA Operations	1,271 4,237	1,308 4,361	1,330 4,434	1,382	1,427	1,427	8,144 17,268
Evaluation⁵⁵	154 512	448 527	540 543	592 560	598 577	598 577	2,930 3,296
Induction Cooking	237	244	251	259	267	267	1,525
Room Heat Pump	275	283	292	301	310	310	1,771
Funds Reserved for Future MTI Evaluation	-	-	-	-	-	-	-
Totals	18,280 22,494	17,711 21,719	18,004 22,101	16,913 16,881	15,727 15,707	15,727 15,707	102,364 114,609

Finally, the PD incorrectly states that CalMTA’s rebuttal testimony argues that “more detail is required to be and will be provide in the implementation plan for each MTI, which will be submitted after the application is approved.”⁵⁶ This statement is not included in CalMTA’s rebuttal testimony. Neither D.19-12-021 nor the Proposed Decision requires CalMTA to submit an implementation plan for MTIs. Rather, CalMTA’s rebuttal testimony argues that the level of detail provided by CalMTA in the Excel Spreadsheet in Appendix 3 is consistent with the guidance provided for program-level implementation plan budgets for other energy efficiency

⁵³ Bold text indicates additions/replacement text; bold strikethrough is for deletions.

⁵⁴ Full Administration and Operations funding is needed for 2026-2028; prorated funding is shown for Administration and Operations in 2029-2031.

⁵⁵ Additional rows are added under Evaluation to show the full funding requested in Appendix 3 of the Application for third-party evaluation activities for both MTIs. Funds reserved for future MTI evaluation activities will be requested when the second tranche of MTI Plans are filed in the future application.

⁵⁶ PD, at p. 45.

programs.⁵⁷ The extensive detail in each MTI Plan and the record of this proceeding is sufficient to approve each MTI and its associated budget.

B. An Extension of the Near-Term Budget Is Needed Before the 2026 Budget Becomes Available.

Ordering Paragraph 4 of the PD indicates that the “budget contained in Table 3 of this decision shall be available for the California Market Transformation Administrator beginning with the adoption of this decision.”⁵⁸ However, Table 3 shows the budget beginning in 2026, creating uncertainty about the start date of the approved implementation funding. The three-year startup period for CalMTA began on the effective date of Resource Innovations’ contract with PG&E, November 23, 2022. CalMTA requests that the Commission approve a no-cost time extension of the startup period through December 31, 2025, to confirm CalMTA’s implementation funding period will begin January 1, 2026. CalMTA has consistently underspent the \$19.6 million annual cap during the startup period and has sufficient funds approved in its 2025 ABAL to fund the program through the end of 2025.⁵⁹ Without this no-cost extension of the startup period, CalMTA’s funding needed for organizational continuity would be at risk. Appendix A hereto provides proposed modifications to the PD’s Findings of Fact and Ordering Paragraphs to provide for this extension.

C. CalMTA Needs the Ability to Adaptively Manage the MTI Portfolio.

The PD requires CalMTA to file an Advice Letter to lower the budget for a particular MTI. To manage the portfolio of MTIs “with an eye toward cost effectiveness,”⁶⁰ CalMTA requests the ability to use this same advice letter to reallocate reduced funds between Commission-approved MTIs within the total authorized portfolio budget. In the Application, CalMTA requested the ability to shift funds between MTIs and cost categories,⁶¹ because the ability to be nimble and have the flexibility to shape a portfolio in response to market conditions is essential for market transformation, as testified by CalMTA witness Curthoys,⁶² NEEA witness Harris,⁶³ and supported by TURN.⁶⁴

⁵⁷ Ex. MTA-11 at p. 46 (CalMTA (Curthoys)).

⁵⁸ PD, at p. 62, OP 4.

⁵⁹ Ex. MTA-03 at p. 2, ll. 12-24. “CalMTA’s actual spend in 2023 was \$10,401,454.”

⁶⁰ D.19-12-021, at p. 69.

⁶¹ Application, Appendix 3: Five-Year Cost Estimate and Assumptions.

⁶² Ex. MTA-11, p. 45.

⁶³ Ex. NEEA-01, at p. 5 (NEEA (Harris)).

⁶⁴ TURN, Opening Brief, p. 22

III. THE PD REQUIRES CORRECTIONS TO CERTAIN FACTUAL ERRORS.

CalMTA also respectfully requests that the following factual errors in the PD be corrected in the Final Decision:

- CalMTA is not under contract to PG&E. Rather, the contract to administer the CalMTA Program is between Resource Innovations and PG&E,⁶⁵ and the PD should be corrected where necessary to make that clear.
- The PD did not, but should include the fact that CalMTA also submitted prepared testimony when it served the Application that has been admitted into the evidentiary record with the sworn testimony of other parties.⁶⁶

IV. CONCLUSION

CalMTA strongly urges the Commission to adopt the PD, with the modifications identified herein and in Appendix A hereto (Proposed Findings of Fact, Conclusions of Law and Ordering Paragraphs), to approve the initial tranche of MTIs proposed by CalMTA. As modified, the PD will preserve and maintain a workable Market Transformation Program for California in compliance with PU Code Section 399.4 and the Commission's implementation of and requirements for the Market Transformation program pursuant to that law in D.19-12-021. Conversely, the Commission must not issue the APD that is not consistent with the evidentiary record and fails to comply with applicable law.

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Respectfully submitted,

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⁶⁵ PD, at 50, 58

⁶⁶ PD, at p 3.

APPENDIX A

CALIFORNIA MARKET TRANSFORMATION ADMINISTRATOR’S PROPOSED MODIFICATIONS TO THE FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDERING PARAGRAPHS OF THE PROPOSED DECISION OF ALJ FITCH

The California Market Transformation Administrator (CalMTA) proposes the following modifications to the Findings of Fact, Conclusions of Law, and Ordering Paragraphs in the Proposed Decision (PD) of Administrative Law Judge (ALJ) Julie Fitch Approving Initial Tranche of Energy Efficiency Market Transformation Initiatives mailed in Application (A.) 24-12-009 on September 23, 2025.

Please note the following:

- A page citation to the PD is provided in brackets for any Finding of Fact, Conclusion of Law, or Ordering Paragraphs for which a modification is proposed.
- Added language is indicated by **bold type**; removed language is indicated by **bold strike-through**.
- A new or added Finding of Fact, Conclusion of Law, or Ordering Paragraph is labeled as “**NEW**” in **bold underscored** capital letters.

PROPOSED FINDINGS OF FACT

1. [56] The Commission and ratepayers under its jurisdiction have already invested eight years of time and **have allocated** up to \$60 million in startup funds to be ready to launch MTIs at full scale.

11. [57] CalMTA’s proposal includes ~~an~~ evaluation plans **for each proposed MTI** to monitor program performance and mitigate performance risk.

16. [58] **CalMTA is administered by Resource Innovations under an eight-year contract with PG&E.** The current contract between PG&E and ~~CalMTA~~ Resource Innovations requires CalMTA to present to the Commission, in the form of a Tier 2 advice letter, a Non-Profit Transition Plan. **The contract also requires CalMTA to hire a third party to conduct reviews of the CalMTA program following year three and year five of the contract.**

NEW FINDING OF FACT: In D.19-12-021 the Commission established that successful launch of a new statewide market transformation program should avoid unstable and fluctuating funding.

NEW FINDING OF FACT: The Approved Budget for CalMTA for First Tranche of MTIs is as follows and is reasonable:

Cost Category	Total Approved Budget by Year (\$000)						Totals
	2026	2027	2028	2029	2030	2031	
MTA Administration	1,271	1,257	1,414	403	424	424	5,193
MTA Operations	4,237	4,361	4,434	1,382	1,427	1,427	17,268
Initiative/Concept Development							
Phase I Activities	634	618	633	653	673	673	3,884
Phase II Activities	2,917	-	-	-	-	-	2,917
Future MTI Development	2,234	1,126	776	628	574	574	5,912
MTI Market Deployment (Phase III)							
Induction Cooking	4,952	6,183	6,445	5,263	4,778	4,778	32,399
Room Heat Pumps	5,437	7,347	7,556	7,692	6,954	6,954	41,940
Funds Reserved for Future MTI Deployment	-	-	-	-	-	-	-
Evaluation	512	527	543	560	577	577	3,296
Induction Cooking	237	244	251	259	267	267	1,525
Room Heat Pump	275	283	292	301	310	310	1,771
PG&E Costs	300	300	300	300	300	300	1,800
Totals	22,494	21,719	22,101	16,881	15,707	15,707	114,609

PROPOSED CONCLUSIONS OF LAW:

13. [60] The Commission should approve CalMTA’s evaluation plans **for each proposed MTI** included in the application.

16. [60] The deployment **and evaluation** budgets for the first tranche of MTIs proposed by CalMTA are reasonable and should be adopted.

18. [60] CalMTA should be required to bring another Application to the Commission with a second tranche of proposed MTIs, and may do so any time. Coinciding with the applications of

the other portfolio administrators, either in early 2026 or early 2030, is preferred. **This Application may request approval of additional market development, market deployment, evaluation, administration, and operations funding not to exceed the \$250 million cap established in D.19-12-021.**

20. [61] The Commission should approve the full budget request of CalMTA for future MTI development **and the full administration and operations budgets requested for 2026 - 2028 to support the second application proceeding, development of the Non-Profit Transition Plan, and other contractual obligations of CalMTA that are not related or tied to the MTIs approved in this decision. For 2029-2031, the Commission ~~but~~ should adopt budgets for CalMTA administration and operations, ~~and evaluation~~ along with PG&E costs, commensurate with the smaller total budget for ~~the first tranche of MTIs~~ concept development, MTI market deployment, and evaluation activities approved in this decision.**

21. [61] The Budget included as a Finding of Fact is reasonable and should be approved. **To align CalMTA's budget with the calendar years proposed in this table, the Commission should approve a no-cost extension of the start-up period through the end of 2025 with funds authorized in CalMTA's 2025 ABAL.**

29. [62] CalMTA should be permitted file a Tier 2 advice letter at any time if it wishes to reduce funding for a particular MTI **and reallocate funding between approved MTIs, not to exceed the full approved budget for Phase III market deployment to enable it to adaptively manage at the portfolio level, responding to market signals and leveraging market opportunities towards accelerated benefits and cost effectiveness as established in D.19-12-021.**

PROPOSED ORDERING PARAGRAPHS:

4. [62] The budget contained in Table 3 of this decision shall be available for the California Market Transformation Administrator beginning ~~with the adoption of this decision in 2026~~ and continuing through the end of 2031, with funding fungibility across the entire time period. **The Commission approves a no-cost extension of the startup period to December 31, 2025, with funds approved in the California Market Transformation Administrator's 2025 ABAL approved by the Commission.**

9. [63] The California Market Transformation Administrator may file a Tier 2 advice letter at any time, to ~~propose either to lower the budget for a particular Market Transformation Initiative (MTI) or to~~ cancel an underperforming MTI and reallocate funding between approved MTIs, not to exceed the full approved budget for Phase III market deployment.