



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

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)

FILED

10/13/25
04:59 PM
A2412009

**OPENING COMMENTS OF THE
CALIFORNIA MARKET TRANSFORMATION ADMINISTRATOR ON THE
ALTERNATE PROPOSED DECISION**

DOWNEY BRAND LLP
Brian T. Cragg
455 Market Street, Suite 1500
San Francisco, CA 94105
Telephone: (415) 848-4800
Email: bcragg@DowneyBrand.com

SARA STECK MYERS
Attorney at Law
122 - 28th Avenue
San Francisco, CA 94121
Telephone: (415) 420-1253
Email: ssmyers@att.net

**ATTORNEYS FOR THE
CALIFORNIA MARKET TRANSFORMATION ADMINISTRATOR**

October 13, 2025

SUBJECT INDEX

	<i>Page</i>
Subject Index	i
Table of Authorities	ii
I. THE APD FAILS TO FOLLOW THE LAW	1
II. THE APD’S FAILURE TO APPROVE THE INDUCTION COOKING MTI IS NOT SUPPORTED BY THE RECORD AND ASSUMES FACTS NOT IN EVIDENCE	5
A. The APD Wrongly Denies the Induction Cooking MTI Based on Its “TRC Break-Even Year”	6
B. The APD Relies on Erroneous Statements About CalMTA’s Data Sources and Forecasting Methodologies.....	7
C. The APD Erroneously Denies the Induction Cooking MTI Based on the Existence of Other Limited Rebate Programs	8
III. THE APD’S ADOPTED BUDGET IS NOT SUPPORTED BY THE RECORD AND WILL UNDERMINE THE MT PROGRAM THAT THE COMMISSION IS STATUTORILY MANDATED TO IMPLEMENT	9
A. Modifications Are Needed to the Authorized Budget	9
B. Extension of Near-Term Budget Is Needed Before 2026 Budget Becomes Available.....	12
C. CalMTA Needs the Ability to Adaptively Manage the MTI Portfolio	13
IV. THE APD’S REQUIREMENT THAT THE MT PROGRAM IS TO BE FUNDED BY NON-RATEPAYER FUNDS IS CONTRARY TO STATUTE AND WAS NOT AN ISSUE INCLUDED IN THIS APPLICATION’S SCOPE.....	13
V. THE APD CONTAINS ADDITIONAL FACTUAL ERRORS.....	15
VI. CONCLUSION.....	15
APPENDIX A: Proposed Modifications of Findings of Fact, Conclusions of Law, and Ordering Paragraphs for the Alternate Proposed Decision	

TABLE OF AUTHORITIES

Page

CALIFORNIA COURT CASES

<i>California Teachers Assn. v. Governing Bd. of Rialto United School Dist.</i> (1997) 14 Cal.4th 627	1
<i>Center for Biological Diversity, Inc., v. Public Utilities Com.</i> (2025) 18 Cal. 5th 293, 308-309.....	2
<i>City of Los Angeles v. Public Utilities Commission</i> (1972) 7 Cal.3d 331	1
<i>Dyna-Med, Inc. v. Fair Employment Housing Com.</i> , (1987) 43 Cal.3d 1379	2
<i>Harris v. Capital Growth Investors XIV</i> (1991) 52 Cal.3d 1142	1
<i>Morris v. Williams</i> (1967) 67 Cal.2d 733	2
<i>Pacific Tel. & Tel. v. Public Util. Com.</i> (1965) 62 Cal.2d 634	1
<i>People v. Harter Packing Co.</i> (1958) 160 Cal. App. 2d 464.....	1
<i>People v. Valladolid</i> (1996) 13 Cal.4th 590	1

CPUC DECISIONS

Decision (D.) 19-12-021	<i>passim</i>
D.18-04-005	1
D.01-11-031	1

CALIFORNIA CONSTITUTION

Article XII, Sections 3 and 5.....	1
------------------------------------	---

CALIFORNIA PUBLIC UTILITIES CODE

PU Code Section 399.4	<i>passim</i>
PU Code Section 451	3
PU Code Section 454.5	3
PU Code Section 1701(e)(8)	2
PU Code Section 1708	5
PU Code Section 1757	2
PU Code Section 1757.1	2

OTHER CALIFORNIA CODES

Government Code Section 11342.2	1
Code of Civil Procedure Section 1859.....	1

COMMISSION RULES OF PRACTICE AND PROCEDURE

Rule 14.3	1
-----------------	---

The California Market Transformation Administrator (CalMTA) respectfully submits these Opening Comments on the Alternate Proposed Decision (APD) of Commissioner Baker, 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 APD are timely filed and served pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure (Rules) and the accompanying instructions. The APD reflects a significant departure from 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 efficiency and should not be adopted. CalMTA has diligently followed the Commission’s directives in D.19-12-021 to launch the program in full compliance with policy and statute, and encourages the Commission to do the same in adopting the Proposed Decision (PD).

I. THE APD FAILS TO FOLLOW THE LAW.

Rule 14.3 governing comments on a proposed or alternate decision recognizes that legal errors in a proposed decision must be corrected. This directive is based on the indisputable fact “this Commission’s jurisdiction does not exist in a vacuum,” but instead is expressly defined by the California Constitution and the Legislature in the Public Utilities Code.¹ The Commission, an administrative agency, is “a creature of statute and only possesses such powers as may be conferred upon it”² and, thus, it is from the Legislature “whence the commission's authority derives,...”³ 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....”⁴

Construction of those statutes must also follow the rule that words used in a statute are to be interpreted according to their plain and common sense meaning, that specific statutory provisions relating to a particular subject will govern and are “paramount” to a general provision,⁵ and that a statute must be construed in context consistent with its legislative purpose.⁶ Administrative actions that seek to alter a statute or enlarge its scope or promulgate a

¹ CalMTA Opening Brief, at p. 7, with citation to Cal. Const. Art. XII, Sections 3 and 5.

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

³ *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).

⁴ California Government (“Gov’t”) Code § 11342.2.

⁵ California Code of Civil Procedure (“CCP”) Section 1859.

⁶ D.18-04-005, at p. 13 (citing D.01-11-031 establishing guidelines “to follow in employing the plain-meaning rule” rooted in case law including *California Teachers Assn. v. Governing Bd. of Rialto United*

regulation inconsistent with controlling law are void.⁷ These legal standards have even greater application to Commission decisions now; the California Supreme Court recently severely limited the deference appellate courts give to Commission interpretations of the Public Utilities Code.⁸

In this Application, the Commission is faced with two choices: (1) a Proposed Decision (PD) that follows the law, as detailed in CalMTA’s Comments on the PD, and (2) the APD that does not. Where the APD fails to apply or follow the legal framework for deciding this Application from the start, the PD meets and complies with applicable California constitutional and statutory standards. It is “based on the law and on the evidence in the record,”⁹ has proceeded “in the manner required by law,”¹⁰ and should be adopted by the Commission.

The many legal errors of the APD result from a misunderstanding and misapplication of the law applicable to the program before it – Market Transformation (MT). First, and most significantly, the APD omits language from the PD that correctly states that the “starting point” for review of the Market Transformation Initiatives (MTIs), the subject of this Application, is Public Utilities (PU) Code Section 399.4.¹¹ Section 399.4(d)(1) requires:

“(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.”¹²

Further, Section 399.4 makes clear that, as used in this 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.”¹³

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).

⁷ *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);

⁸ *Center for Biological Diversity, Inc., v. Public Utilities Com.* (2025) 18 Cal. 5th 293, 308-309.

⁹ Public Utilities (PU) Code Section 1701(e)(8). Unless stated otherwise, all subsequent statutory references will be to the Public Utilities Code.

¹⁰ Sections 1757, 1757.1.

¹¹ Enacted as part of the Clean Energy and Pollution Reduction Act of 2015 (Senate Bill (SB) 350 (Stats. 2015, ch. 547)).

¹² PU Code Section 399.4(d)(1); emphasis added.

¹³ PU Code Section 399.4(a)(2); emphasis added.

As the PD recognizes, two other relevant statutes are to be considered in implementing this law. Those are Section 454.5(b)(9)(C)(i), which requires that an “electrical corporation shall first meet its unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible,” and SB 100 (Stats.2018, ch. 312), which sets a goal of providing 100 percent of retail electricity sales from eligible zero-carbon resources by 2045.

The APD never recites the relevant language of Section 399.4 in full and removes references from the other statutes cited by the PD that further inform and define its terms and legislative intent. The APD, in its analysis of the MTIs, then largely ignores the Commission’s explicit interpretation and implementation of this law in D.19-12-021 and never recites or refers to the definition or attributes of MT adopted in D.19-12-021 that set MT apart from other energy efficiency programs as to its purpose and goals.¹⁴

These failures are exacerbated by the APD’s determination that a different statute, Section 451, never referenced in D.19-12-021, now controls the outcome of this proceeding since it involves “ratepayer funds.”¹⁵ While Section 451 states the general proposition that utility rates and charges “shall be just and reasonable,” it does not alter or supersede the *specific* dictates of Section 399.4 that MT is to be “funded by utility customers” consistent with its goals and requirements. The APD makes no effort to explain how Section 451 could change the terms of Section 399.4 and fails to fully address what MT is intended to be or to achieve.

Further, this proceeding will not result in any rates for the Commission to determine are just and reasonable, the focus of Section 451. The focus of this proceeding, pursuant to PU Code Section 399.4, is on determining what is the *reasonable forecasted budget* required to achieve the value and benefits of the MT program for utility customers specific to its unique

¹⁴ The APD includes an abbreviated definition of market transformation in a single finding of fact, with none of that content included in any of its discussion. (APD, Finding of Fact 10, at p. 67.) In contrast, D.19-12-021, at p. 100, defines MT as:

“long-lasting, sustainable changes in the structure or functioning of a market achieved by reducing barriers to the adoption of energy efficiency measures to the point where continuation of the same publicly-funded intervention is no longer appropriate in that specific market. Market transformation includes promoting one set of efficient technologies, processes or building design approaches until they are adopted into codes and standards (or otherwise substantially adopted by the market), while also moving forward to bring the next generation of even more efficient technologies, processes or design solutions to the market.”

¹⁵ APD, at pp. 2, 20, 21, 36, stating that the decision is issued “[p]ursuant to Public Utilities Code Sections 399.4(d)(1) and 451...” and must be “consistent with Section 451.” (Emphasis added.)

requirements and goals, distinct from any other energy efficiency program.¹⁶ Yet, the APD uses Section 451, a Governor’s Executive Order that does not address MT, and speculation on other funding sources to misstate and misapply the terms and intent of Section 399.4, reverse the Commission’s implementation of that law in D.19-12-021, and redefine the program, its purpose, and evaluation of the initial MTIs.¹⁷

These errors by the APD are further reflected in the misstatement that: “The *overarching goal* under Section 399.4(d)(1) is to bring cost-effective, long-term market transformation solutions to consumers *with an appropriate* level of ratepayer funding.”¹⁸ First, this statement fails to recognize the full definition or purpose of MT that frames its goal of bringing “long-lasting, sustainable changes” to energy efficiency that cannot be achieved by existing programs. Second, nothing in Section 399.4(d)(1) expressly limits approval to only “cost-effective” MT initiatives that, in turn, must each meet an undefined measure of an “appropriate level of ratepayer funding,” language that is not part of that statute or D.9-12-021. The APD instead ignores the Commission’s determination in D.19-12-021 that a comprehensive framework for California’s MT program must be adopted and implemented 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.”¹⁹ D.12-12-021 defines the appropriate level of funding for MT program implementation to be \$250 million.²⁰

The APD falls short of and departs from the required implementation of the law and its interpretation by the Commission. In doing so, the APD fails to recognize the law’s purpose and intent and fails to recognize, as the PD does, that “emphasizing 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 consumers.”²¹

By reducing the authorized budget to \$54.87 million and approving only a single MTI, the APD fundamentally departs from the framework in D.19-12-021. It disregards the

¹⁶ Proposed Decision (PD), at pp. 28, 43-44 (required consideration of value and benefits).

¹⁷ APD, at pp. 19-22.

¹⁸ *Ibid.* at p. 21.

¹⁹ D.19-12-021, at p. 56; see Ordering Paragraph (OP) 11, at p. 91, and Attachment A establishing the Market Transformation Framework.

²⁰ *Ibid.*, OP 7 at p. 90 and OP 9 at p. 91.

²¹ PD, at p. 19.

Commission's prior recognition that long-term MT requires substantial upfront investment, stable planning, and portfolio-level risk management. Instead, the APD imposes arbitrary budget constraints that strand prior startup costs, deny ratepayers the benefits of induction cooking, and prevent CalMTA from building out a diversified, resilient portfolio of initiatives.

In addition, the APD undermines the Market Transformation Advisory Board's (MTAB) oversight role.²² Both the Room Heat Pump and Induction Cooking MTIs cleared the Commission-mandated stage gate and received MTAB and Energy Division review and support. Rejecting the Induction Cooking MTI nullifies the purpose of MTAB review and creates uncertainty about whether Commission-approved oversight mechanisms will be respected in future proceedings.

Finally, the APD fails to follow the evidentiary record, which demonstrates that:

- Both MTIs are cost-effective under the TRC, PAC, and SCT tests.
- The portfolio delivers over \$1 billion in total system benefits over the MTI lifetimes.
- Parties including TURN, CEJA, NEEA, CEDMC, BayREN, and 3C-REN supported adoption of both MTIs.

By rejecting induction cooking and slashing the remaining budget, the APD assumes facts not in evidence and disregards an overwhelming record of support. The APD undermines the Commission's statutory mandate under Section 399.4(d)(1), diverges from the framework in D.19-12-021, and weakens MTAB's oversight role. These actions also conflict with Section 1708 and due process; parties were not provided with adequate notice and opportunity to be heard that the Commission intended to reverse D.19-12-021. Clearly, the APD must be rejected in favor of the PD that upholds the Commission's framework and allows CalMTA to deliver the transformative, portfolio-based program that California law and policy require.

II. THE APD'S FAILURE TO APPROVE THE INDUCTION COOKING MTI IS NOT SUPPORTED BY THE RECORD AND ASSUMES FACTS NOT IN EVIDENCE.

The APD rejects the Induction Cooking MTI, despite overwhelming evidence that it is cost-effective, high-value, and essential to meeting California's decarbonization and equity mandates. CalMTA demonstrated that the Induction Cooking MTI will deliver over \$537 million in total system benefits; passes all Commission cost-effectiveness tests²³; provides critical non-

²² D.19-12-021, OP 8 at p. 90-91 and pp. 119-122.

²³ Ex. MTA-05, at p. 5 ll.23-25 (CalMTA (Horkitz)).

energy benefits—including improved indoor air quality and health outcomes²⁴; and is crucial to developing technologies and market capacity needed to equitably and efficiently electrify California homes.²⁵

Multiple parties supported the Induction Cooking MTI as an appropriate effort targeting a critical end use. Their testimony emphasized that induction technology, especially 120V battery-equipped models, provides affordable electrification pathways for Environmental and Social Justice (ESJ) communities, avoiding costly electrical upgrades and lowering household bills.²⁶

Disregarding this record, the APD denies approval of the Induction Cooking MTI based on the three inappropriate or inaccurate criteria: 1) “TRC break-even year,” 2) inaccurate facts about market saturation, and 3) the existence of other programs that promote all-electric technologies in the residential market.

A. The APD Wrongly Denies the Induction Cooking MTI Based on Its “TRC Break-Even Year.”

CalMTA included the “TRC break-even year” in the Application to demonstrate that—like all MT pursuits—the proposed MTIs are long-term investments that will not fully realize their forecasted value in the first implementation funding cycle. The APD transforms this fact into a “key indicator of an MTI value,”²⁷ and uses it as a new criterion for MTI selection that is inconsistent with the MT Framework adopted in D.19-12-021 and the MTI selection criteria agreed upon by the MTAB. Moreover, this indicator is fundamentally antithetical to the long-term investment profile of MT programs.

The APD also wrongly states that TRC improves “as deployment progresses.” Cost-effectiveness for MTIs is appropriately calculated over the time required for the MTI to effect structural market changes and realize market adoption impacts associated with those market changes,²⁸ and does not improve as deployment progresses. Moreover, the investment in market deployment – which is significantly lower for Induction Cooking than for the Room Heat Pump MTI (approximately \$32M vs. \$58M) – is largely complete by 2032, as opposed to 2036 for Room Heat Pumps. For both these reasons, the APD is incorrect in stating that TRC for the

²⁴ Ex. MTA-08, at pp. 3-5 (CalMTA (Hobart)).

²⁵ Ex. MTA-02, at pp. 4-5 (CalMTA (Curthoys & Mitchell)).

²⁶ Ex. CEJA-01, at pp. 1-4, 33 (CEJA (Belcher)); Ex. TURN-01 at p. 15, ll. 14-16 (TURN (Goodson)); and Ex. NEEA-01, at pp. 1-2 (NEEA (Harris)).

²⁷ APD, at p. 39.

²⁸ Ex. MTA-02, at pp. 2-3 (CalMTA (Horkitz)).

Induction Cooking MTI improves as deployment progresses. In fact, the Induction Cooking MTI requires significantly less investment over a shorter period of time, but it will take longer to fully realize benefits due to the characteristics of that specific market.

While D.19-12-021 does not require cost-effectiveness for MTIs²⁹ (but both proposed MTIs are cost effective by all Commission tests),³⁰ the APD simultaneously retains the cost-effectiveness criteria of D.19-12-021 while using a different criterion (“TRC break-even year”) to deny the Induction Cooking MTI. This denial is wrongly justified by an inaccurate comparison of the two MTIs, incorrectly inferring that D.19-12-021 required the Commission to base approval of MTIs on a zero-sum comparison rather than on the goal of establishing a portfolio of MTIs that meet the criteria in that Decision. This leads the APD to incorrectly find that the Room Heat Pump MTI’s shorter TRC break-even period makes it a “more financially sound and less risky investment.”³¹ The record demonstrates that the long-term nature of the MTIs does not make them more risky.³²

B. The APD Relies on Erroneous Statements About CalMTA’s Data Sources and Forecasting Methodologies.

The APD confuses market saturation data sources to reach false conclusions about CalMTA’s forecasted benefits for Induction Cooking. It inaccurately states that the 2023 Residential Appliance Saturation Study (RASS) data used by Cal Advocates relies on more recent data and shows higher existing electric cooking equipment saturation compared to the 2020 Residential Energy Consumption Survey (RECS) data used by CalMTA in its forecast.³³ In fact, Cal Advocates’ testimony relies on the 2019 RASS; there is no 2023 RASS.³⁴ The 2023 update was related to the US EIA Sales and Revenue data, which CalMTA used to estimate the utilities’ share of revenue in the state, and is not relevant to RASS.³⁵ Despite these errors, the APD correctly concludes CalMTA’s baseline market analysis is reasonable.³⁶ The APD

²⁹ D.19-12-021, at p. 69 and p. 87, Conclusion of Law 29.

³⁰ Ex. MTA-02, at pp. 3-4 (CalMTA (Horkitz)).

³¹ APD Finding of Fact 18, at page 68, incorrectly finds that the Room Heat Pump MTI’s shorter TRC break-even period makes it “more financially sound and less risky investment....”

³² Ex. MTA-11, at p. 3, ll. 4-18 (CalMTA (Curthoys)); Ex. NEEA-02, p. 2; TURN Opening Brief at p. 20.

³³ APD Finding of Fact 25 at p. 69.

³⁴ Cal. Energy Commission, *California Residential Appliance Saturation Study, Executive Summary*, CEC-200-2021-005-ES (2021). <https://rass.dnv.com/envodig/api/site/media/CEC-200-2021-005-ES.pdf>.

³⁵ U.S. Energy Information Administration, *Electric Sales, Revenue, and Average Price* (release Oct. 7, 2025). https://www.eia.gov/electricity/sales_revenue_price/.

³⁶ APD, Conclusion of Law 7, at p. 72.

incorrectly concludes, however, that “CalMTA’s obligation to provide a robust justification of its funding request is not fully met”³⁷ because the Delphi panel used as part of the baseline market adoption forecast was too small. This statement echoes Cal Advocates’ criticisms,³⁸ which have been fully rebutted by CalMTA witness Horkitz who testifies the Delphi followed best practices and was one of several research methods CalMTA used to develop the MTI BMA forecasts.³⁹

The APD also errs in stating that CalMTA’s market adoption strategy does not assess how the forecast models respond to changes in key input variables.⁴⁰ In fact, both MTI Plans included sensitivity analysis for the forecasting models, including an analysis of changes to TSB and cost effectiveness using higher and lower rates of electrification.⁴¹ The electrification rate affects the forecasted number of households that switch from gas to electric cooking and therefore considers an effect similar to a higher electric cooking baseline saturation.⁴²

C. The APD Erroneously Denies the Induction Cooking MTI Based on the Existence of Other Limited Rebate Programs.

The APD mischaracterizes an overlap of the Induction Cooking MTI with other programs⁴³ and makes vague and unsupported statements that the MTI is “too vast.”⁴⁴ The APD finds that the CEC’s BUILD program promotes induction cooktops in low-income and multi-family housing.⁴⁵ However, the BUILD program does not cover the full scope being addressed by the MTI. The BUILD program rebates are only for new construction and are provided to builders and developers of primarily low-income housing. Unlike the Induction Cooking MTI, the BUILD program does not include any support for retrofit of existing homes. Further, the BUILD program rebates are not being used strategically to structurally change the market (i.e., make induction cooking products more readily available and affordable, without continued rebates). In contrast, the Induction Cooking MTI would help bring down the cost of induction cooking products, an aim of the MTI, making them more affordable for the BUILD program.

³⁷ *Ibid.*, Conclusion of Law 8, at p. 72.

³⁸ Ex. CA-01, at pp. 3-1 to 3-3 (Cal Advocates (Tran)).

³⁹ Ex. MTA-11, at pp. 11-13 (CalMTA (Horkitz)).

⁴⁰ APD, Finding of Fact 27, at p. 69.

⁴¹ Application, Appendix 2: Induction Cooking MTI Plan, Appendix B, Attachment 3: Sensitivity analysis, at p.72.

⁴² *Ibid.* at p.71. CalMTA’s sensitivity analysis finds that if fuel substitution in single family homes and multifamily homes turns out to be 10% lower, the MTI remains cost effective.

⁴³ APD, at p. 39.

⁴⁴ *Ibid.* Finding of Fact 20, at p. 69.

⁴⁵ *Ibid.* Finding of Fact 22, at p. 69.

But more importantly, denial of the Induction Cooking MTI based on this fact is in direct conflict with D.19-12-021, which foresaw the necessity of collaboration and acknowledged that MTIs should be designed to align with other programs to achieve market transformation.⁴⁶ The logic models of both proposed MTIs include strategies that consider existing or new incentives provided by other programs and provides strategies for those efforts to work in concert with each other and be more powerful together.

The APD errs in denying approval of the Induction Cooking MTI and should be rejected or revised to correct the findings, conclusions, and orders as shown in Appendix A. The Commission should approve all Phase III: Market Deployment and Evaluation costs for both MTIs through 2031.

III. THE APD’S ADOPTED BUDGET IS NOT SUPPORTED BY THE RECORD AND WILL UNDERMINE THE MT PROGRAM THAT THE COMMISSION IS STATUTORILY MANDATED TO IMPLEMENT.

A. Modifications Are Needed to the APD’s Authorized Budget

In addition to fully funding the Phase III: Market Deployment and Evaluation costs for the Induction Cooking MTI, the APD should fund Initiative/Concept Development (Phase I and Phase II) at the same levels funded by the PD,⁴⁷ rather than funding only one year of these activities⁴⁸ that are essential to developing the full portfolio envision in D.19-12-021.⁴⁹

Appendix 3 of the Application details the Initiative/Concept Development (Phase I and Phase II) activities that are needed beyond 2026 (Year 1).⁵⁰ The PD correctly concludes that they should be funded through 2031,⁵¹ and the APD should be revised to adopt this conclusion and approve the appropriate budgets.

Because the APD did not approve any of the funding proposed for Future MTI Market Deployment, the APD approves Administration and Operations budgets that are 14 percent of what CalMTA requested, “because the deployment budget for the MTIs proposed in the

⁴⁶ D.19-12-021, at p.134 (“The MTA, MTI proposer(s), and relevant PA(s), 3PI(s) and C&S implementation team(s) will work collaboratively together to find ways for the proposed MTI and affected RA/C&S programs to work synergistically, increasing value to customers and the energy system and promoting a robust and competitive market for efficiency.”); *See*, Ex. NEEA-02, at p. 9 (NEEA (Harris)); Ex. CEJA-01, at pp. 30-31 (CEJA (Belcher)).

⁴⁷ PD, at p. 49, Table 3.

⁴⁸ APD. Conclusion of Law 25, pp. 56-57, Table 3.

⁴⁹ D.19-12-021 at pp. 49-50 and pp. 69.

⁵⁰ Application, Appendix 3, at pp. 11-14. 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.

⁵¹ PD, at p. 49.

application is approximately 14 percent of the total deployment budget anticipated by CalMTA as part of the \$250 million original reserved budget cap.”⁵²

The APD’s approach to determining the appropriate Administration and Operations budgets is based on two incorrect assumptions. First, the APD states that the full \$250 million budget reserved by the Commission in D.19-12-021 “assumed a full suite of proposed MTIs, rather than only two, as CalMTA proposed.”⁵³ 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.”⁵⁴ D.19-12-021 contemplated that a future decision 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.”⁵⁵ 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.”⁵⁶

The APD’s second incorrect assumption is 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 Administration and Operations 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 MTIs deployed in the market.⁵⁷ In fact, the Excel Sheet in Appendix 3 of the Application shows CalMTA’s 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

⁵² APD, at p. 55.

⁵³ *Id.*

⁵⁴ D.19-12-021, at p. 3, p.90 OP 7 and p.91 OP 9. Emphasis added.

⁵⁵ *Ibid*, at p. 61. Emphasis added.

⁵⁶ *Ibid*, at p. 62.

⁵⁷ 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.)

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).

In addition, the APD now requires additional Administration and Policy activities, such as the second application that CalMTA must prepare in 2026, three years of audits, and significant fundraising activities that were not included in the original cost estimates.⁵⁸ 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 APD.⁵⁹ These activities will increase, not decrease, funding needed for Administration and Operations.

In D.19-12-021 the Commission recognized the importance of not tying the initial market transformation budget allocation to “unstable and fluctuating” funding amounts.⁶⁰ This was reiterated in the testimony of Jeff Harris of the Northwest Energy Efficiency Alliance (NEEA), who said that “successful cost-effective market transformation requires budget and operational stability.”⁶¹ 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.

The APD makes a similar error in pro-rating the cost estimate for the Evaluation cost category in Table 3, approving only 14 percent of the total evaluation budget estimated by CalMTA.⁶² 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.⁶³ To fully fund the approved Evaluation Plan for Room Heat Pumps and Induction

⁵⁸ APD, at p. 77 OP 7 and OP 10.

⁵⁹ 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.”

⁶⁰ D.19-12-021, at p. 61.

⁶¹ Ex. NEEA-01, at p. 5 (NEEA (Harris)).

⁶² PD, at p. 49.

⁶³ Application, Appendix 3.

Cooking, the Commission must approve 100 percent of the associated budgets for each MTI. Funding for evaluation of future MTIs will be proposed and approved in future MTI Plans.

Finally, the APD 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."⁶⁴ This statement is not included in CalMTA's rebuttal testimony. Neither D.19-12-021 nor the APD 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 programs.⁶⁵ The extensive detail in each MTI Plan and the record of this proceeding is sufficient to approve each MTI and its associated budget.

The funding approved in the APD is less than one fifth⁶⁶ of what D.19-12-021 determined was needed to successfully launch MT in California. Adoption of the APD without CalMTA's corrections to the budget will effectively dismantle the Legislature-mandated MT program that has been in the making for eight years.⁶⁷ In Appendix A, CalMTA provides a corrected Table 3⁶⁸ of the APD that shows accurate funding needed for 1) Market Deployment and Evaluation for both MTIs;⁶⁹ 2) Initiative/Concept Development for 2026-2031;⁷⁰ 3) Administration and Operations activities in 2026-2028,⁷¹ and 4) pro-rated Administration and Operations activities for 2029-2031 at 30 percent as detailed in the PD.⁷² 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.

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

Ordering Paragraph 4 of the APD 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."⁷³ However, Table 3 shows the budget beginning in 2026,

⁶⁴ APD, at p. 52.

⁶⁵ Ex. MTA-11 at p. 46 (CalMTA (Curthoys)).

⁶⁶ APD, at p. 57.

⁶⁷ *Ibid.* at p. 66.

⁶⁸ *Ibid.* at pp. 56-57.

⁶⁹ *Ibid.* Table 3, at p. 56.

⁷⁰ *Ibid.*

⁷¹ Application, Appendix 3.

⁷² PD, at p. 49.

⁷³ APD, at p. 76 OP 4.

creating uncertainty about the start date of the approved implementation funding.⁷⁴ 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 the 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 2025.⁷⁵ 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 APD 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,”⁷⁶ 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 categories⁷⁷ 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,⁷⁸ NEEA witness Harris,⁷⁹ and supported by TURN.⁸⁰

IV. THE APD’S REQUIREMENT THAT THE MT PROGRAM IS TO BE FUNDED BY NON-RATEPAYER FUNDS IS CONTRARY TO STATUTE AND WAS NOT AN ISSUE INCLUDED IN THE SCOPE OF THIS APPLICATION.

The APD introduces a requirement that CalMTA demonstrate pursuit of non-ratepayer funding in future applications filed after 2028. This requirement contradicts Section 399.4(d)(1), which requires the Commission to authorize MT programs “at appropriate levels of funding.” Nothing in statute or D.19-12-021 conditions Commission approval of MTIs on the pursuit of

⁷⁴ *Ibid.* at pp. 56-57.

⁷⁵ Ex. MTA-03 at p. 2, ll. 12-24. “CalMTA’s actual spend in 2023 was \$10,401,454” far short of the \$20 million per year funding cap for the startup period.

⁷⁶ D.19-12-021, at p. 69.

⁷⁷ Application, Appendix 3: Five-Year Cost Estimate and Assumptions.

⁷⁸ Ex. MTA-11, p. 45.

⁷⁹ Ex. NEEA-01, at p. 5 (NEEA (Harris)).

⁸⁰ TURN Opening Brief, p. 22

outside funds. Moreover, this issue was not scoped in this proceeding,⁸¹ so parties had no notice or opportunity to present evidence or argument on this issue, in violation of their due process rights.

While CalMTA will continue to leverage outside funds where available, the Commission cannot rewrite the statute through an alternate decision and require such funding. The APD's new requirement is procedurally improper and legally unsustainable.

Further, the evidentiary record of this proceeding demonstrates that providing a stable source of funding from ratepayers catalyzes and leverages co-investment in market transformation activities from other market actors, as evidenced by NEEA's experience implementing market transformation programs for over 20 years.⁸² While MTIs can leverage non-ratepayer funds for specific activities, the statute and D.19-12-021 require use of adequate funding to establish reliable long-term funding for the Statewide Administrator to maintain stability and continuity of operations. As noted in the APD, opportunities for federal funding of a clean-energy program in California will not be viable for several years.⁸³ Further, CalMTA is administered by a private company, Resource Innovations, under a contract to PG&E through 2030, which would make it ineligible to pursue and secure grant funding until the nonprofit is established. And as a future nonprofit, CalMTA would be precluded from the lobbying activities required to encourage state legislators to allocate taxpayer funding to the program.⁸⁴ Further, reducing CalMTA's Administration and Operations funding to 14 percent of the amount proposed by CalMTA will not allow for sufficient staff resources to pursue additional sources of funding. CalMTA recommends that the broader issue of which energy efficiency programs should be funded by ratepayers is an appropriate issue for R.25-04-010 (Energy Efficiency).

Finally, the APD makes an unsupported factual claim that "the approval of the full \$250 million budget could lead to higher future costs for ratepayers."⁸⁵ To the contrary, the record established that the substantial TSB delivered by the proposed MTIs will actually reduce costs to ratepayers in the long-term by reducing the need to invest in electric system upgrades.⁸⁶

⁸¹ Scoping Memo, at pp. 2-3.

⁸² Ex. NEEA-01, at p. 4 (NEEA (Harris)); Ex. TURN-01, at pp. 11-12 (TURN (Goodson)); Ex. MTA-11, at p. 40 (CalMTA (Curthoys)).

⁸³ APD, at pp. 19-21.

⁸⁴ IRS significantly limits lobbying for non-profit organizations that maintain a 501(c)(3) status: <https://www.irs.gov/charities-non-profits/lobbying>.

⁸⁵ APD Finding of Fact 3, at p. 66.

⁸⁶ Ex. CEJA-01, at pp. 1-4, 33 (CEJA (Belcher)); Ex. TURN-01 at p. 15, ll. 14-16 (TURN (Goodson)); Ex. NEEA-01, at pp. 1-2 (NEEA (Harris)); Application at p. 10.

V. THE APD CONTAINS ADDITIONAL FACTUAL ERRORS

The APD contains the following additional factual errors that require correction:

- CalMTA is not under contract to PG&E. Rather, the contract to administer the CalMTA Program is between Resource Innovations and PG&E.⁸⁷
- The APD omits mention of CalMTA's prepared testimony submitted with the application and admitted to the record with the sworn testimony of other parties.

VI. CONCLUSION

CalMTA urges the Commission to reject the APD and to approve the PD, with the modifications proposed by CalMTA in its Opening Comments on the PD. As modified, the PD will preserve and continue a workable Market Transformation Program for California consistent with the Commission's goals established in D.19-12-021 and the Legislature's intent in enacting Section 399.4. Conversely, the Commission must not approve the APD that is not consistent with the evidentiary record and applicable law or the Commission's and Legislature's direction and intent for this MT Program—and that would effectively dismantle the program.

October 13, 2025

Respectfully submitted,

/s/ Brian T. Cragg

/s/ Sara Steck Myers

DOWNEY BRAND LLP

Brian T. Cragg

455 Market Street, Suite 1500

San Francisco, CA 94105

Telephone: (415) 848-4800

Email: bcragg@DowneyBrand.com

SARA STECK MYERS

Attorney at Law

122 - 28th Avenue

San Francisco, CA 94121

Telephone: (415) 420-1253

Email: ssmyers@att.net

Attorneys For The California Market Transformation Administrator

⁸⁷ APD, 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 ALTERNATE PROPOSED DECISION OF COMMISSIONER BAKER

The California Market Transformation Administrator (CalMTA) proposes the following modifications to the Findings of Fact, Conclusions of Law, and Ordering Paragraphs in the Alternate Proposed Decision (APD) of Commissioner Baker 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 APD 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. [66] The Commission and ratepayers under its jurisdiction have already invested eight years of time and **have allocated** up to \$60 million in startup funds for CalMTA to be ready to launch MTIs at full scale.

2. [66] CalMTA requests \$250 million **as authorized by D.19-12-021 to launch the five-year implementation phase** for the market transformation program in 2026-2030, including funds for the initial tranche deployment of Room Heat Pumps and Induction Cooktop MTIs, **funds for implementation of future MTI to be approved by the Commission, funds for ongoing development of in-process and new market transformation ideas, evaluation funding for the first tranche and future MTIs, and administration, operations, and evaluation,** PG&E's administration costs, **and new concept development.**

3. [66] Though a rejection of CalMTA's proposed MTIs would have a negligible effect on customer bills, ~~the approval of the full \$250 million budget could lead to higher future costs for ratepayers.~~

4. [67] The Executive Order N-5-24 directs the Commission to review ratepayer-funded programs and modify or sunset any ~~that cause unjust rate increases or do not provide sufficient value to ratepayers.~~ underperforming or underutilized programs or orders whose costs exceed the value and benefits to electric ratepayers. In its response to Executive Order N-5-24, the Commission did not identify reducing or changing the source of funding for the statewide market transformation program as actions to be taken under the Commission's authority to reduce ratepayer costs, and these issues were not identified in the Scoping Memorandum for this application proceeding.

7. [67] ~~A combination of ratepayer and non-ratepayer funding for future MTI proposals will reduce upward pressure on rates, maintain affordability, and potentially enhance cost effectiveness.~~

8. [67] By including a plan to pursue non-ratepayer funds as part of CalMTA's transition to a non-profit status, the Commission and stakeholders will be able to review **potential sources of non-ratepayer funds for CalMTA** ~~the financial sustainability and its ability~~ the feasibility of ~~to~~ reducing reliance on ratepayer funding.

14. [68] The proposed MTIs **are long-term investments with most costs in the early years and benefits coming in later years of the MTI lifecycle** ~~have low cost-benefit ratios in their initial years of the deployment phase.~~

15. [68] ~~CalMTA's proposed MTIs' TRC based cost-effectiveness becomes more apparent and improves in 2035 for Room Heat Pumps and in 2042 for Induction Cooktop as deployment progresses.~~

16. [68] TSBs are higher for Induction Cooktop compared to Room Heat Pump, but Room Heat Pump shows better cost-effectiveness for TRC and PAC ~~and a shorter break-even period.~~

17. [68] ~~A shorter TRC break-even time means ratepayers receive benefits sooner.~~

18. [68] ~~The Room Heat Pump, with its shorter TRC break-even year of 2035, is a more financially sound and a less risky investment compared to the Induction Cooktop's break-even year of 2042.~~

20. [69] ~~The proposed Induction Cooktop MTI is too vast because it includes a wide range of permanently installed products, from standard 120V and 240V induction units to battery-equipped models.~~

22. [69] ~~The CEC's BUILD program already promotes induction cooktops in low-income and multi-family housing offering a direct consumer rebate.~~

25. [69] The ~~2023~~ 2019 RASS data ~~used~~ cited by Cal Advocates relies on ~~more recent~~ older data and shows higher existing electric cooking equipment saturation compared to the 2020 RECS data used by CalMTA in its forecast.

27. [69] ~~CalMTA's current market adoption strategy does not assess how the TMA and BMA forecast models respond to changes in key input variables.~~

29. [69] Sensitivity analyses are a recognized method for evaluating forecast models by quantifying the impact of changes in individual input variables **and are included in both the proposed MTIs for Room Heat Pumps and Induction Cooking.**

37. [70] CalMTA is requesting \$11.466 million for Initiative and Concept Development from 2026 to 2030. The funding for 2026 is based on four specific MTIs that are in Phase II development **and funding for 2027-2031 is justified to continue development of the market transformation portfolio envisioned in D.19-12-021, but there is no clear justification for \$5.681 million of the requested funds reserved for 2027 to 2030.**

44. [71] ~~The request for an additional \$40.557 million for administration, operations, and concept development for 2026-2030, on top of \$60 million already spent, raises concerns that the process is becoming overly procedural and administratively heavy. This is concerning given that only two tangible MTIs have been proposed in the first tranche, with a few others still in the concept development phase.~~ CalMTA has spent substantially less than the allocated \$60 million in startup funds to launch the new program, seat the MTAB, source and screen over 100 ideas, research and prepare two detailed MTI Plans,

develop a pipeline of five ideas that are currently in Phase II, and participate in this proceeding.

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 following Approved Budget for CalMTA for First Tranche of MTIs is reasonable and should be adopted:

Cost Category	Estimated Expenditures by Year (\$000)						Totals
	Year 1 2026	Year 2 2027	Year 3 2028	Year 4 2029	Year 5 2030	Year 6 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
RHP	5,437	7,347	7,556	7,692	6,954	6,954	41,940
Other Administrative Costs							
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	140	140	140	140	140	140	840
Totals	22,334	21,559	22,941	16,721	15,547	15,547	113,649

PROPOSED CONCLUSIONS OF LAW:

2. [72] Review of ratepayer-funded programs to modify or sunset **underperforming or underutilized** programs whose costs exceed the value and benefits to electric ratepayers does not apply to the proposed MTIs because they are high-value and cost effective by all Commission tests—both individually and as the beginnings of the statewide market transformation portfolio ~~that do not provide sufficient value to ratepayers authorizing a single MTI is reasonable.~~

8. [72] ~~CalMTA's obligation to provide a robust justification for its funding request is not fully met, as the analysis, while based on an accepted methodology like a Delphi panel, is undermined by an insufficient sample size.~~

9. [72] It is reasonable to require CalMTA to **continue** supplementing its Risks and Mitigation strategy with sensitivity analyses to ensure a robust forecasting model **as it has done for the Room Heat Pump and Induction Cooking MTI Plans.**

10. [72] ~~CalMTA should conduct sensitivity analyses for both the TMA and BMA models and include them in all future MTI Plans, annual progress reports, and any updates or adjustments to the forecast models.~~

12. [73] It is reasonable to amend the PG&E and ~~CalMTA~~ **Resource Innovations'** contract to grant the Commission access to CalMTA's cost-effective tool, **which CalMTA has already made available to Cal Advocates and MTAB members.**

13. [73] It is just and reasonable to approve ratepayer funding for the Room Heat Pump MTI, ~~but not for and the Induction Cooktop MTI at this time.~~

16. [73] CalMTA's Room Heat Pump **and Induction Cooking** evaluation plans included in the Application ~~is~~ **are** reasonable and should be approved **along with their combined \$1,525 million budget.**

24. [74] The ~~2026 -2028~~ budgets for CalMTA's administration **and** operations, ~~activities~~ and ~~2029-2031 budget at a prorated level of 30 percent evaluation, along with PG&E costs, commensurate with the smaller total budget for the Room Heat Pump MTI is reasonable and~~ should be approved. ~~The Commission should not approve the full budget request of CalMTA for future MTI development.~~

25. [74] Granting initiative/ concept development funds for 2026 - ~~2031~~ to enable CalMTA to **continue building a portfolio of MTIs** ~~proceed with its current initiatives~~—is reasonable.

26. [74] ~~There is no urgency or necessity for granting initiative/ concept development funds for 2027-2030.~~

27. [74] The Budget included in a Finding of Fact of this decision is reasonable 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.

35. [75] CalMTA should be permitted to 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:

1. [76] The Market Transformation Initiatives (MTI) for Room Heat Pumps **and Induction Cooking** proposed by the California Market Transformation Administrator ~~is~~ **are** approved. The Commission also approves of placing emphasis on the implementation of pilots in Phase III: Market Deployment of this MTI, focusing on environmental and social justice communities and/or disadvantaged communities as defined in the Commission's Environmental and Social Justice Action Plan.

2. [76] The evaluation plans for the Room Heat Pump **and Induction Cooking** Market Transformation Initiatives included in Application 24-12-009 by the California Market Transformation Administrator ~~is~~ **are** approved.

4. [76] The budget contained in **updated** 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.**

7. [77] Pacific Gas and Electric Company, on behalf of the California Market Transformation Administrator (CalMTA), may file a new application with a second tranche of proposed Market Transformation Initiatives at any time, similar to this Application, but a filing coinciding with the portfolio applications of the energy efficiency portfolio administrators, in early 2026 or early 2030, is preferred by the Commission. CalMTA shall include evidence of how non-ratepayer funds have been **and will continue to be sought leveraged** for each

proposed market transformation initiative in its future applications. This evidence must demonstrate a good-faith effort to **secure leverage** alternative funding sources.

8. [77] The California Market Transformation Administrator shall **continue to** supplement its Risks and Mitigation strategy with comprehensive sensitivity analyses. These analyses shall be conducted for both the Total Market Adoption and Baseline Market Adoption models and shall be included in all future Market Transformation Initiative Plans submitted for approval, in annual progress reports, and whenever the forecast models are updated or adjusted.

9. [77] 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.**

11. [78] The California Market Transformation Administrator (CalMTA) shall submit a Tier 2 advice letter, by no later than December 31, 2028, to meet the following requirements:

- a. Non-Profit Transition Plan proposing to ~~convert~~ **establish a non-profit as the CalMTA statewide MTA** organization ~~to non-profit status,~~
- b. An amended contract between Pacific Gas and Electric Company and CalMTA that grants the Commission a perpetual, non-cost license to use CalMTA's internal cost-effective tool developed for the MTI program, effective upon the contract's expiration in 2030,
- c. Details on how CalMTA will **pursue leverage** both ratepayer and non-ratepayer funding arrangements in future funding applications, and
- d. Results of its annual audit report from the Commission's Audit Branch.