

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



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Application of the California Market Transformation
Administrator (U-1399-E) for Approval of the Second
Tranche of Statewide Energy Efficiency Market
Transformation Initiatives.

A. 26-07-004
(Filed July 7, 2026)

**RESPONSE OF THE
NORTHWEST ENERGY EFFICIENCY ALLIANCE**

Jeff Harris
Chief Transformation Officer
Northwest Energy Efficiency Alliance
700 NE Multnomah Street, Suite 1300
Portland, Oregon 97232
Tel: 503-816-5665
Email: jharris@neea.org

On Behalf of the
Northwest Energy Efficiency Alliance

Dated: August 6, 2026

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**RESPONSE OF THE NORTHWEST ENERGY EFFICIENCY ALLIANCE
TO THE APPLICATION OF THE CALIFORNIA MARKET TRANSFORMATION
ADMINISTRATOR FOR APPROVAL OF THE SECOND TRANCHE OF STATEWIDE
ENERGY EFFICIENCY MARKET TRANSFORMATION INITIATIVES**

I. INTRODUCTION

Pursuant to Rule 2.6 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, the Northwest Energy Efficiency Alliance (“NEEA”) respectfully submits this Response to the Application of the California Market Transformation Administrator (“CalMTA”) for Approval of the Second Tranche of Statewide Energy Efficiency Market Transformation Initiatives (the “Application”). NEEA supports the Application and urges the Commission to approve the three proposed Market Transformation Initiatives (“MTIs”) and the associated funding request.

II. STATEMENT OF INTEREST

NEEA is a non-profit organization comprised of more than 140 utilities and energy efficiency organizations working together to advance energy efficiency in the Pacific Northwest through market transformation. NEEA has been implementing market transformation for three decades,

and its work has delivered over a thousand average megawatts of cost-effective, lasting energy savings that regulators across four states have repeatedly deemed a prudent use of ratepayer funds.

NEEA is the model upon which CalMTA was established. NEEA representatives have been part of the development of the overall California program and its initiatives since inception, including participation in the California Energy Efficiency Coordinating Committee (“CAEECC”) working group that produced the Market Transformation Framework. Jeff Harris, NEEA’s Chief Transformation Officer, currently serves as an independent advisor on the California Market Transformation Advisory Board (“MTAB”). NEEA offers this Response to share its direct, long-standing experience administering market transformation programs, and to highlight that the proposed Second Tranche MTIs are consistent with market transformation best practices and target markets in which NEEA likewise sees significant opportunity for transformation.

III. RESPONSE TO THE APPLICATION

A. The Second Tranche MTIs Reflect Sound Market Transformation Strategy and Build on a Proven Approach.

Market transformation is a proven, strategic process of intervening in a market to remove barriers and leverage opportunities that accelerate the adoption of energy efficiency. Because interventions catalyze change at the market level and throughout the supply chain, the results are lasting and can often be “locked in” through a code or standard. CalMTA’s cost-benefit framework was adapted from NEEA’s approach to fit the California model, and NEEA sees no indication that the resulting savings should be treated as higher risk or less cost-effective than the market transformation savings that have been achieved in the Northwest since 1997.

The Application seeks approval of three new MTIs, Residential Heat Pump Water Heating (“HPWH”), Commercial Replacement and Attachment Window Solutions (“CRAWS”), and Commercial Rooftop Units (“CRTUs”), forecast to deliver an estimated \$1.9 billion in Total System Benefit over twenty years for a total investment of approximately \$121 million. Each initiative targets a market with substantial potential benefits and persistent but addressable barriers, such as product availability, supply chain readiness, installer practices, customer awareness, and first-cost considerations. In NEEA’s experience, these are precisely the conditions under which a market transformation approach is best suited to succeed, and each of the three proposed MTIs is well designed to accommodate the broad stakeholder and market engagement that such work requires.

B. The Proposed MTIs Address Opportunities in Markets Also Targeted by Current NEEA Work in the Northwest.

NEEA has direct, relevant experience in each of the three markets these MTIs address, and that experience reinforces the value and feasibility of the Application.

Residential Heat Pump Water Heating. NEEA has led heat pump water heater market transformation in the Northwest for well over a decade. NEEA developed the Advanced Water Heating Specification, which has become a benchmark for product performance and efficiency and is referenced nationally, and NEEA maintains a Residential HPWH Qualified Products List relied upon across the industry. NEEA’s market progress evaluations and field research, including its work on challenging installation scenarios and cold-climate demonstrations, are cited throughout CalMTA’s supporting record. This body of work demonstrates both the readiness of

the technology and the effectiveness of a coordinated, multi-region market transformation strategy for advancing it.

At the same time, real challenges remain, particularly the difficulty of coordinating efforts to influence the upstream, supply-side market in a state served by many different programs with different requirements at the customer level. NEEA has confronted a similar challenge in the Northwest, where more than 140 individual utilities operate their own programs with their own program designs. Market transformation has been the mechanism that allows NEEA to aggregate that fragmented demand and translate it into consistent, actionable engagement with the manufacturers, distributors, and installers who shape the regional market. CalMTA is positioned to serve the same aggregating function in California, which is a significant reason the market transformation approach reflected in these MTIs is both important and potentially impactful.

Commercial Replacement and Attachment Window Solutions. NEEA is expressly identified in the Application as among the organizations whose programs promote high-performance window solutions. Advanced window technologies serve national and international markets, and the market actors targeted by this MTI, manufacturers, distributors, and installers, operate well beyond California's borders. Alignment among NEEA, CalMTA, and other regional partners such as national laboratories and the Partnership for Advanced Windows amplifies the impact of each region's ratepayer investment and is exactly the kind of out-of-state coordination the Commission emphasized as critical to successful market transformation in D.19-12-021.

Commercial Rooftop Units. Efficient rooftop unit initiatives have historically proven difficult, which makes disciplined market transformation, with a clear logic model, supply-chain engagement, and a viable contractor business model, especially valuable here. NEEA has direct

experience in this space through its own Efficient RTU work in the colder climates of the Northwest. Because rooftop units are largely a national product line, shifting manufacturer offerings depends on regional market transformation administrators sending consistent signals to manufacturers. CalMTA's plan expressly contemplates coordination with NEEA and other regional and national programs toward that end, and NEEA supports that approach and looks forward to continued engagement as the initiative advances.

C. Coordination Across Regions Avoids Duplication and Accelerates Impact.

The Commission recognized in D.19-12-021 that coordination and engagement with out-of-state partners is a critical component of successful market transformation. The market actors targeted by these three MTIs operate in national or international markets, and partnership with organizations outside California is therefore necessary to achieve the most cost-effective and durable results. NEEA is committed to collaborating with CalMTA to align specifications, share evaluation methods and market data, and avoid duplication of effort so that the benefits of each region's investment are amplified rather than diluted.

D. NEEA Supports the Requested Funding and Modified Approval Process.

Based on its direct experience, NEEA supports approval of the proposed Second Tranche MTIs and the associated funding request. Market transformation takes time, and rapid deployment of fully vetted MTIs into the marketplace results in faster realization of benefits while preserving the flexibility to respond to changing market conditions. Each of the three MTIs has been thoroughly vetted through the MTAB, Energy Division staff, and stakeholder review, and each meets the Commission's requirements for cost-effectively advancing market transformation to the benefit of ratepayers. Given the cost-effective, high-value benefits to be derived from their implementation,

and their contribution to California's energy efficiency, greenhouse gas reduction, and affordability goals, NEEA urges the Commission to approve the Application.

The comments NEEA offered on the First Tranche application regarding the approval process for future MTIs remain relevant here. Market transformation must move with the markets it seeks to change, and the lead times associated with a full Commission application process can be long relative to the pace at which those markets evolve. As a practical matter, this means that an MTI approved at the end of a lengthy application process may require significant adjustment after approval to align with the market conditions that actually exist by that time. NEEA acknowledges that advancing to the next phase of the portfolio represents a meaningful increase in funding requirements. A Tier 2 advice letter process for future MTIs, however, is less costly than a full application and, because of its shorter timeframe, will improve the alignment between the Commission's approval decision and the market conditions that exist when deployment begins. In NEEA's experience, the participation of Commission staff and stakeholders through the MTAB, combined with the Tier 2 advice letter process, provides more than sufficient oversight while preserving the responsiveness that successful market transformation requires.

IV. CONFIRMATION OF PARTY STATUS

Rule 1.4(a)(2)(i) of the Commission's Rules of Practice and Procedure provides that a person may become a party to a proceeding by filing "a protest or response to an application." Through the filing of this Response, NEEA requests that it be given party status in A.26-07-004 with the contact information below:

Jeff Harris
Chief Transformation Officer
Northwest Energy Efficiency Alliance

700 NE Multnomah Street, Suite 1300
Portland, Oregon 97232
Phone: 503-816-5665
E-mail: jharris@neea.org

V. CONCLUSION

NEEA thanks the Commission for considering this Response and looks forward to participating in this proceeding.

Respectfully submitted,

/s/ JEFF HARRIS

Jeff Harris

Chief Transformation Officer

Northwest Energy Efficiency Alliance

E-mail: jharris@neea.org

Dated: August 6, 2026