

Application No.: 24-12-XXX (CalMTA)

Exhibit No.: MTA-03

Witness: Lynette Curthoys

Commissioner:

ALJ:

**CALIFORNIA MARKET TRANSFORMATION ADMINISTRATOR
PREPARED TESTIMONY OF LYNETTE CURTHOYS
CALMTA'S FIVE-YEAR IMPLEMENTATION BUDGET**

Application 24-12-XXX
California Market Transformation Administrator (CalMTA)

December 20, 2024

1 **EXHIBIT MTA-03**

2 **CALMTA'S FIVE-YEAR IMPLEMENTATION BUDGET**

3
4 Q. 1. *What is the purpose of your testimony in this Application?*

5
6 A. 1. As indicated in my Statement of Qualifications, I am the Vice President of Market
7 Transformation for Resource Innovations and am charged with leading the
8 CalMTA Program. In that role, I am responsible for efficiently managing the
9 ratepayer funds authorized for the CalMTA program and ensuring expenditures
10 stay within all Commission-established budget caps. I have worked with the
11 principal-level staff assigned to the CalMTA Program to develop the cost estimate
12 in Appendix 3 of this Application, which details CalMTA's forecasted costs for the
13 five-year implementation budget.

14
15 Q. 2. *What budgets were authorized for market transformation by the Commission in*
16 *D.19-12-021?*

17
18 A. 2. Ordering Paragraph (OP) 7 of Decision (D.)19-12-021 approved a maximum
19 budget of \$20 million per year for CalMTA's initial administrative budget for the
20 startup period, which is further limited in D.19-12-021 to a maximum of 36
21 months. OP 7 also approved \$250 million to fund CalMTA over the five-year
22 implementation period that would begin once the initial tranche of market
23 transformation initiatives (MTIs) is approved by the Commission via an
24 application.

25
26 Q. 3. *Are all of the Commission-authorized funds in D.19-12-021 allocated to CalMTA?*
27

1 A. 3. No. PG&E has reserved 2% of the startup budget and 2% of the implementation
2 budget to cover its costs to serve as the fiscal agent for CalMTA.¹ Therefore, the
3 contract between PG&E and Resource Innovations to serve as the Market
4 Transformation Administrator (MTA) caps the startup period budget at \$19.6
5 million per year and the five-year implementation budget at \$245 million.
6

7 Q. 4. *The Market Transformation Framework attached to D.19-12-021 required that*
8 *CalMTA file an Annual Budget Advice Letter (ABAL) for approval of the annual*
9 *funding authorized in D.19-12-021. Did CalMTA file ABALs for program years*
10 *2024 and 2025?*
11

12 A. 4. Yes. CalMTA filed our 2024 ABAL on July 31, 2023, and filed our 2025 ABAL on
13 August 16, 2024. CalMTA's 2024 ABAL was approved on November 2, 2023, and
14 the 2025 ABAL was approved on November 18, 2024.
15

16 Q. 5. *Did CalMTA stay within the annual budget cap during the startup period?*
17

18 A. 5. Yes, CalMTA stayed within the annual startup budget cap in 2023 and will stay
19 within the \$19.6 million per year cap for 2024 and 2025. CalMTA's actual spend in
20 2023 was \$10,401,454. CalMTA's 2024 ABAL requested and was approved to use
21 a budget of \$19,531,591. CalMTA is forecasting to be under budget for 2024.
22 CalMTA's 2025 ABAL requested, and was approved for, a budget of \$19,600,000.
23 CalMTA will continue to manage budgets closely for the remainder of the startup
24 period to ensure expenditures do not exceed the annual cap.
25

¹ See PG&E's Advice Letter [4674-G / 6747-E](#), p. 7.

1 Q. 6. *Is CalMTA's cost estimate for the approved \$250 million implementation period*
2 *budget reasonable?*

3

4 A. 6. Yes. CalMTA has built a five-year cost estimate for the \$250 million budget that
5 was approved for the implementation period in D.19-12-021. The cost estimate
6 includes both PG&E's administrative costs and CalMTA's costs. The assumptions
7 that were used to build the five-year cost estimate are detailed in the Application
8 in Appendix 3: Five-Year Cost Estimate and Assumptions.

9

10 In the five-year estimate, CalMTA has included detailed cost estimates for the first
11 five years of the Room Heat Pumps MTI and the Induction Cooking MTI that are
12 proposed in this Application. The cost estimate also identifies funds reserved for
13 future MTIs that CalMTA anticipates will be approved via Tier 2 advice letters
14 during the initial five-year implementation period. Over the course of the five-year
15 implementation period, CalMTA believes that the budget approved in the D.19-12-
16 021 will allow us to identify, assess, develop, and deploy up to eight potential
17 MTIs. Please refer to Appendix 3 of the Application to review the details of
18 CalMTA's five-year cost estimate and assumptions.

19

20 Q. 7. *What general forecasting principles and assumptions were made when building*
21 *the cost estimate for the five-year implementation period?*

22

23 A. 7. Key assumptions made when building the cost estimate for the five-year
24 implementation include the following:

25

26 **Budget Cap:** CalMTA acknowledges that the five-year implementation budget is
27 capped at \$250 million, including costs for PG&E to function as the fiscal agent
28 for the program (estimated at 2% of the total program budget). Within the five-

1 year budget cap, CalMTA can shift funds between program years and within and
2 between program cost categories and MTIs in consultation with the California
3 Public Utilities Commission (CPUC) Energy Division staff and Market
4 Transformation Advisory Board (MTAB). This ensures accountability while also
5 providing CalMTA the ability to adaptively manage the developing MT portfolio
6 and respond to changing market conditions.

7
8 **Timeframe:** OP 9 indicates that CalMTA’s “initial five-year implementation period,
9 along with its \$250 budget, will begin after the Commission approves or modifies
10 the application for the initial set of MTIs.”² Because D.19-12-021 limited the
11 startup period to 36 months, CalMTA’s five-year cost estimate assumes Year 1 of
12 the implementation period will begin no later than November 23, 2025.

13
14 **MTI Portfolio:** The cost estimate includes the first five years of estimated Phase
15 III Market Deployment costs for the two initial MTI Plans as detailed in Appendix
16 H. It also assumes that CalMTA will continue working with CPUC’s Energy
17 Division, MTAB, and other partners and scanning the market for new and
18 innovative technology to have a continuous flow of MT ideas. The cost estimate
19 also reserves funds for implementation of future MTI Plans during the five-year
20 funding period. For budget forecasting purposes, CalMTA assumes that all MTIs
21 currently in Phase II Program Development will proceed to full MTI Plans to be
22 filed via advice letter in late 2025 and the first half of 2026. CalMTA assumes that
23 up to two additional MTIs that are currently in Phase I Concept Development will
24 ultimately advance to Phase III Market Deployment during the initial funding
25 period.
26

² D.19-12-021 p. 91

1 **Future MTI Cost Estimates:** The budget reserves funds for implementation of
2 future MTI Plans during the five-year funding period. Cost estimates for future
3 MTI Plans will be included in the advice letter that requests approval of the MTI
4 Plan.

5
6 **Future MTI Approvals:** The cost estimate assumes that the Commission will
7 approve CalMTA's request that future MTIs be approved via a Tier 2 advice letter
8 process. CalMTA assumes public and MTAB review of future draft MTI Plans will
9 occur concurrently prior to filing the Tier 2 advice letter.

10
11 **Market Progress Evaluations:** The Evaluation cost estimate assumes the third-
12 party evaluator for each MTI will deliver the first market progress report after
13 approximately 15 months of implementation, with subsequent reports provided
14 annually.

15
16 Q. 8. *What cost categories are used in forecasting the CalMTA Budget?*

17
18 A. 8. The cost categories³ that CalMTA has used in forecasting the budget were
19 approved by Commission staff in PG&E's Advice Letter 4674-G/6747-E and
20 include the following five cost categories:

- 21 1. MTA Administration
- 22 2. MTA Operations
- 23 3. Initiative/Concept Development
- 24 4. MTI Deployment

³ PG&E Advice Letter [4674-G / 6747-E](#) created customized cost categories for CalMTA and noted that the standard CPUC cost categories for EE programs do not map well onto the MTA scope of work, p. 26.

1 5. Evaluation

2
3 Exhibit MTA-03: Five-Year Cost Estimate and Assumptions provides details on the
4 activities that are included in each of the cost categories.

5
6 Q. 9. *How does CalMTA plan to regularly report on the status of the budget to the*
7 *MTAB and the public, including any fund shifting between and among cost*
8 *categories or MTIs?*

9
10 A. 9. CalMTA will prepare Quarterly and Annual Reports on financials, including dollars
11 spent by cost category and major activity within each cost category, and any fund
12 shifts made between categories. Quarterly and Annual Reports are provided to
13 the CPUC's Energy Division and the MTAB, published on the CalMTA website,
14 and noticed to our stakeholders. In addition, CalMTA will provide budget and
15 financial updates to MTAB members at quarterly MTAB meetings, which are open
16 to the public.

17
18 Q. 10. *Does that complete your testimony?*

19
20 A. 10. Yes.