

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

Exhibit No.: MTA-07

Witness: Ralph Prah

Commissioner:

ALJ:

CALIFORNIA MARKET TRANSFORMATION ADMINISTRATOR

PREPARED TESTIMONY OF RALPH PRAHL

MARKET TRANSFORMATION INDUSTRY BEST PRACTICES

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

December 20, 2024

1 **EXHIBIT MTA-07**

2 **MARKET TRANSFORMATION INDUSTRY BEST PRACTICES**

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

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5 A. 1. As indicated in my Statement of Qualifications, I am an independent consultant
6 specializing primarily in the review and oversight of energy efficiency (EE) and
7 market transformation (MT) evaluation efforts and serve as a strategic advisor to
8 CalMTA. In that role, I have advised CalMTA during development of the Market
9 Transformation Initiative (MTI) Evaluation Framework (Attachment 3 to Exhibit
10 MTA-06), the Market Forecasting and Cost-Effectiveness Modeling Approach
11 (Appendix B of each MTI Plan in Appendix 1 and 2 of the Application), and the
12 Evaluation Plans for each MTI (Appendix F of each MTI Plan). My testimony today
13 addresses the MT best practices followed by CalMTA in forecasting the benefits
14 and cost-effectiveness of its selected MTIs.

15
16 Q. 2. *In offering this testimony, have you reviewed the testimony of CalMTA witness*
17 *Karen Horkitz where she has attested that the methodologies, tools, and*
18 *assumptions used by CalMTA in assessing cost-effectiveness and Total System*
19 *Benefits (TSB) of the MTIs included in this Application are consistent with best*
20 *practices for forecasting cost-effectiveness, market adoption, and TSB for MTIs?*

21
22 A. 2. Yes, I have.

23
24 Q. 3. *Do you agree with those assessments of Ms. Horkitz?*

25
26 A. 3. Yes, I do. I view the analyses included in CalMTA's supporting documents and
27 testimony in this Application as some of the more rigorous work of this type that
28 has been done in the industry to date.

1 Q. 4. *In your view, is it reasonable for CalMTA to forecast the impacts of each MTI over*
2 *a 20-year period?*

3
4 A. 4. Yes. In the white paper on MT policy issues that Ken Keating and I produced for
5 the California Public Utilities Commission (CPUC) in 2014, we argued that it was
6 critical that cost-effectiveness analyses of MTIs use a long enough timeframe to
7 fully capture the benefits of the initiatives. The benefits of MTIs tend to be
8 backloaded, while the costs tend to be frontloaded, leading to a disconnect if a
9 long timeframe is not used. That is, the expenditures needed to perform the
10 strategic market interventions occur in the earlier years of an MTI, but the
11 benefits resulting from the corresponding accelerated market adoption occur
12 over a longer timeframe.

13
14 Q. 5. *Does a long timeframe necessarily mean 20 years?*

15
16 A. 5. I do not believe there is any standard practice in the MT industry as to just how
17 long a timeframe should be used in assessing the cost-effectiveness of MTIs.
18 However, for the two MTIs in the current filing, 20 years seems like a reasonable
19 approach to me. I would argue that the objective should be to use a timeframe
20 that corresponds reasonably well to the period over which the program theory
21 and logic model calls for the initiative to yield its benefits.

22
23 Q. 6. *Does that conclude your testimony?*

24
25 A. 6. Yes.