

Application No.:	24-12-XXX (CalMTA)
Exhibit No.:	MTA-09
Witness:	Nils Strindberg
Commissioner:	
ALJ:	

**CALIFORNIA MARKET TRANSFORMATION ADMINISTRATOR
PREPARED TESTIMONY OF NILS STRINDBERG**

PROCEDURAL REQUESTS

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

December 20, 2024

EXHIBIT MTA-09
PROCEDURAL REQUESTS

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

A. 1. As indicated in my Statement of Qualifications, I am Resource Innovations' Principal of Policy for the CalMTA program. The purpose of my testimony is to explain and justify the two procedural requests that CalMTA is making of the Commission in this Application. First, CalMTA asks the Commission to approve our request to discontinue the requirement of CalMTA to file an annual budget advice letter (ABAL) and instead authorize CalMTA to file a trigger-based budget advice letter (TBBAL) in place of the ABAL. Second, CalMTA asks for authority to file Tier 2 advice letters to request approval of future market transformation initiatives (MTIs) or approval to discontinue MTIs.

Q. 2. *Please explain the background of the Commission's use of the ABAL and why it was discontinued in the energy efficiency proceeding (R.13-11-005).*

A. 2. The ABAL was a requirement of the energy efficiency (EE) program administrators (PAs) during the Rolling Portfolio process, when the EE PAs filed ten-year applications (known as business plans) and ABALs each year to set annual revenue requirements, request cost recovery, and make portfolio adjustments during the ten-year cycle. Decision (D.)19-12-021 was adopted during the Rolling Portfolio period and included a similar requirement that the future MTA file ABALs for approval of the upcoming year's funding.

Just prior to the adoption of D.19-12-021 in December of 2019, stakeholders from the California Energy Efficiency Coordinating Committee (CAEECC) formed

1 the EE Portfolio Filing Process Working Group (the Portfolio WG),^{1,2} to address
2 the challenges with the Rolling Portfolio process, and especially the challenges
3 that the ABAL created.³ The work of the Portfolio WG resulted in the filing of a
4 Motion by the Natural Resources Defense Council (NRDC) proposing an
5 alternative portfolio process that eventually resulted in the current process
6 adopted in D.21-05-031.⁴ A key component of D.21-05-031 was the Commission
7 eliminated the requirement that the EE PAs file ABALs. The Commission stated
8 that “having contentious ABAL setting portfolio budgets creates year-to-year
9 uncertainty for PAs and implementers, caused by the ABAL process, which
10 undermines confidence and impedes market uptake of energy efficiency
11 measures.”⁵

12
13 Q. 3. *Why should the Commission approve CalMTA’s request to discontinue the ABAL?*

14
15 A. 3. It is reasonable for the Commission to approve the Application’s request to
16 discontinue CalMTA’s requirement to file ABALs for budget authorization
17 because the Commission discontinued the requirement to file ABALs for all EE
18 PAs who receive ratepayer funds in the energy efficiency proceeding (R.13-11-
19 005), under which D.19-12-021 was adopted. Furthermore, the Commission
20 recognized in D.21-05-031, which eliminated the ABAL, that the ABAL process

¹ The first meeting of the CAEECC EE Filing Process Working Group was on October 22, 2019. For more information on the Working Group see: <https://www.caeec.org/ee-portfolio-filing-process-working>.

² The CalMTA witness was staff at CPUC’s Energy Division and an Ex Officio member of the EE Filing Process Working Group (see the NRDC motion: [Microsoft Word - R1311005 NRDC Motion re CAEECC Consensus EE Filing Process Proposal 042420](#) and the members are listed on page 22).

³ See the Problem statement in the CAEECC Prospectus for the EE Filing Process Working Group on the challenges created by the ABAL: https://www.caeec.org/files/ugd/b49f75_d5b7abf528a545dc86fc03306cef186c.pdf.

⁴ See D.21-05-031, located here: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M385/K864/385864616.PDF>

⁵ See D.21-05-031, p. 28.

1 caused harm and regulatory uncertainty for the EE PAs and the EE market.⁶ In
2 the decision that eliminated the ABAL, no parties suggested the ABAL provided
3 any benefits to the EE PAs, the Commission, CPUC's Energy Division, or parties
4 involved in the EE proceeding.⁷

5
6 Furthermore, neither the Commission in D.19-12-021, nor the Market
7 Transformation Working Group (a sub-committee of CAEECC that created the
8 draft market transformation [MT] Framework⁸) explained how filing an ABAL
9 would be an effective oversight tool for the future MTA or benefit the
10 Commission, stakeholders, or CalMTA.

11
12 Since the ABAL is recognized by the Commission and parties to the EE
13 proceeding as a burdensome and harmful process to the EE PAs and EE
14 markets, it is reasonable to grant CalMTA relief from the ABAL process.

15
16 Q. 4. *Has CalMTA considered any other alternative processes to the ABAL?*

17
18 A. 4. Yes. Instead of filing the ABAL every year to authorize our budget that would be
19 approved through this Application, CalMTA proposes to file a Tier 2 advice letter
20 when a trigger event happens – referred to as a TBBAL. CalMTA would be
21 required to file a TBBAL if CalMTA's budget forecast through our Annual
22 Forecast Report for an upcoming year⁹ exceeds the budget amount approved in

⁶ Ibid.

⁷ The witness reviewed the comments from parties in D.21-05-031, which was the decision that eliminated the ABAL and was adopted in R.13-11-005 and could find no public comments from parties in support of keeping the ABAL as a requirement for the EE PAs.

⁸ Which was later filed as a motion to the Commission, located here: [Microsoft Word - 2019-03-19 - R.13-11-005 - NRDC Motion re Market Transformation Working Group Report.](#)

⁹ The contract between PG&E and Resource Innovations requires that CalMTA submit an Annual Forecast Report to PG&E and the CPUC Contract Manager to revise the budget forecast for the upcoming year by October 31st. As proposed in the Application, CalMTA Will submit Annual Forecast Reports to PG&E, the Commission Contract Manager, and the MTAB on October 31st

1 the decision on this Application by 25 percent or more, excluding
2 unspent/uncommitted funds from previous years carried over to a future year.
3 CalMTA would have 60 days after the trigger event (October 31st) to file the
4 TBBAL. CalMTA's TBBAL would include a justification for why the additional
5 funds are necessary for the upcoming year and an explanation for how CalMTA
6 plans to stay within the approved overall five-year budget.

7
8 Upon filing of the TBBAL, CalMTA would operate with the budget as previously
9 approved in this Application for that year until the TBBAL is approved. Approval
10 of the TBBAL would allow CalMTA to operate with the increased budget. If the
11 Commission staff rejects CalMTA's TBBAL, CalMTA would continue to operate
12 within the budget as approved in the Application.

13
14 Q. 5. *Why does CalMTA believe that the TBBAL is a reasonable alternative to the*
15 *ABAL?*

16
17 A. 5. First, as stated before, the ABAL was used before in the Rolling Portfolio and is
18 acknowledged by the Commission, EE PAs, and stakeholders to have been a
19 burdensome process for all involved. The challenges of the ABAL are best
20 summarized by the following statement in the CAEECC Portfolio WG Prospectus,
21 "the ABAL process is ineffective in balancing meaningful oversight with timely,
22 predictable portfolio authorization, resulting in constant regulatory churn and a
23 failure to timely resolve factual and policy disputes."¹⁰
24 Second, the TBBAL's requirement to be filed only in cases when CalMTA
25 requests a significantly higher budget for a year than was approved in this

each year to revise the annual cost estimate as approved in this Application for the upcoming year.

¹⁰ See the Problem statement in the CAEECC Prospectus for the EE Filing Process Working Group on the challenges created by the ABAL:

https://www.caeec.org/files/ugd/b49f75_d5b7abf528a545dc86fc03306cef186c.pdf.

1 Application will benefit both CalMTA and CPUC staff. CalMTA will benefit from
2 not having to expend administrative costs associated with the ABAL process and
3 manage the uncertainty of annual funding authorizations.¹¹ CPUC staff will benefit
4 from not carrying the administrative burden of the ABAL process when CalMTA is
5 conforming to our already approved budget.

6
7 Finally, the TBBAL better meets the Commission's objectives regarding the ABAL
8 review, when it stated that Commission review should be relatively ministerial,
9 unless the PA departs in significant ways from their most recent budget, in which
10 case the PA should expect a higher degree of scrutiny from Commission staff.¹²
11 In the case of the TBBAL, there would be no review if CalMTA did not depart
12 significantly from the budget approved in this Application.

13
14 Q. 6. *Why is it reasonable for CalMTA to ask for future MTIs to be approved and*
15 *discontinued through Tier 2 advice letters?*

16
17 A. 6. The Commission suggested in D.19-12-021 that advice letters are presumed to
18 be the appropriate approach for approving future MTIs.¹³ In addition, Tier 2
19 advice letters have been used in the EE proceeding for approving and
20 discontinuing EE PA's programs since the EE proceeding began in 2013, and
21 even earlier. D.19-12-021 was adopted under the EE proceeding and approving
22 or discontinuing MTIs is equivalent to this action for the EE PA's programs.

23
24 Q. 7. *Does that conclude your testimony?*
25

¹¹ While OP 5 of D.15-10-028, states that the EE PAs' ABALs are not approved before the calendar year starts for which they were filed for, the EE PA would revert to their previously approved budget until the Commission approves their ABAL. However, according to Commission staff this rule did not apply to CalMTA.

¹² See D.15-10-028, p. 60.

¹³ See D.19-12-021, p. 61.

1 A. 7. Yes