BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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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)

OPENING BRIEF OF THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL

July 25, 2025

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SUMMARY OF RECOMMENDATIONS

In summary, the California Efficiency + Demand Management Council ("the Council") recommends and requests that the California Public Utilities Commission's ("CPUC" or "Commission") decision in Application ("A.") 24-12-009 do the following: [1]

- Approve the Application of California Market Transformation Administrator ("CalMTA") which seeks approval of the initial tranche of statewide energy efficiency Market Transformation Initiatives ("MTIs").

[1] Rule 13.11 of the Commission's Rules of Practice and Procedure requires that a "summary of the briefing party's recommendations [follow] the table of authorities."

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OPENING BRIEF OF THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL

The California Efficiency + Demand Management Council ("the Council") respectfully submits this Opening Brief in Application (A.) 24-12-009 (Market Transformation Initiatives). In this Application, Pacific Gas and Electric Company ("PG&E"), on behalf of California Market Transformation Administrator ("CalMTA") seeks approval of the initial tranche of statewide energy efficiency Market Transformation Initiatives ("MTIs").

The Council's Opening Brief is timely filed and served pursuant to the Commission's Rules of Practice and Procedure (Rule 13.11) and the Assigned Commissioner's Scoping Memo and Ruling, dated March 25, 2025 ("Scoping Memo").

I.
BACKGROUND ON THE COUNCIL

The Council is a statewide trade association of non-utility businesses that provide energy efficiency, demand response, and data analytics services and products in California.[2] Our member companies employ many thousands of Californians throughout the state. They include energy efficiency ("EE"), demand response ("DR"), and distributed energy resources ("DER") service providers, implementation and evaluation experts, energy service companies, engineering

[2] Additional information about the Council, including the organization's current membership, Board of Directors, antitrust guidelines and code of ethics for its members, can be found at http://www.cedmc.org. The views expressed by the Council are not necessarily those of its individual members.

and architecture firms, contractors, financing experts, workforce training entities, and energy efficient product manufacturers. The Council's mission is to support appropriate EE, DR, and DER policies, programs, and technologies to create sustainable jobs, long-term economic growth, stable and reasonably priced energy infrastructures, and environmental improvement.

II.
SUMMARY OF THE COUNCIL'S POSITION

The Council supports granting the Application for approval of the initial tranche of statewide EE MTIs. The Application requests approval of "two high-value and cost-effective MTIs that deliver over $1 billion in total system benefits (TSB) in support of the California's goal of economy-wide carbon neutrality by 2045."[3] These two MTIs are Room Heat Pumps ("RHPs") and Induction Cooking MTIs.

As stated in the Council's Response to this Application, "[t]he successful implementation of Market Transformation Initiatives ("MTIs") and removal of barriers to energy efficiency will provide long-term environmental and economic benefits, such as lowering greenhouse gas ("GHG") emissions and lower utility bills."[4] Approval of this Application would achieve these objectives.

The Council agrees with CalMTA that the proposed MTIs comply with and advance Commission directives and goals, are cost-effective, reasonable, and should be timely approved by the Commission.[5] Numerous other parties recommend approval of this Application, including

[3] Application, at pp. 9-10.
[4] Council Response, at p. 2.
[5] *Id.*, at p. 14.

California Environmental Justice Alliance ("CEJA"), [6] Northwest Energy Efficiency Alliance ("NEEA")[7] and The Utility Reform Network ("TURN").[8]

The Scoping Memo sets forth issues to be considered in this proceeding which include policy landscape for energy efficiency market transformation overall, design of MTIs, coordination with other programs, budget, and process issues.[9] The Council's Opening Brief focuses on these Scoping Memo issues and recommends adoption of the Application.

III.
THE COMMISSION SHOULD ADOPT CALMTA'S APPLICATION

The Council strongly supports adoption of CalMTA's Application to approve the initial tranche of statewide EE MTIs, specifically the RHP and Induction Cooking MTIs set forth in the Application. EE resources are necessary to manage the needs of the grid and to meet California's clean energy goals. Approval of this Application will continue to advance the state's ongoing decarbonization efforts, through advancement of EE programs, which are vital to lower energy bills, cleaner energy, reliable power, and equitable access to clean energy technologies - all of which are critical to achieving California's ambitious energy and climate goals.

Adoption of CalMTA's Application will provide numerous benefits. CalMTA's Prepared Testimony states that the RHP and Induction Cooking MTIs were developed after they were vetted by CalMTA, the Market Transformation Advisory Board ("MTAB") and the Commission Energy Division and that "these two initiatives alone are estimated to deliver more

[6] Prepared Testimony of Kjellen Belcher on Behalf of California Environmental Justice Alliance, submitted in this proceeding on June 4, 2025 as Exhibit ("Ex.") CEJA-01, at p. 1, lines 12-13.
[7] NEEA Response to Application, at pp. 3-4.
[8] Prepared Testimony of Hayley Goodson Submitted on Behalf of The Utility Reform Network, submitted in this proceeding on June 4, 2025, as Ex. TURN-01, at p. 2, lines 17-19.
[9] Scoping Memo, at pp. 2-3.

than $1 billion in total system benefit (TSB) over their life cycle and produce 2.2 times more benefits than costs using total resource cost (TRC) test as a metric."[10] In addition, CalMTA's Prepared Testimony demonstrates that these MTIs "present compelling market transformation opportunities that help the Commission and the State meet energy efficiency and greenhouse gas (GHG) reduction policy goals with targeted strategies to ensure ESJ communities share in the benefits."[11]

Furthermore, these MTIs meet the requirements for MTIs set forth in Decision ("D.") 19-12-021[12] which require MTIs to drive incremental savings that achieve the state's EE, equity and GHG reduction goals, be managed cost-effectively as a portfolio under the market transformation framework and just and reasonable for ratepayers to fund, and use a stage-gate process for development and deployment.[13] The two proposed MTIs "drive incremental savings by producing a forecasted TSB of more than $1 billion over their life cycle, which is a significant incremental contribution to reducing electric-system costs."[14] The MTIs also represent a cost-effective foundation for California's emerging market transformation portfolio.[15] Lastly, CalMTA "used Phase I Concept Development (Stages 1 and 2) and Phase II Program Development (Stages 3 and 4) of the stage gate process to develop" the MTIs.[16]

[10] California Market Transformation Administrator – Prepared Testimony of Lynette Curthoys and Jeff Mitchell, submitted in this proceeding on December 20, 2024 as Ex. MTA-02, at p. 1, line 1 through p. 2, line 5.
[11] *Id.*, at p. 2, lines 21-25.
[12] D.19-12-021 is the Decision Regarding Frameworks for Energy Efficiency Regional Energy Networks and Market Transformation issued in Rulemaking ("R.") 13-11-005 (EE Rolling Portfolio) on December 12, 2019.
[13] Attachment A to D.19-12-021, at pp. 101-102.
[14] Ex. MTA-02, at p. 4, lines 16-18.
[15] *Id.*, at p. 6, lines 8-9.
[16] *Id.*, at p. 8, lines 5-6.

IV.
THE POLICY LANDSCAPE FOR THE ENERGY MARKET TRANSFORMATION OVERALL JUSTIFIES APPROVAL OF THIS APPLICATION

The Scoping Memo asks the following:

> Has anything changed since the adoption of Decision (D.) 19-12-021 to merit reconsideration of funding for market transformation initiatives (MTIs) overall, including, for example: in light of changes in federal energy policy or in relation to the Governor's Executive Order N-5-24 issued on October 30, 2024?[17]

Nothing has occurred since the adoption of D.19-12-021 which supports the reconsideration of funding for MTIs. In fact, continued funding at the level requested by CalMTA is more important than ever. According to the California Energy Commission ("CEC"), "[w]ithout a gas transition strategy, unsustainable increases in gas rates and customer energy bills could be seen after 2030, negatively affecting customers who are least able to switch away from gas, including renters and low-income residents."[18] It is imperative that a gas transition strategy, such as implementation of these MTIs, be implemented as soon as possible to avoid negative impacts on environmental and social justice communities who often bear the brunt of high GHG emissions.

The Governor's Executive Order N-5-24 directs the Commission to examine ratepayer programs while still complying with the State's 2045 clean electricity goal and the State's 2045 economywide carbon neutrality goals. The Council agrees with NEEA that "[m]arket transformation is a proven approach to reducing energy system costs and cutting the overall costs to ratepayers."[19]

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[17] Scoping Memo, at p. 2.
[18] CEC – The Challenge of Retail Gas in California's Low-Carbon Future which can be found here: https://www.energy.ca.gov/sites/default/files/2021-06/CEC-500-2019-055-F.pdf, at p. iii.
[19] Direct Testimony of Jeff Harris on Behalf of the Northwest Energy Efficiency Alliance, submitted in this proceeding on June 4, 2025 as Ex. NEEA-01, at p. 2.

TURN's Prepared Testimony also demonstrates several of the changes that have occurred since the issuance of D.19-12-021, including that "the Commission has placed greater emphasis on rate affordability, or rather, the risks to public welfare and the achievement of the state's energy policies associated with rate *unaffordability*."[20] To begin with, TURN testifies that

> "[I]t is clear that the current policy landscape in California discourages ratepayer funding of energy efficiency programs that are not cost-effective, as well as programs that are underutilized and/or chronically underperforming. Neither applied to CalMTA's proposed MTIs or its plans for continued development of a cost-effective Market Transformation Portfolio[.]"[21]

The Council agrees with TURN that the specific proposals of CalMTA align with the objectives set forth in D.19-12-021 which emphasizes achieving California's clean energy goals and doing so without burdening utility customers with unaffordable rates.[22]

Furthermore, CEJA testifies that the "Commission's approval of these MTIs is a timely and necessary action that will provide a stable source of funding specifically targeted at achieving California's goal for equitable building electrification, heat pump adoption, and induction cooking adoption."[23] CEJA also outlines the numerous changes in the Federal government that have reduced programs to support home electrification and efficiency.[24] CEJA emphasizes the importance of state-level programs like CalMTA's MTIs because they "can act as a crucial stabilizing force against federal policy volatility, offering a more predictable, consistent, and locally tailored approach to ensure that California continues to make progress towards ESJ objectives."[25]

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[20] Ex. TURN-01, at p. 3, lines 16-18.
[21] *Id.*, at p. 6, lines 3-7.
[22] *Id.*, at p. 7, lines 13-18.
[23] Ex. CEJA-01, at p. 32, lines 7-10.
[24] *Id.*, at p. 33, line 30 through p. 36, line 16.
[25] *Id.*, at p. 36, lines 13-16.

In addition, on July 15, California Attorney General Bonta co-led a coalition of 15 attorneys general urging the United States Department of Energy (DOE) "to refrain from moving forward with its proposed deregulatory actions."[26] The DOE recently proposed 16 rules which would erode energy efficiency standards for consumer appliances and commercial equipment.[27] The Comments of the attorneys general demonstrates how the DOE's proposed rules violate the Energy Policy and Conservation Act (EPCA), fail to comply with the Administrative Procedure Act (APA), and the National Environmental Policy Act (NEPA).[28] Given this movement from Federal Government, it is increasingly important that California act to preserve and increase energy efficiency programs, like the MTIs.

V.
THE DESIGN OF THE MTIS IS APPROPRIATE

The Scoping Memo asks several questions about the proposed MTIs and whether they are the appropriate initial targets, whether they will achieve market transformation impacts, whether it is appropriate to target Environmental and Social Justice (ESJ) communities, how bill impacts to customers should be calculated and whether the proposed MTIs are cost-effective.[29]

A. The Proposed MTIs are the Appropriate Initial Technology Targets.

The proposed MTIs are the appropriate initial technology targets for numerous reasons. To begin with, they will support innovation and development of new product in California and will be applied across EE portfolios and other demand-side program activities offered in

[26] California Office of the Attorney General Press Release which can be found HERE.
[27] *Id*.
[28] Comments of the Attorneys General of the State of California, Maryland, New York, the City of New York, the State of Connecticut, Illinois, Maine, Michigan, Minnesota, New Jersey, Oregon, Vermont, Washington, the Commonwealth of Massachusetts, and the District of Columbia which can be found HERE.
[29] Scoping Memo, at p. 2.

California.[30] In addition, these MTIs were fully evaluated and will drive incremental savings.[31] Furthermore, NEEA testifies that the two proposed MTIs provide "the potential to deliver significant near-term and long-term benefits towards the achievement of California's goals of advancing efficiency, green-house gas reduction and equity."[32]

Furthermore, CEJA's testimony also demonstrates how beneficial the proposed MTIs (RHPs and Induction Cooking) are to rural and low-income communities.[33] CEJA testifies that for these communities, RHPs are "one of the most practical and impactful decarbonization solutions because they meet people where they are, work within the realities of our existing housing, and can deliver meaningful health and financial benefits without waiting for full-scale upgrades that may never come."[34] As to Induction Cooking, CEJA testifies that they "are a rare opportunity to deliver cleaner air, better health, and greater energy equity to the communities that have long been left out of decarbonization efforts not just in the future, but today."[35] Based on the record, the MTIs are the appropriate technology targets.

B. The Strategic Interventions and the Targeted Units for Each MTI Reasonable and Likely to be Successful in Achieving Market Transformation Impacts.

The Council agrees with NEEA who testifies that "there are always many unknowns that pose risks to market development and the proposed plans appropriately identify these risks and offer reasonable approaches to manage them in the near-term implementation of the MTI."[36]

[30] Ex. MTA-02, at p. 11, lines 12-21.
[31] *Id*., at p. 1, lines 7-27.
[32] Ex. NEEA-01, at p. 2.
[33] Prepared Testimony of Brianda Castro on Behalf of California Environmental Justice Alliance, submitted in this proceeding on June 4, 2025 as Ex. CEJA-02, at p. 6, line 13 through p. 8, line 10.
[34] Ex. CEJA-02, at p. 7, lines 205.
[35] *Id*., at p. 8, lines 8-10.
[36] Ex. NEEA-01, at p. 2.

C. It is Appropriate to Target ESJ Communities with the Initial MTIs.

The Council agrees with NEEA that the room heat pump MTI provides "a unique opportunity to address both ESJ needs as well as address a significant energy efficiency opportunity."[37] In addition, CEJA details the ability of MTIs to address disparate environmental and health burdens in California's ESJ communities.[38] CEJA testifies that proposed MTIs can directly reduce burdens faced by California's ESJ communities, "by improving air quality, protecting people from extreme weather events like heat waves, and addressing the specific characteristics of the housing stock in which vulnerable populations are more likely to reside."[39]

D. The Council Agrees with TURN Regarding Bill Impacts.

The Council agrees with TURN that CalMTA designed these MTIs to mitigate bill impacts to participating customers.[40] TURN testifies that:

> TURN agrees that electrification can increase utility bills and that the Commission should be very mindful of this risk, which calls for urgent action by the Commission, Legislature, and utilities to reduce electric rates. At the same time, the Commission must be mindful of the risk that customers who do not electrify will eventually face much higher gas rates when gas demand declines due to state decarbonization policy, and fixed costs are recovered through lower sales volume. Each of CalMTA's MTIs is designed with this tension in mind.[41]

E. The Initial Proposed MTIs are Cost-Effective and the Total System Benefits Projected to be Delivered are Reasonable.

The initial proposed MTIs are cost-effective as CalMTA's Testimony demonstrates:

> CalMTA calculates a combined TSB of $1.02 billion for the Induction Cooking and Room Heat Pump MTIs. CalMTA forecasts a life cycle [Total Resource Cost ("TRC")] benefit-cost ratio of 2.11, a [Program Administrator Cost ("PAC")]

[37] Ex. NEEA-01, at p. 3.
[38] Ex. CEJA-01, at p. 16, line 26 through p. 24, line 17.
[39] *Id.*, at p. 16, line 30 through p. 17, line 2.
[40] Ex. TURN-01, at p. 14, lines 7-8.
[41] *Id.*, at p. 14, line 15 through p. 15, line 2.

> benefit-cost ratio of 10.15, and an [Societal Cost Test ("SCT")] ratio of 5.06 for the combined MTIs.[42]

As such, the Council agrees with TURN that the Commission should find "these MTIs are cost-effective and offer reasonable TSB for the cost."[43]

VI.
THE PROPOSED MTIS ARE NOT DUPLICATIVE AND DO NOT OVERLAP WITH OTHER PROGRAMS

The Scoping Memo asks whether the "proposed MTIs duplicative or overlapping with other ratepayer-funded programs or other programs whose funding comes from a source other than ratepayers."[44] The Council agrees with CEJA who testifies that the CalMTA MTIs are not duplicative of other similar pilots because the proposed MTIs "are large-scale market development programs aimed at systematically transforming the market[.]"[45]

VII.
THE BUDGET FOR THE INITIAL TRANCHE OF MTIS IS REASONABLE AND SHOULD BE APPROVED

The Scoping Memo asks whether the budget is reasonable and whether the entire $250 million budget should be released if the initial tranche of MTIs is approved.[46] As discussed above, the budget is reasonable to implement these cost-effective MTIs. As such, the Council agrees with NEEA that the budget is reasonable.[47]

[42] Errata to Prepared Direct Testimony of Karen Horkitz submitted in this proceeding on June 27, 2025 as Ex. MTA-05-A, at p. 2, lines 10-13.
[43] Ex. TURN-01, at p. 14, lines 4-6.
[44] Scoping Memo, at p. 2.
[45] Ex. CEJA-01, at p. 26, lines 3-5.
[46] Scoping Memo, at p. 2.
[47] Ex. NEEA-01, at p. 4.

VIII.
THE APPLICATION COMPLIES WITH OTHER PROCESS ISSUES

The Scoping Memo asks whether the Application complies with the requirements of D.19-12-021, whether the requirement for CalMTA to file an Annual Budget Advice Letter (ABAL) be eliminated, whether the ABAL should be replaced with a trigger-based budget advice letter and whether CalMTA should be allowed to use Tier 2 advice letters to approve future MTIs or to discontinue approved MTIs.[48]

As discussed above, this Application complies with the requirements of D.19-12-021. In addition, the Council supports CalMTA's request to approve future new MTIs through Tier 2 Advice Letters, to discontinue filing ABALs and to use a "trigger-based" budget advice letter.[49] CalMTA's procedural requests will help CalMTA launch future MTIs quickly to accelerate their benefits and help meet the state's clean energy goals.

IX.
CONCLUSION

Based on the record, law, and policy applicable to this Application, as detailed and supported in this Opening Brief, the Council recommends that the Final Decision in this proceeding the Commission approve CalMTA's Application.

Respectfully submitted,

July 25, 2025

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[48] Scoping Memo, at p. 2.
[49] Application, at pp. 22-24.