BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

FILED
10/13/25
04:59 PM
A2412009

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 COMMENTS OF THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL ON PROPOSED DECISION AND ALTERNATE PROPOSED DECISION APPROVING INITIAL TRANCHE OF ENERGY EFFICIENCY MARKET TRANSFORMATION INITIATIVES

Dated: October 13, 2025

Joseph Desmond
Executive Director
California Efficiency + Demand Management Council
849 E. Stanley Blvd #264
Livermore, CA 94550
Telephone: (925) 785-2878
E-mail: policy@cedmc.org

TABLE OF CONTENTS

Page

Table of Contents i
Table of Authorities ii
Summary of Recommendations iii

I. INTRODUCTION 1

II. BACKGROUND 1

III. SUMMARY OF THE COUNCIL'S OPENING COMMENTS 2

IV. THE PROPOSED DECISION CORRECTLY ADOPTS THE TWO PROPOSED MTIS 2

V. THE PROPOSED DECISION SHOULD BE MODIFIED REGARDING THE BUDGET 4

VI. THE ALTERNATE PROPOSED DECISION MUST BE REJECTED IN ITS ENTIRETY 5

VII. CONCLUSION 6

TABLE OF AUTHORITIES

Page

CPUC DECISIONS

Decision (D.) 19-12-021 ..... *passim*

COMMISSION RULES OF PRACTICE AND PROCEDURE

Rule 14.3 ..... iii, 1

PUBLIC UTILITIES CODE

Public Utilities ("P.U.") Code Section 399.4(d)(1) 5
P.U. Code Section 454.5(b)(9)(C)(i).....6

SUMMARY OF RECOMMENDATIONS

Pursuant to Rules of Practice and Procedure of the California Public Utilities Commission's ("CPUC" or "Commission"), Rule 14.3(b), the California Efficiency + Demand Management Council ("the Council") recommends and requests that the Commission do the following in Application ("A.") 24-12-009: [1]

- Approve Administrative Law Judge's Proposed Decision with the modification that the Proposed Decision be revised to release the $250 million budget immediately.
- Reject Commissioner Baker's Alternate Proposed Decision in its entirety.

[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."

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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 COMMENTS OF THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL ON PROPOSED DECISION AND ALTERNATE PROPOSED DECISION APPROVING INITIAL TRANCHE OF ENERGY EFFICIENCY MARKET TRANSFORMATION INITIATIVES

I. INTRODUCTION

The California Efficiency + Demand Management Council ("The Council")[2] respectfully submits these Opening Comments on the Proposed Decision Approving Initial Tranche of Energy Efficiency Market Transformation Initiatives ("Proposed Decision") and the Alternate Proposed Decision Approving Initial Tranche of Energy Efficiency Market Transformation Initiatives ("Alternate Proposed Decision"), both mailed in this proceeding on September 23, 2025. These Opening Comments are timely filed and served pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure and the instructions accompanying the Proposed Decision and the Alternate Proposed Decision.

II. BACKGROUND

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.[3] 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 and architecture firms, contractors, financing experts, workforce training entities, and energy

[2] The views expressed by the California Efficiency + Demand Management Council are not necessarily those of its individual members.

[3] 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.

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 infrastructure, and environmental improvement.

III. SUMMARY OF THE COUNCIL'S OPENING COMMENTS

The Council supports adoption of the Proposed Decision because it correctly approves the two energy efficiency market transformation initiatives ("MTIs") proposed by California Market Transformation Administrator ("CalMTA") which are for room heat pumps and induction cooking.[4] However, the Council is concerned about the Proposed Decision's determination to approve only a $102.4 million budget over a six-year period,[5] as opposed to "the total five-year implementation budget reserved in D.19-12-021 of $250 million, to allow CalMTA to launch not only the first two MTIs, but also others that will be developed and launched in the future."[6] The Council recommends that the Commission revise the Proposed Decision to release the $250 million budget immediately.

The Alternate Proposed Decision only approves the room heat pump MTI with a budget of $54.87 million for a six-year period.[7] As discussed in more detail below, the Alternate Proposed Decision is contrary to state law and Commission precedent. As such, the Commission must reject the Alternate Proposed Decision.

IV. THE PROPOSED DECISION CORRECTLY ADOPTS THE TWO PROPOSED MTIS

D.19-12-021 (Decision Regarding Frameworks for Energy Efficiency Regional Energy Networks and Market Transformation) directed the following in Ordering Paragraph 9:

> No later than 36 months after the contract begins with the Market Transformation Administrator (MTA), Pacific Gas and Electric Company shall file, on behalf of the MTA, an application with the Commission for approval of the initial tranche of market transformation initiatives (MTIs). The MTA's initial five-year implementation period, along with its $250 million budget, will begin after the Commission approves or modifies the application for the initial set of MTIs and gives further direction for the process for the proposals for additional MTIs.[8]

---

[4] Proposed Decision, at p. 2.
[5] *Id*.
[6] *Id*., at p. 10.
[7] Alternate Proposed Decision, at p. 2.
[8] D.19-12-021, issued in R.13-11-005 (Energy Efficiency Rolling Portfolios) on December 12, 2019, at p. 91 (Ordering Paragraph 9).

Pursuant to that Order, Pacific Gas and Electric Company (PG&E), on behalf of CalMTA, submitted this Application requesting approval of two MTIs – room heat pumps and induction cooking.[9] Following the submission of the Application, on March 25, 2025, Assigned Commissioner Baker issued a Scoping Memo and Ruling ("Scoping Memo") which outlined the issues to be determined in this proceeding, including policy landscape for energy efficiency market transformation overall, design of the MTIs, coordination with other programs, budget and process issues.[10]

Throughout the proceeding, the Council has supported adoption of the two MTIs.[11] The Council is just one of several parties who support adoption of the two proposed MTIs. Specifically, California Environmental Justice Alliance ("CEJA"), Northwest Energy Efficiency Alliance ("NEEA"), The Utility Reform Network ("TURN"), and the Association of Bay Area Governments and County of Ventura ("BayREN" and "3C-REN") have supported adoption of the proposed MTIs.[12]

In its Opening Brief, the Council argued that the "proposed MTIs comply with and advance Commission directives and goals, are cost-effective, reasonable, and should be timely approved by the Commission."[13] In addition, the Council outlined the numerous benefits that adopting this Application would provide which include that the MTIs present compelling market transformation opportunities, will help the State meet its energy efficiency and greenhouse gas ("GHG") goals particularly as those goals impact Environmental and Social Justice ("ESJ") communities, and will drive incremental savings.[14]

As such, the Council applauds the Proposed Decision's determination to approve both MTIs.[15] The Proposed Decision correctly states that "this application represents the best available proposal to initiate our energy efficiency market transformation effort with as much consistency and reach as is possible under our jurisdiction."[16] The Proposed Decision also notes

[9] Application, at p. 1.
[10] Scoping Memo, at pp. 2-3.
[11] *See*, e.g., Council Opening Brief, at p. 2.
[12] *See,* CEJA Opening Brief, at p. 13; NEEA Reply Brief, at p. 2; TURN Opening Brief, at p. 11; and BayREN and RC-REN Reply Brief, at p. 2.
[13] *Id*.
[14] *Id*., at pp. 3-4.
[15] Proposed Decision, at p. 62 (Ordering Paragraph 1).
[16] *Id*., at p. 19.

that the "MTIs proposed in the Application represent two important technologies that the state will need to rely on if we are to electrify existing natural gas measures and work in earnest to achieve the 2045 goals."[17]

The Proposed Decision also correctly finds that the two proposed MTIs are cost-effective and that they pass the Total Resource Cost ("TRC"), the Program Administrator Cost ("PAC") and Societal Cost Test ("SCT") "thresholds for cost-effectiveness as proposed and analyzed."[18] The Proposed Decision also correctly states that CalMTA:

> undertook a rigorous analysis of the appropriate MTIs to propose in the initial tranche, by involving the [Market Transformation Advisory Board ("MTAB")], Commission staff, and public input, as well as developing risk mitigation plans and evaluation plans for each MTI. The development of these MTIs took several years and they have been thoughtfully designed and targeted."[19]

The Proposed Decision also supports CalMTA's proposal to target deployment of the MTIs in ESJ and disadvantaged communities more heavily.[20] As such, the Council supports adoption of the Proposed Decision, but as discussed in Section V, the budget should be modified.

V. THE PROPOSED DECISION SHOULD BE MODIFIED REGARDING THE BUDGET

D.19-12-021 ordered that once the initial tranche of MTIs is approved, "the [Market Transformation Administrator ("MTA")] shall have a five-year budget for MTIs of $250 million."[21] Pursuant to that decision, CalMTA's Application requests the release of the five-year budget.[22]

The Council argued for adoption of the full budget as recommended by CalMTA in its Opening Brief.[23] CalMTA testified that:

> In the five-year estimate, CalMTA has included detailed cost estimates for the first five years of the Room Heat Pumps MTI and the Induction Cooking MTI that are proposed in this Application. The cost estimate also identifies funds reserved for future MTIs that CalMTA anticipates will be approved via Tier 2 advice letters during the initial five-year implementation period. Over the course of the five-year implementation period, CalMTA believes that the budget approved in

[17] Proposed Decision, at p. 20.
[18] *Id.*, at p. 34.
[19] *Id.*, at p. 35.
[20] *Id.*, at p. 36.
[21] D.19-12-021, at p. 90 (Ordering Paragraph 7).
[22] CalMTA Application, at pp. 11 and 19-20.
[23] Council Opening Brief, at p. 10.

> the D.19-12-021 will allow us to identify, assess, develop, and deploy up to eight potential MTIs.[24]

In addition, as stated in CalMTA's Application, "Appendix 3: Five-Year Cost Estimate and Assumptions details CalMTA's estimated labor, non-labor, third-party, and incentive costs by cost category and major activity."[25]

As such, the Council disagrees with the Proposed Decision's determination not to release the full $250 million budget cap at this time.[26] The full budget should be released at this time to provide certainty of funding to ensure that implementation of the proposed MTIs and continued development and deployment of future MTIs is successful. Public Utilities ("P.U.") Code Section 399.4(d)(1) requires the Commission to "authorize market transformation programs with appropriate levels of funding to achieve deeper energy efficiency savings." As such, the Council agrees with NEEA who testified that the proposed budget is reasonable and that "successful cost-effective market transformation requires budget and operational stability over the entire market engagement period to support market confidence and facilitate the long-term market activities."[27]

Table 3 of the Proposed Decision (Approved Budget for CalMTA for First Tranche of MTIs) inappropriately reduces the Administration and Operations budgets proposed in Appendix 3 to the CalMTA Application.[28] The Proposed Decision also completely removes funds reserved for future MTI deployment.[29] D.19-12-021 authorized deployment of the full budget amount once the first tranche of MTIs is approved, which would happen with this decision. As such, the Council recommends that the Proposed Decision be modified to release the full $250 million budget.

VI. THE ALTERNATE PROPOSED DECISION MUST BE REJECTED IN ITS ENTIRETY

The Alternate Proposed Decision must be rejected due to the fact that it does not comply with state law or Commission precedent. As discussed above, D.19-12-021 directed the MTA, in

[24] California Market Transformation Administrator Prepared Testimony of Lynette Curthoys (Exhibit ("Ex.") MTA-03), submitted in this proceeding on December 20, 2024, at p. 3, lines 10-17.
[25] CalMTA Application, at p. 21; *see also* Appendix 3 to the CalMTA Application.
[26] Proposed Decision, at p. 60 (Conclusion of Law 17).
[27] Direct Testimony of Jeff Harris on behalf of the Northwest Energy Efficiency Alliance (Ex. NEEA-01), submitted in this proceeding on June 4, 2025, at p. 4.
[28] Proposed Decision, at pp. 49-50; *see also* Appendix 3 to the CalMTA Application.
[29] *Id*.

this case, CalMTA, to submit an initial tranche of MTIs.[30] Pursuant to this direction, CalMTA has submitted two energy efficiency MTIs. The Alternate Proposed Decision erroneously rejects the induction cooking MTI and claims that the room heat pump MTI because it "is a more financially sound a less risky investment."[31] The Alternate Proposed Decision also claims that the induction cooking MTI "is too vast" and that the California Energy Commission's ("CEC's") "BUILD program already promotes induction cooktops in low-income and multi-family housing offering a direct consumer rebate."[32]

These arguments ignore the direction from D.19-12-021 and P.U. Code Section 454.5(b)(9)(C)(i) which requires that an "electrical corporation shall first meet its unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible." In addition, it also ignores the Loading Order which requires that state energy policy prioritize energy efficiency.

Furthermore, according to the 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."[33] 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 ESJ communities who often bear the brunt of high GHG emissions.

Furthermore, as stated in the Council's Opening Brief, "these MTIs, room (window) heat pumps and induction cooking, are capable of meeting building decarbonization goals."[34] As such, the removal of one key MTI from the Alternate Proposed Decision means that it must be rejected in its entirety. The Alternate Proposed Decision provides no adequate basis for not adopting the induction cooking MTI.

VII. CONCLUSION

The Council appreciates the opportunity to provide Opening Comments on the Proposed Decision and Alternate Proposed Decision. The Alternate Proposed Decision must be rejected in its entirety due to the fact that it does not comply with California law or Commission decision.

---

[30] D.19-12-021, at p. 91 (Ordering Paragraph 9).
[31] Alternate Proposed Decision, at p. 68 (Finding of Fact 18).
[32] *Id.*, at p. 69 (Finding of Facts 20 and 22).
[33] 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.
[34] Council Opening Brief, at p. 4.

The Council requests that the Proposed Decision be adopted but modified for the reasons stated above. The needed modifications to the Proposed Decision are included in Appendix A (Proposed Modifications to Findings of Fact, Conclusion of Law, and Ordering Paragraph) attached and incorporated by reference hereto.

Dated: October 13, 2025

Respectfully submitted,

/s/ JOSEPH DESMOND

Joseph Desmond
On Behalf of the
California Efficiency +
Demand Management Council and
Leapfrog Power, Inc.
849 E. Stanley Blvd #264
Livermore, CA 94550
Telephone: (925) 785-2878
E-mail: policy@cedmc.org

APPENDIX A

THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL PROPOSED FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDERING PARAGRAPHS FOR THE PROPOSED DECISION APPROVING INITIAL TRANCHE OF ENERGY EFFICIENCY MARKET TRANSFORMATION INITIATIVES

The California Efficiency + Demand Management Council ("the Council") proposes the following modifications to the Findings of Fact, Conclusions of Law, and Ordering Paragraphs of the Proposed Decision Approving Initial Tranche of Energy Efficiency Market Transformation Initiatives ("Proposed Decision"), mailed in A.24-12-009 ("CalMTA MTI") on September 23, 2025.

Please note the following:

- A page citation to the Revised Proposed Decision is provided in brackets for each Finding of Fact, Conclusion of Law, or Ordering Paragraphs for which a modification is proposed.
- Added language is indicated by **bold type**; removed language is indicated by **~~bold strike-through~~**.
- A new or added Finding of Fact, Conclusion of Law, or Ordering Paragraph is labeled as "**NEW**" in **bold,** underscored capital letters.

PROPOSED CONCLUSIONS OF LAW:

17. [60] The full $250 million budget cap included in D.19-12-021 should **~~not~~** be released at this time.

PROPOSED ORDERING PARAGRAPHS:

4. [62] The **~~budget contained in Table 3 of this decision~~ $250 million budget** shall be available for the California Market Transformation Administrator beginning with the adoption of this decision and continuing through the end of 2031, with funding fungibility across the entire time period.