



MTAB-Nominee Orientation Meeting Notes

April 19, 2023

NRDC Offices, San Francisco, CA

These notes were reviewed and accepted by the MTAB members on May 26, 2023.

The April 19 meeting opened with an explanation that because the CPUC had not yet rendered a disposition on the advice letter filed to form the Market Transformation Advisory Board (MTAB), this meeting was not a formal MTAB meeting, but rather an orientation to the work of CalMTA. No official business would be conducted.

1) Welcome & Introductions

Margie Gardner welcomed the MTAB nominees and gave some context on the award of the Market Transformation Administrator to Resource Innovations and the leadership of the California Public Utilities Commission (CPUC) on creating market transformation (MT) opportunities in the state. The MTAB nominees, staff, and guests present at the meeting introduced themselves and expressed their hope for outcomes of market transformation in California. Margie reviewed the agenda.

2) CalMTA Overview

Margie Gardner presented slides introducing CalMTA to the MTAB nominees. She reviewed the schedule for MTI concepting to development and deployment. Margie explained that once the advisory board is officially formed, they will participate in a mix of virtual and in-person meetings that will give them opportunities to review and comment on the market transformation initiative (MTI) process, including the criteria being developed to score the viability of various MT ideas.

Discussion:

- There was discussion on options to speed up the timeline and the application process for the approval from the CPUC to move forward with MTI implementation sooner. It was explained that while the application is being reviewed, testing, market research, outreach and other efforts would be happening that touch communities and markets, prior to implementation.
- It was also explained that if an idea was ready earlier, CalMTA could submit the application ahead of schedule. The nominees discussed possible options for finding an early and viable MTI. It was discussed that the application would be an opportunity to request funding for the first initiatives, but also to describe the MTI development process and how subsequent MTIs should be approved for funding. Advice was given that CalMTA should work to anticipate and address any concerns before submitting the application to reduce protests. It was also suggested that CPUC staff be briefed prior to submitting so they have background on the application.
- A question was raised about the interplay between the market transformation work and federal or local funding for similar activities. It was explained that all local and federal funds would be considered as leveraged funding in an MTI plan. Policy Principal Nils Strindberg is researching and monitoring those opportunities as well as the EPIC program and CalNEXT, etc. In addition, there are other MT efforts going on around the country, which may be good options for collaborating and expediting an application. It was suggested that the nominees could be briefed on some of these other MT programs at future meetings.
- It was discussed that activities related to market research can show if there is a viable path to market and whether MTI development would include exploratory field work that better informs the initiative approaches. It was clarified that this was planned in Phase 1, which includes market research, and in Phase 2, which would potentially include bench and pilot testing.

3) Market Transformation Advisory Board Roles & COI

Stacey Hobart reviewed the list of nominated members, expectations for the MTAB members once they are officially confirmed, and conflict of interest rules and procedures. A member raised discussion around MTAB roles and hoped that staff would clarify what it needs and when. Board/MTAB roles are sometimes creative, sometimes reactive; sometimes boards create resources or provide advocacy. If there's clarity on the role needed for a particular activity, the MTAB will be more effective.

Discussion:

On various MTI-related discussions, the MTAB nominees acknowledged that they will be transparent when similar programs are being implemented by their organizations. Margie Gardner encouraged the nominees to be as open about that as possible.

The nominees chose numbers to stagger their first terms once formalized. The terms for each member will be as follows:

Christie Torok - NA

Peter Miller - 1 year

Cyane Dandridge - 2 years

Ky-An Tran - 2 years

Hayley Goodson - 1 year

Fred Gordon - 1 year

Lujuana Medina - 1 year

Randall Higa - 2 years

Jeff Harris - 2 years

It was explained that the CPUC has an ongoing seat, the IOUs have a dedicated seat, which Randall Higa is filling now, and finally the CCA/REN have a dedicated seat, which Lujuana Medina is filling. The role of RENs in California was briefly explained.

4) Introduction to Market Transformation

Jeff Mitchell presented slides describing MT in California.

Discussion:

It was asked if baseline market adoption would mean you had achieved 100% market share? It was clarified that you may not get 100%, but the focus would be on the added market share gained. It was said that in the Northwest, programs have transitioned from thinking about making active investments to monitoring and tracking those past investments.

There was an appeal to provide more concrete examples to help the nominees explain the MT approach as in the front-loading washer example.

Public Comment:

John Taylor, executive director at the Consortium for Energy Efficiency (CEE) explained they work in U.S. and Canada with utilities on MT trying to do similar work to CalMTA. He wanted to

acknowledge the people in the room and say CEE is here to help and push this forward. He was glad to see this extending to demand flexibility, decarbonization, and equity.

5) Exercise: What does success look like?

Margie Gardner set up an exercise for the nominees to break into two groups and discuss what success looks like for CalMTA. Volunteers read out the headlines of success.

Group One Outputs

- CalMTA provides model for collaborative leadership
- Gas loads gone, electric loads collapsing
- Climate goals met early
- Everyone's buying the good stuff
- Energy burden at an all-time low
- Affordable equipment is energy-efficient
- CalMTA leads CA to all-time energy efficiency high
- Green job growth exceeds expectations
- California workforce leads clean tech
- Building operating costs fall to new low
- CalMTA has a TRC of 10
- CalMTA gooses the duck curve

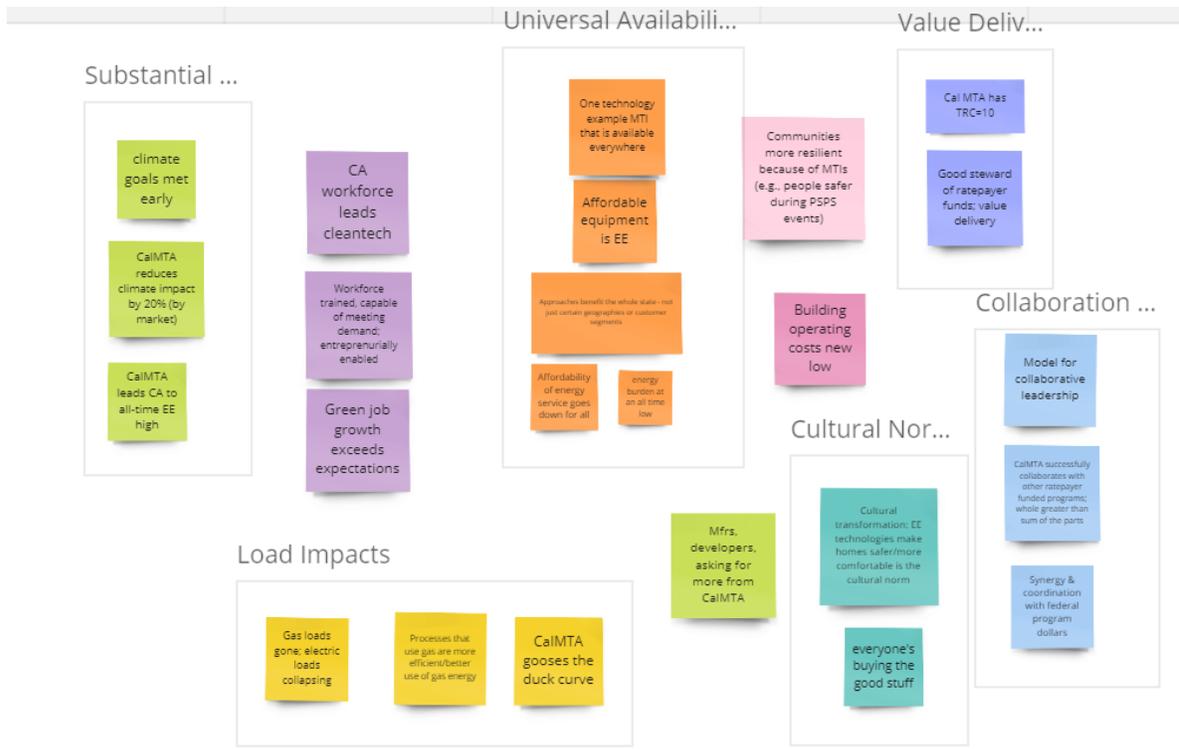
Group Two Outputs

- MT reduces climate impacts by 20%
- One example where one technology or practice is completely transformed in 5 years
- Workforce in ESJ communities is trained and delivering on efficiency (entrepreneurialism)
- CalMTA is seen as a good steward of ratepayer funds and the value to ESJ communities exceed the cost to those communities
- CalMTA successfully collaborates with all the other ratepayer funded programs. There are exponential impacts because CalMTA coordinates
- Not just CA funds, but CalMTA leverages IRA/federal dollars for highest outcomes
- Benefits reach across California's diverse geography and customer segments
- Manufacturers/other market actors call on CalMTA for more
- Communities are more resilient because of the MTI outcomes; that people are safer and more able to be comfortable during an outage

- Higher efficiency levels for gas that reduces pollution with a focus on Ag/Ind sectors for gas efficiency reduces pollution in Central Valley
- Cultural transformation: People are thinking differently about efficiency as a health and safety benefit
- Affordability of energy services increases and the cost of those services goes down especially for disadvantaged communities

Others added

- CalMTA voted best place to work 7 years in row
- CA leads national MT success in transforming building electrification
- All 2030 Michelin star restaurants join induction cooking initiative
- Latest CalMTA application approved by CPUC in 30 working days



6) What makes a good MTI?

Karen Horkitz opened with aspects of an effective MTI including persistence, removing barriers, leverage, scale, accelerate, long-term, etc. The nominees were called on to give examples of market transformation efforts in their experience.

Discussion:

Nominees gave several examples such as heat pump water heaters, “Golden Carrot” refrigerator contest, ENERGY STAR manufacturer collaboration and outreach. Other concepts discussed include:

- An MTI is very specific about what you’re trying to define and what you want to achieve. Specificity is unique and useful for MT. The market isn’t consumer electronics, it’s more specific like cell phone chargers.
- Another salient feature is that in energy efficiency, we have had workforce education and training and market support programs, which has been separated from, but complement, resource acquisition. Here, we can bring all those things together and have leverage to create impact.
- Another thing that is unique to CA is that we have Title 24, and it has its own equipment standards. So, for non-pre-emptive equipment, we have the opportunity for that change to happen as a standard. It was added that we want to make sure we’re being additive to the C&S work that’s in process.
- If you can find some attribute about the product that the customer loves, then you have value. In the case of heat pumps, the air conditioning was the value-add to a new heat system. In the end, the opportunity was around comfort.
- The idea was raised of codes that don’t have any infrastructure to support them, especially in the areas of controls and performance. There is a program at the Energy Trust where compliance assistance was needed to help buildings meet the code. Maybe there is something there where CalMTA can help improve compliance.
- Discussion of first cost barriers being an issue, but the barrier might not be so much the cost, but the value of the product to the buyer. Need to consider in MTIs, the opportunity that gives you access to the values of the mass market. The parallel to that on the industry side, is it’s nice to have an initiative that sparks innovation.

7) CalMTA MTI Development Process

Margie Gardner set up the conversation with a presentation of slides representing the three phases of the MTI development process.

Discussion:

There were several discussion points and questions including:

- The purpose of the RFI plan is to get more submissions and introduce CalMTA to key market actors.
- That ideas could be combined to move into a broader concept. When the development process goes into Phase 3, the submitters can then bid on that original idea.
- An IP disclaimer in the Terms of Use describes how CalMTA will handle proprietary information.
- Some ideas not ready for MT could be channeled to CalNEXT or the CEC for ET phase.
- Initiatives could take a lot of different forms beyond a competitive bid (ex: CalMTA could ask ASHRAE to do something on 90.1 or community colleges that don't fit in a typical RFP vehicle).

Phase 1: Concept Development

Jeff Mitchell presented deeper detail on Phase 1: Concept Development.

Discussion:

There were several discussion points and questions including:

- Ideas will be scored and ranked, but whether they are grouped by demographics or other characteristics needs to be assessed in the context of desired portfolio goals, which still need to be created.
- The MTAB will see all ideas but will have a deeper review of the top 15-20 prioritized options.
- Scorers will be able to discuss their rationale for scoring through iterative reviews and calibration.
- Market leverage points are opportunities to leverage work, funding, relationships, etc. that already exist. For example, a market actor leverage point—national retail—would be considered if they carry the targeted product or we have a current relationship.
- A “point in time” is an opportunity if the leverage we have today might be small but would potentially get bigger in the future.
- Workforce, education & training (WE&T) is not a stated criteria but more of an activity that would show up in many MTIs as part of several different criteria. For example, it could show up in ESJ if the impacts were focused on those communities. Discussion

covered whether WE&T also could be applied to readiness because if there wasn't a ready workforce that might be an aspect of the category.

- If you have limited suppliers or service providers, this would be a point of leverage. An example was shared of a cottage industry and trade ally workforce developed related to ductless heat pumps. That brought the rest of the industry along because the bigger parts of the industry were losing market share.
- Completeness of the application is a requirement. There are also a set of threshold questions the submitter reviews before filling out the application. We're not asking for fully formed proposals, but if there is a kernel of an idea that seems viable, CalMTA may choose to further develop it.
- The definition of the ESJ communities that CalMTA intends to provide benefits to is important as well as a description of what the "beneficial impacts" might be. It was agreed that definitions would be brought back to the next meeting. It was shared that it's difficult to explain benefits outside of a concrete example because otherwise, the discussion is vague. It was stated that it would be best for these terms to be defined in a way that allows submitters to know what you're asking for.
- While scores are considered and assigned as ideas come in, if they get packaged, would they be scored again to consider the aggregated ideas.
- It was discussed whether there are criteria that could be considered threshold, meaning that the idea could not move forward without a sufficient score. Staff explained that in the testing, there are some criteria that have a low-medium-high score, and a low score became a threshold that would not allow the idea to advance.
- More information about the weighting was requested. It was explained that the weighting would be brought back at the next meeting.
- If the submitter doesn't know something and a response is vague, the team would make determination about whether there's an opportunity and score accordingly.
- If someone scores high in one area and low in another there is an opportunity to mesh that idea with a similar idea that allows for the weakness to be strengthened. It was explained that the prioritization tool could test whether certain ideas scored high in a category, giving an additional review for ideas that might warrant further investigation.
- In the cost-effectiveness category, initiative cost is the view in the first stage of scoring, and an estimate of cost-effectiveness is used in second-round (Stage 2) scoring since there will have been more time gather information.
- CalMTA has a challenge balancing the criteria to meet the energy savings and policy goals while managing risk. Staff explained that we are trying to minimize the risk in this first set of MTIs, but it isn't always straightforward, and these criteria do need to be balanced as part of the process. In the next meeting, we will have the nominees score an

idea using a common definition to get an understanding of the criteria and the balancing that's needed.

- Discussion emphasized the need to have firm and clear definitions of the criteria especially related to the ESJ criteria. The nominees discussed the typical benefits that are realized by all communities through a code or standard but thought that this wasn't sufficient especially since that typically doesn't go into effect until later. Thought that it would be better to prioritize ESJ communities to see beneficial impacts sooner than the rest of the market. LED lighting was shared as an example where there were broad benefits realized by everyone at the same time even before codes. There was a point made that even if an MTI benefits everyone equally, then it would score at mid-level. If there were aspects that prioritized ESJ communities, then we would score it higher to reward those ideas that include consideration for equity.
- There is currently a lot of market support and funding in California focused on ESJ, so we need to ensure that MTIs leverage these resources. If an idea points to other funding sources already happening, that would likely mean a higher equity score. It was shared that CalMTA is working to coordinate with all the other equity programs in the state and federally.
- It was said that we're still having trouble getting market share for triple-pane windows. These installations could be leveraged for low-income housing retrofits or electrification updates that are being funded by other funds.
- There was a question about whether criteria would weight natural gas efficiency on the same level of electricity. It was explained that it does weight fuels the same. The nominees discussed how CalMTA should approach this balance. A need was identified to look at how the portfolio aligns with long-term benefits in relation to utility contributions, geography, etc. Staff acknowledged that balancing the portfolio versus scoring MTIs was something that the MTAB would need to address in the future.

Public Comment:

Carol Yin asked if the MT team was also going to also submit ideas or just rely on external sources? It was explained that there are internally identified ideas that will be submitted into the portal. Carol followed with a question on how the process would apply the MTI criteria and weed out redundant ideas to what is already happening? Margie Gardner explained that this would occur during the MT alignment and scoring.

8) Upcoming Meetings & Adjournment

Margie Gardner reviewed the dates and schedule. The nominees requested that these get on calendars as soon as possible.

The meeting was adjourned.

Attendees

MTAB Nominees

Cyane Dandridge, Strategic Energy Innovations
Haley Goodson, The Utility Reform Network
Fred Gordon, Energy Trust of Oregon
Jeff Harris, Northwest Energy Efficiency Alliance
Randall Higa, Southern California Edison
Lujuana Medina, So Cal REN
Peter Miller, Natural Resources Defense Council
Christie Torok, California Public Utilities Commission
Ky-An Tran, California Public Advocates

Staff & Consultants

Taqua Ammar, CalMTA (administered by Resource Innovations)
Jennifer Barnes, 2050 Partners
Lynette Curthoys, Resource Innovations
Margie Gardner, CalMTA (administered by Resource Innovations)
Jim Giordano, CalMTA (administered by Resource Innovations)
Stacey Hobart, CalMTA (administered by Resource Innovations)
Karen Horkitz, Cadmus
Ortensia Lopez, El Concilio of San Mateo County, virtual
Jeff Mitchell, CalMTA (administered by Resource Innovations)
Nils Strindberg, CalMTA (administered by Resource Innovations)

Guests

Brett Ehrlich, Independent Consultant, virtual
Belinda McMillan Haener, The Ortiz Group, virtual
Ralph Prah, Prah & Associates, virtual
Grey Staples, The Mendota Group LLC, virtual
Susan Stratton, Stratton Gilmore Group LLC, virtual
John Taylor, Consortium for Energy Efficiency (CEE), virtual

Carol Yin, Yinsight, Inc., in-person

Kate Zeng, San Diego Gas & Electric Company, virtual