

Aligning California’s Market Support and Market Transformation Programs

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ABSTRACT

The California Public Utilities Commission (the Commission) directed the launch of a \$250 million Market Transformation Administrator (MTA) in parallel to the new energy efficiency (EE) portfolio applications filed by California’s Program Administrators (PAs). The MTA was expected to launch in Q1 of 2022 and will be tasked with the identification, development, and deployment of new targeted market transformation initiatives (MTIs) to operate alongside the EE portfolio. Although the new MTA has not yet been identified nor the initiative launched, the California PAs did file their new EE business plans and program portfolios on March 4, 2022.

The PAs developed comprehensive portfolio proposals and implementation plans for resource acquisition, market support, equity, and codes and standards programs. These applications cover all proposed EE programs for program years 2024–2027 in detail and include a strategic eight-year plan and budget for the EE portfolio through 2031. This material will set the landscape for anticipated efforts and upcoming programs of California PAs and will be critical to the forthcoming MTA when building its first tranche of MTIs to be proposed to the Commission. This will require careful coordination between the MTA and the EE portfolio PAs.

This paper explores the process for preventing and mitigating potential overlaps between MTIs anticipated to be launched through the MTA and the EE programs offered by the California PAs. It delineates market support programs and MTIs, describes the relative scale of the MTA compared to the EE portfolio, and proposes guidelines that PAs and the MTA can apply when coordinating new MTIs in the context of the overall EE portfolio.

California’s EE Portfolio Segmentation

California has a history of segmenting EE programs based on primary purpose. Over the course of the last four years, the Commission has initiated further segmentation through a series of decisions directing California PAs to take certain steps within their EE portfolio designs.

D.19-12-021 ordered Pacific Gas and Electric Company (PG&E) to function as the statewide contracting lead and fiscal agent for an independent statewide MTA¹ (CPUC 2019). This same decision adopted the market transformation framework which outlines the process for the identification, development, and deployment of the MTA and its MTIs. D.21-05-031 further

¹ D.19-12-021 Ordering Paragraph 6 on page 90 states “Pacific Gas and Electric Company (PG&E) shall act as the statewide lead and contracting and fiscal agent, responsible for selection and administration of an independent, statewide, Market Transformation Administrator (MTA). PG&E shall assign personnel to this task with experience with MT initiatives generally and shall undertake this task with support from the statewide procurement review group and in coordination with Commission staff. PG&E shall keep its solicitation open, once launched, for the purpose of hiring the MTA, for at least three months. PG&E shall also follow the requirements for third-party solicitations included in Decision 18-01-004, including filing of the selected contract as a Tier 2 advice letter.”

clarifies that the categorization of MTIs and codes and standards programs depending on primary purpose establishes a history of segmentation (CPUC 2021a).

In Decision D.21-05-031, the Commission further segmented the portfolio into resource acquisition, market support, and equity segments. D.21-05-031 clarified that MTIs must be assessed independently from the rest of the portfolio per D.19-12-021 and that codes and standards were to remain separate as defined in D.12-05-015 (CPUC 2021a). It should therefore be concluded that there are at least five established segments² in the California EE portfolio.

Figure 1. California's Five CPUC Defined Energy Efficiency Segments



The Commission also requested in D.21-05-031 that the California Energy Efficiency Coordinating Committee (CAEECC)³ facilitate a Market Support Metrics Working Group which released a Final Report in October 2021. The report defined the primary and sub-objectives of market support segment programs, and both identified and began to distinguish the overlap between market support programs and market transformation initiatives (CAEECC 2021).

It should be noted that D.21-05-031 and the succeeding CAEECC Market Support Metrics Working Group qualifies emerging technologies (ET) programs under the market support segment. These programs are a natural “feeder” for market transformation efforts, although it is not the only source for MTIs nor the only type of market support programs. A properly designed MTI, for example, could leverage ET program successes while, at the same time, accelerating the deployment of proven emerging energy technologies by addressing non-technical market barriers and developing infrastructure to encourage market transformation. This aspect of market transformation has been a missing link in the ET portfolio and, if properly implemented, can create a new source of EE measures in the face of rising code baselines.

Market Transformation and Market Support

MTIs and market support programs are distinctly different, mutually supportive efforts. Market support may help MTIs get started, and in some cases, MTIs will support the transfer of market support to appropriate market actors.

The Commission recognizes the distinct differences in the purposes of market transformation and market support programs. Market transformation includes activities with impacts across all segments, including resource acquisition, codes and standards, and market support. These initiatives can help aggressively direct the market to more efficient technologies and operate with the purpose of completing the adoption cycle of a given measure and moving on to support the next. As reiterated in the market transformation framework adopted in D.19-12-021, D.09-09-047 revised the definition of market transformation as follows (CPUC 2019):

² D.21-05-031 also clarifies that “the “equity” category is distinct from our separate low-income energy efficiency Energy Savings Assistance (ESA) programs, which have separate goals and regulatory treatment.” This indicates that there may be further segments defined by the Commission which were not assessed in the context of this effort.

³ CAEECC “provides a venue for stakeholders to discuss energy efficiency under the purview of the CPUC while ensuring transparent access to information and opportunities to get involved.”

“Market transformation is long-lasting, sustainable changes in the structure or functioning of a market achieved by reducing barriers to the adoption of energy efficiency measures to the point where continuation of the same publicly funded intervention is no longer appropriate in that specific market. Market transformation includes promoting one set of efficient technologies, processes or building design approaches until they are adopted into codes and standards (or otherwise substantially adopted by the market), while also moving forward to bring the next generation of even more efficient technologies, processes, or design solutions to the market.”

The market transformation definition adopted by the Commission alludes to programs that go *beyond* the Commission’s definition of market support. The Commission specifically refers to advancing the adoption of technologies, processes, or design approaches to codes and standards, which is its own segment. The definition also refers to reducing barriers in the adoption of EE measures which impact resource acquisition program portfolios, while also referring to the next generation of technologies, processes, and designs, which fit under the market support segment of the portfolio.

Most importantly, the market transformation definition characterizes its interventions as resulting in “long lasting, sustainable changes in the structure of a market.” Market transformation is intended to remove barriers and facilitate sustained changes that eliminate the need for further market engagement. This objective is far different from the objectives associated with any other segment type defined by the Commission.

Market support segment programs are characterized by their continuous activities necessary to support the EE market. D.21-05-031 defines market support based on its primary objective (CPUC 2021a):

“Programs with a primary objective of supporting the long-term success of the energy efficiency market by educating customers, training contractors, building partnerships, or moving beneficial technologies towards greater cost-effectiveness.”

Key to this definition is the Commission intent that market support programs help sustain the long-term success of the energy efficiency market through *ongoing* activities. This is in stark contrast to the Commission definition of market transformation which clearly intends for defined end points⁴ for initiatives. To expand upon these continuous activities necessary to support the energy efficiency market, the CAEECC-hosted market support metrics working group proposed to breakdown the definition in the form of a primary objective and five sub-objectives, all of which indicate ongoing activities (CAEECC 2021):

Primary Objective: *Supporting the long-term success of the energy efficiency market*

Sub-Objective: *Build, enable, and maintain*

1. Demand for EE products and services in all sectors and industries to ensure interest in, knowledge of, benefits of, or awareness of how to obtain EE products and/or services.

⁴ D.09-09-047 page 89 discusses “defined end points” and its use on specific technologies or practices so that market transformation program plans include an “end game.”

2. Supply chains to increase the capability and motivation of market actors to supply EE products and/or services and to increase the ability, capability, and motivation to perform/ensure quality installations that optimize EE savings.
3. Partnerships with consumers, governments, advocates, contractors, suppliers, manufacturers, community-based organizations and/or other entities to obtain delivery and/or funding efficiencies for EE products, and/or services and added value for partners.
4. Innovation and accessibility in technology, approaches, and services development to increase value of, decrease costs of, increase EE of, and/or increase scale of and/or access to emerging or existing EE products, and/or services.
5. Greater, broader, and/or more equitable access to capital and program coordination to increase affordability of and investment in energy efficiency projects, products, or services.

This same working group recommended collaboration between the MTA and the PAs and made a very cursory attempt at distinguishing market transformation from market support, broadly categorizing efforts as follows (CAEECC 2021):

- **Market Transformation:** initiative specific, disruptive, and finite.
- **Market Support:** broad, supportive, and ongoing.

We agree with these distinctions but offer the added notion that market transformation efforts may require longer duration interventions as recognized in D.19-12-021⁵ (CPUC 2019).

The Market Transformation Framework

In March of 2019, the CAEECC-hosted market transformation working group (MTWG) issued a report and recommendations to the Commission. These were largely adopted by the Commission in the form of a market transformation framework in D.19-12-021. The adopted framework includes a stage-gate process characterized by three Phases and seven Stages. Phases I and II are designed to identify opportunities for MTIs and develop and test them ahead of full deployment. Phase III, which is subject to a Commission application⁶ review and approval, will begin the full deployment of identified and developed MTIs.

Given the time that will be required to conduct Phases I and II ahead of the Phase III application and the availability of EE portfolio applications, the first tranche of MTIs will likely be aligned with the proposed EE portfolios. It is, therefore, important that the Commission complete the review and approval of the EE portfolio applications as soon as possible as the upcoming MTI portfolio will be designed based on the anticipated availability of those portfolios.

⁵ In D.19-12-021, the Commission recognized on page 60 that “Market transformation is inherently longer-term in its focus and will also require a reasonable amount of startup time given we are taking a different approach here than historically. Therefore, our initial allocation will be for five years.”

⁶ D.19-12-021 Ordering Paragraph 9 requires that “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.”

Figure 2 below summarizes the proposed stage-gate process from the adopted Commission market transformation framework (CAEECC 2019; CPUC 2019). This process will commence with the selection of the MTA and under the terms of the agreement with fiscal agent PG&E. Phases I and II of the stage-gate process should be coordinated based on the anticipated availability of the proposed EE portfolios.

Figure 2. The Adopted Market Transformation Stage-Gate Framework



Note: the framework displayed above is intended to apply to individual MTIs that together ultimately compose a portfolio.

2024–2027 Energy Efficiency Portfolio Applications

On or before March 4, 2022⁷, California PAs filed portfolio applications outlining both their intended overall eight-year strategy and a detailed four-year plan for 2024–2027 programs.

⁷ Pacific Gas and Electric (PG&E) filed their application on February 15, 2022, which was the original deadline for submission, but which was subsequently extended by the Commission.

All four investor-owned utilities (IOUs)⁸ and the four established non-IOU PAs⁹ proposed new portfolios of programs disbursed across four segments. One additional application was submitted by a non-established PA¹⁰. In addition to those nine applications, the Commission Decision D.21-11-013 authorized the Inland Regional Energy Network (I-REN) EE portfolio funding through 2027, directly overlapping with these portfolio applications (CPUC 2021b). Although the Commission approved funding for the I-REN in November of 2021, budgets have not yet been defined by segment¹¹ and are therefore not presented at this time. Table 1 below summarizes the budgets proposed by segment across the nine applications making up the anticipated 2024–2027 EE portfolio in California.

Table 1: Program Administrator Proposed Budgets for the 2024-2027 EE Portfolio

Program Administrator	Market Support	Resource Acquisition	Equity	Codes and Standards	TOTAL
PG&E	\$ 259,400,711	\$ 563,347,767	\$ 53,247,362	\$ 135,353,418	\$ 1,011,349,258
SCE	\$ 271,000,000	\$ 1,015,000,000	\$ 126,000,000	\$ 79,000,000	\$ 1,491,000,000
SDG&E	\$ 77,932,135	\$ 201,505,010	\$ 20,945,517	\$ 18,490,656	\$ 318,873,318
SoCalGas	\$ 85,901,113	\$ 404,933,006	\$ 90,554,119	\$ 5,847,605	\$ 587,235,843
MCE	\$ 4,068,417	\$ 51,623,429	\$ 19,396,778	\$ -	\$ 75,088,624
3-C REN	\$ 14,254,165	\$ -	\$ 46,439,004	\$ 7,819,621	\$ 68,512,790
BayREN	\$ 26,435,639	\$ 18,952,573	\$ 101,762,202	\$ 8,155,157	\$ 155,305,571
Rural-REN	\$ -	\$ 13,745,139	\$ 73,721,372	\$ 7,395,202	\$ 94,861,713
SoCalREN	\$ 75,144,378	\$ 80,915,517	\$ 57,981,582	\$ 2,980,000	\$ 217,021,477
TOTAL	\$ 814,136,558	\$ 2,350,022,441	\$ 590,047,936	\$ 265,041,659	\$ 4,019,248,594

Collectively, all applications combined proposed approximately \$4 billion across four program years, which aligns with past portfolios authorized at \$1 billion per year. Twenty percent of the proposed EE funding is allocated to the market support segment, for a combined four-year portfolio of \$814 million. This is four times larger than the average annual budget allocated to market transformation. The codes and standards segment budget is proposed at \$265 million, the resource acquisition segment at \$2.35 billion, and the equity segment at \$590 million over the four-year cycle.

Interestingly, although the Commission authorizes higher spending on both market support and equity programs for RENs, the RENs’ distribution of market support programs is only slightly higher than non-REN PAs. D.21-05-031 limits the energy efficiency portfolio spend

⁸ Southern California Edison (SCE), Southern California Gas Company (SoCalGas), San Diego Gas and Electric (SDG&E), and PG&E

⁹ As a community choice aggregator (CCA), portfolio segmentation and cost effectiveness requirements are different for Marin Clean Energy (MCE) compared to the regional energy networks which include Bay Area Regional Energy Network (BayREN), Southern California Regional Energy Network (SoCalREN), TriCounty Regional Energy Network (3C-REN).

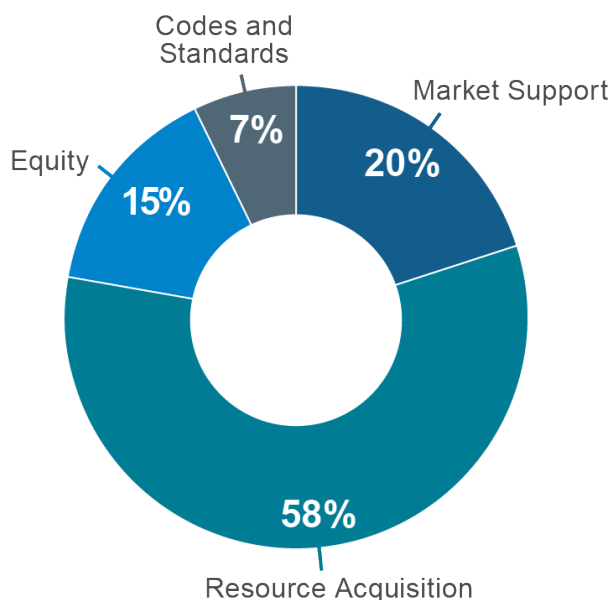
¹⁰ A small group of government agencies proposed to form the new Rural Regional Energy Network (Rural REN) across rural parts of California

¹¹ D.21-11-013 orders the I-REN to “file a Tier 2 advice letter by July 1, 2022, detailing its portfolio segmentation strategy and including final sector and program metrics.” It is expected that this advice letter will include budget distribution by segment.

in market support and equity segments to 30 percent collectively for the IOUs and CCAs but does not limit these budgets for RENs (CPUC 2021a). As such, the IOUs and MCE proposed a distribution of 20 percent market support and 9 percent equity. The RENs collectively proposed a larger distribution of equity programs making up 52 percent of their proposed portfolio, but only proposed 22 percent of their budgets be allocated to the market support segment, aligning closely with the IOUs and the CCA.

Figure 3 shows the proposed distribution of funding across the four segments proposed in the 2024–2027 EE portfolio applications.

Figure 3. Distribution of Proposed Budgets by Segment

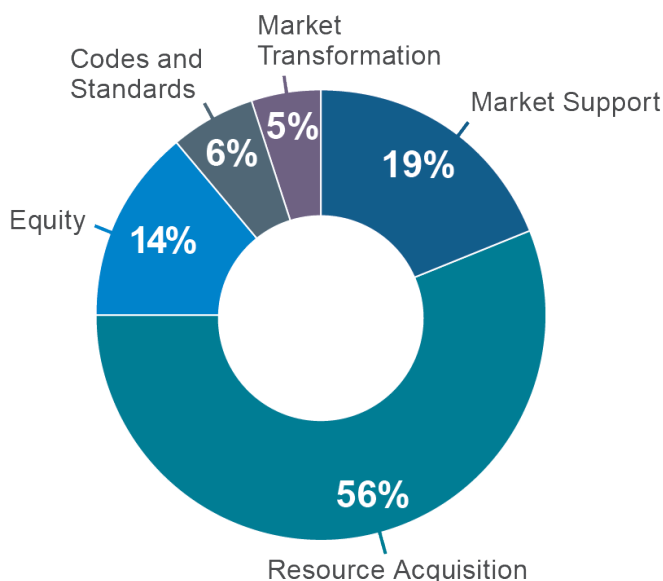


If normalized to a four-year cycle for comparison purposes, a normalized four-year MTI budget of \$200 million would only represent 5 percent of the proposed EE portfolio budget. Figure 4 shows the annual distribution of proposed budgets across EE segments including the anticipated MTI budgets and the proposed EE budgets. The five-year MTA budget is set at \$250 million¹². This represents only 6 percent of the proposed four-year energy efficiency portfolio or 31 percent of the proposed market support segment across all PAs. The MTA budget is comparable to the 4-year C&S budget of \$265 million or 7 percent of the overall budget. C&S and MT involve highly leveraged, focused activities designed to affect a greater portion of the market through specific interventions. The relative scale of these budget allocations indicates that MTIs are, like C&S, meant to be limited to targeted activities as a smaller component of the overall EE portfolio.

¹² D.19-12-021 allocates “an initial administrative budget of a maximum of \$20 million per year. Once the initial tranche of market transformation initiatives (MTIs) is approved by the Commission [...] the MTA shall have a five-year budget for MTIs of \$250 million.”

The Northwest Energy Efficiency Alliance (NEEA) includes both MT and C&S budgets. California’s combined 11 percent for MT and C&S is comparable to the Northwest, where NEEA funding is 7–10 percent¹³ of the regional EE investment.

Figure 4. Distribution of Proposed Budgets by Segment including Market Transformation



Aligning the MTI Phase III Application with EE Portfolio Applications

PAs have submitted comprehensive portfolio proposals and implementation plans for resource acquisition, market support, equity, and codes and standards programs. This critical material will set the landscape for anticipated efforts and upcoming programs of California PAs. The MTA should leverage these filings to support the coordination and overlap efforts between the MTA and the EE Portfolio.

As EE portfolios are set to launch in Q1 of 2024, the MTA should target Phase III deployment at the same time. Such an aggressive timeline for deployment of Phase III will require that portfolio alignment questions and issues be considered during planning and addressed to the extent possible ahead of the Phase III application filing of the MTA portfolio. While the timing of final decisions could impact the timing of the MTA start-up period, it would be advantageous for all parties if overlap with the upcoming MTA portfolio can be addressed simultaneously with the overall EE portfolio considerations. MTIs in Phase III starting in 2025 and beyond would address known gaps or opportunities not already addressed in the portfolio of programs launched by PAs in 2024.

The MTA should therefore address coordination requirements during solicitation and selection of MTIs, address potential overlaps during plan development and piloting, and propose clear overlap mitigation plans as part of the MTI plans included in the Phase III applications. Ideally, this application would be submitted in Q3 2023 ahead of the new EE portfolio launches.

¹³ Northwest Energy Efficiency Alliance (NEEA) Operations Plan, <https://neea.org/img/documents/NEEA-2022-Operations-Plan.pdf>

The CPUC MTA decision framework anticipates the formation of Initiative Review Committees (IRC) specific to each MTI, which could also be leveraged in the coordination process.

The alignment required during the concept development and program development phases of the MTA should be continued during the implementation and deployment phase of the EE portfolio and the MTI portfolio. Quarterly CAEECC meetings involving the EE portfolio PAs, the MTA, and other stakeholders, could be used to address the ongoing coordination and eventual overlap of portfolio activities to ensure continued maximization of benefits across both portfolios, while maintaining a robust and competitive market that minimizes customer confusion. These quarterly coordination meetings could also serve as a forum for informal dispute resolutions. CAEECC should include a standing agenda item to discuss coordination and overlap of EE and MTI portfolios starting in Q2 2022. This could also serve as an opportunity for the MTA to provide updates as to progress in all stages of the development and deployment of the MTI portfolio. In addition, the MTA could also engage in focused collaboration with EE PAs to maximize the direct links between MTIs, C&S, and emerging technology initiatives.

Both the EE portfolio PAs and the MTA should also include a coordination plan in their annual reports. This could follow a similar structure to the joint cooperation memos (JCMs) between the IOUs, CCAs, and RENs in the administration of the EE portfolio¹⁴.

Figure 5 below illustrates how the portfolios will align based on D.21-05-031. Although not yet defined, anticipated applications that would be needed in case a subsequent MTI cycle is required were included. Quarterly coordination meetings should occur between the MTA, the EE PAs, and other stakeholders, which could be facilitated through CAEECC.

Figure 5. EE and MTI Portfolio Coordination Schedule

2022	2023	2024	2025	2026	2027	2028
	Annual Report	Annual Report	Annual Report	Annual Report	Annual Report	Annual Report
CPUC Review of EE Applications		2024–2027 EE Portfolio				
MTA Phase I	MTA Phase II	MTI App	2024–2028 MTI Portfolio			
Quarterly MTA/EE Stakeholder Engage						
					MTA Phases I–II	MTI App
					CPUC Review of EE Applications	2028–2031 Portfolio

Process to Identify and Assess Overlaps

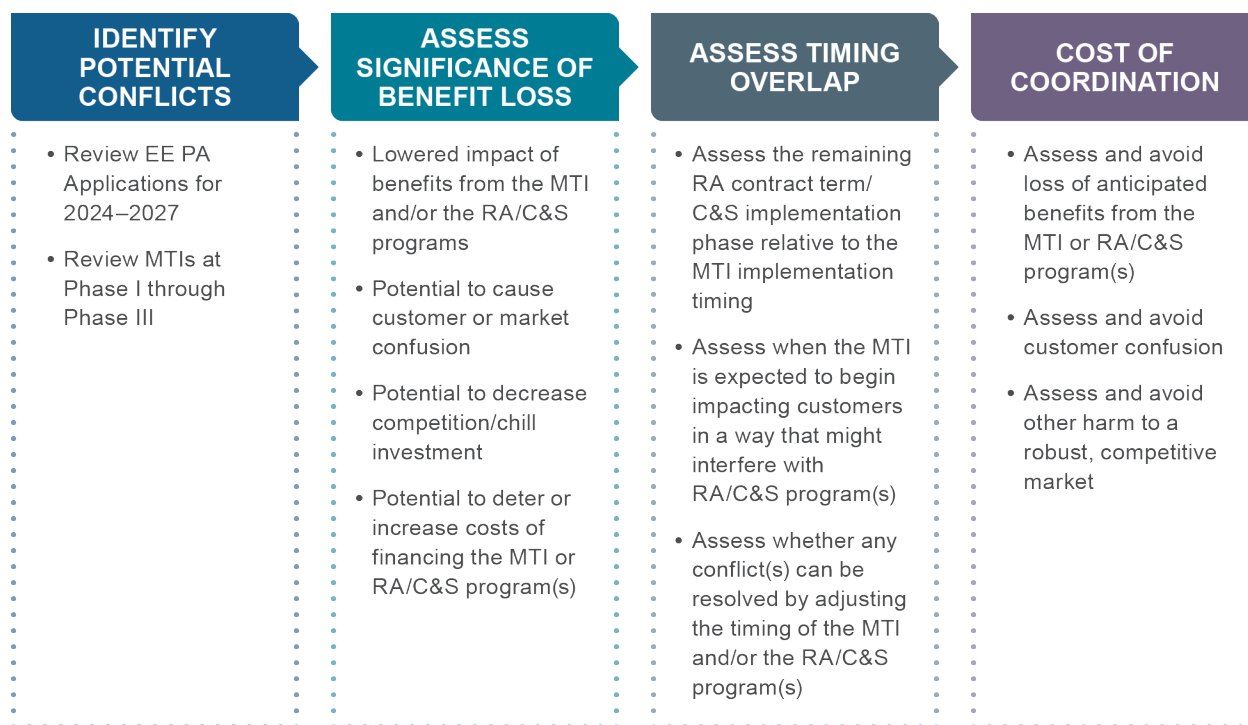
The MTA should review MTIs under Phase I and Phase II consideration and assess the impact of the overlap with the proposed 2024–2027 portfolios filed by the EE PAs. This should be executed in alignment with the process included in the Commission’s adopted MT

¹⁴ D.18-05-041 requires EE PAs to submit “annual joint memoranda of cooperation between energy efficiency program administrators with overlapping service areas.”

framework. The MTA portfolio must seek to avoid negative overlap which may create customer confusion or create issues with double-dipping and double-counting of claimed program benefits, while enabling collaboration to enhance positive outcomes. Any overlap should be to the benefit of both MTIs and RA programs; a coordinated effort (for example, MTIs focusing on upstream supply chain market barriers and RA programs that simultaneously build market demand) can accelerate market transformation and energy savings at a quicker pace than either could do on their own.

The potential for overlap should be identified but not scored in the submission of the rank-ordered MTI list to the Market Transformation Advisory Board (MTAB). A specific assessment of the overlap should be included for discussion, review, and feedback. The MTA should then collaborate with the EE PAs, third-party implementers, and other stakeholders (ideally through CAEECC) to present anticipated MTIs and the potential for overlap in the upcoming implementation and deployment phases of each portfolio. Figure 6 summarizes the Commission’s direction in D.19-12-021 on assessing potential overlap (CPUC 2019).

Figure 6. Identifying and Assessing Overlap



Framework to Address MTI and EE Portfolio Overlap

The CAEECC MTWG and the Commission considered the coordination and overlap of the MTA and the EE portfolio, including resource acquisition, codes and standards, and emerging technology programs. Once the potential for overlap has been identified and assessed, the MTA should apply the Commission’s framework to address those overlaps. Certain activities—for example, cooperative support in optimizing program designs and bolstering supply chain efforts—can be conducted to address overlaps and also decrease program barriers

across segments. The MTA and EE PAs can also look to similar portfolios that have successfully worked with RA implementers, including the Northwest Energy Efficiency Alliance (NEEA) Market Transformation Programs and the Northeast Energy Efficiency Partnership (NEEP) Cold Climate Heat Pump initiative, as well as the emerging Midwest Energy Efficiency Alliance (MEEA) Market Transformation Collaborative.

Finding collaboration will involve brainstorming sessions, design thinking workshops and other creative processes that the MTA or CAEECC should facilitate between stakeholders across the EE portfolio. As an independent administrator, the MTA will have a unique role as its mission supports working towards total system benefits without the need to consider its own projects within the EE portfolio.

Figure 7 illustrates the three-stage framework to address overlaps between MTIs and the EE portfolio from the Commission’s adopted framework (CPUC 2019).

Figure 7. Framework for addressing MTI Overlap with resource acquisition and codes and standards programs



With the filing of the 2024–2027 EE applications completed, CAEECC has already begun to serve an important role in the stakeholder engagement process. All PAs have presented their portfolio applications and quarterly discussions that include the applications as a standing agenda item have been scheduled. Given the established nature of the CAEECC, it will likely serve as the logical forum to implement the framework to address MTI overlap. Other forums may also be leveraged for this purpose. For example, the MTAB could sponsor a dedicated group and ensure the participation of PAs and other stakeholders. Examples of this exist in other parts of the country. Advocates for appliances standards worked through collaborations hosted by ACEEE and Alliance to Save Energy to develop consensus agreements with industry and other stakeholders, and those agreements then were largely adopted as-is by DOE as the basis of rulemakings, and sometimes by EPA as the basis of new ENERGY STAR® product specs.

Once the MTA is launched and during the identification and development of the MTI portfolio ahead of the Phase III application, CAEECC could coordinate this process. The same process could continue after Phase III application filings and the outcomes included in the annual reports for the MTA and the EE PAs.

Avoiding, Reducing, and Mitigating Overlap

In the adopted framework, the Commission listed out specific solutions to avoid, reduce, and mitigate potential conflicts. These include (CPUC 2019):

- **Define principles and expectations of coordination prior to MT idea solicitation:** The MTA and Rolling Portfolio PA(s) should develop and share mutually agreed upon guidance to potential proposers regarding the types and potential implications of MTI/Rolling Portfolio coordination.
- **Design MTI with cooperation in mind:** All MTIs will be designed, and MTI RFPs/RFAs will include requirements, to work together with RAs, C&S implementation, and other mechanisms delivering EE in that market, seeking to maximize beneficial cooperation and minimize conflict. MTI Plans will include a discussion of RA coordination.
- **Early alignment during RA RFPs:** Future RA RFPs will include incentives for 3PIs to collaborate in the development and implementation of MTIs, in coordination with MTA and MTI proposer(s)/implementer(s). Any potential to adjust RA/C&S programs in conjunction with MTI implementation should avoid increasing uncertainty for the 3PI, which would increase financing burden and cost and, as a result, increase customer cost.
- **Accessible info:** All MT RFPs/RFAs will include a brief description of related RA and C&S implementation programs, as well as links to detailed descriptions. MTI proposer(s) will be required to include a discussion of how their potential MTIs would dovetail with existing RA/ C&S implementation effort(s) in their submission(s).

To address these priorities, the following practices could be applied in the implementation of the framework:

1. **Coordination Structure-** During the launch phase of the MTA, the MTA should work with the MTAB to propose a structure to coordinate with the EE portfolio PAs.
2. **Portfolio Coordination Guidance Document** - The MTA should develop, along with the PAs, a mutually agreed to MTA and EE PA Guidance Document which outlines the types and potential implications of EE portfolio and MTI portfolio coordination.
3. **Coordination Plan** - MTIs must be designed to work together with EE portfolio programs, seeking to maximize beneficial cooperation and to minimize conflict. MTI plans should be required to include an EE portfolio coordination plan during the phase III application. The process to develop the coordination plans should be required as early as the initial idea intake and will be coordinated and revised until the final MTI plan is completed at the end of phase II.
4. **Joint Cooperation Plan** - The MTA should work with EE PAs to develop mechanisms that encourage the cooperation and collaboration between EE programs and MTIs. Both portfolios are meant to advance energy savings and total system benefits and the portfolios of both EE programs and MTI can be designed to be mutually beneficial. The

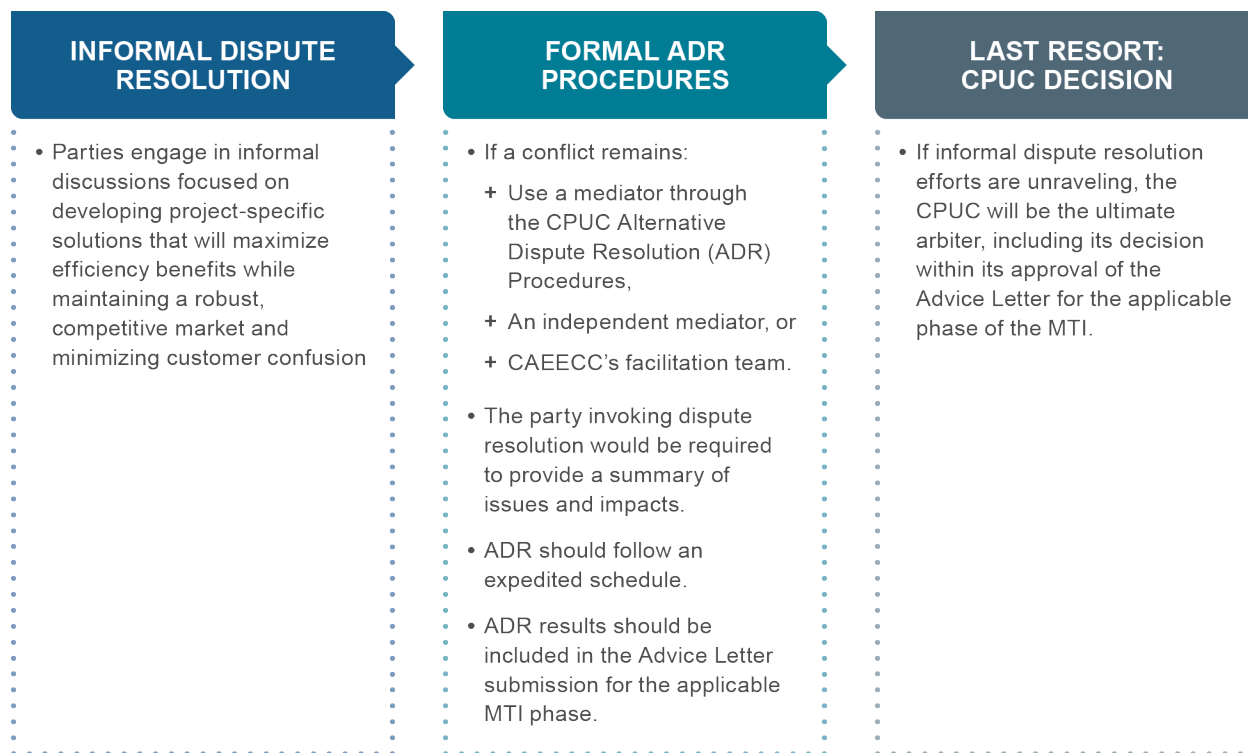
MTA should work with EE PAs to ensure RFPs are structured to advance these goals to everyone's benefit and without adding costs to third party program deployments. Activities should be designed to minimize strains on RA implementer bandwidth and encourage efficiency.

5. **Overlap Assessment** - The MTA should include a description of the potential overlaps between the proposed EE portfolio and the MTI portfolio in RFPs.
6. **EE Portfolio Summary** - The MTA should also include a summary to all the PA applications and provide links to the full documents so that bidders are aware of the current EE PA plans for the 2024–2027 EE portfolios.
7. **EE RFP Incentive** - The MTA and EE PAs should work with stakeholders to define the structure of incentives which can be used in future EE Portfolio RFPs to encourage cooperation and collaboration between segments.

Dispute Resolution

In the adopted framework, the Commission outlined an explicit conflict resolution process. Although all conflict and overlap should be addressed upfront and ahead of any potential issues, if conflicts are unable to be resolved through continuous coordination with stakeholders (including CAEECC) or through an open and transparent communication process, the MTA should employ the Commission's three-step conflict resolution process as outlined in the adopted framework from D.19-12-021. Figure 8 outlines the specific process created by the Commission in the framework (CPUC 2019).

Figure 8. D.19-12-021 Dispute Resolution Process



Conclusion

The anticipated launch of California’s MTA will require the new administrator to closely coordinate its work with existing and new EE portfolio PAs. Now that the CPUC has defined five separate segments for the EE portfolio, the MT segment should complement and supplement the other EE portfolio segments through targeted initiatives with fixed end points that enable the achievement of objectives particular to this segment while encouraging positive overlap between segments. This will require that the early phases of the MTA stage-gate process be supported by the current EE portfolio applications. If the upcoming MTA can build a first tranche of proposed MTIs upon these EE portfolio applications, an integrated portfolio may be developed which will enable the objectives of all California EE segments.

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