



Induction Cooking Market Transformation Initiative

Appendix H: Phase III Cost Estimate

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Introduction

The cost estimates contained in this appendix include only the estimated costs for Phase III: Market Deployment and do not include Phase II: Program Development costs. Market Transformation Initiative (MTI)-specific Phase II costs for conducting research, completing strategy pilots, and developing the MTI Plan were included in CalMTA's authorized start-up budget and reflected in the 2024 and 2025 Annual Budget Advice Letters, and have been revised and updated to include 2026 Phase II costs. Phase II costs are included in the total MTI lifecycle costs that were modeled to determine cost-effectiveness, as described in Appendix B: Market Forecasting and Cost-Effectiveness Modeling Approach.

This estimate is based on the MTI logic model and program strategy and was further informed by the experience of CalMTA team members who have delivered market transformation programs in other states. Additionally, Ordering Paragraph (OP) 1 of D.25-11-23 (Decision) conditionally approved the Induction Cooking MTI subject to CalMTA revising the MTI to narrow the focus of the MTI to 120V technologies, with or without battery backup, and to modify the budget to reflect those changes. Further, D.25-11-023 extended the implementation period for the first funding cycle of the CalMTA program from five years to six years (i.e., 2026-2031).

CalMTA proposes a revised Phase III Induction Cooking deployment budget of \$29,672,000 over six years of deployment that is below the cap approved in the Decision (\$32,399,000). This does not include 3rd party evaluation costs, as that is a separate line item in the Decision. To align with the Decision, the budget has been updated to reflect the six-year deployment period with an approximately six-month delay in Year 1, which shifts the timing for releasing the RFP and for activities associated with selecting and onboarding a program implementer to support Phase III market development. The market for the 120V induction technology is more nascent in its market introduction compared to 240V products. This will require more time and engagement with supply chain market actors, especially in the early years of Phase III, and impacts the Phase III budget. Overall, this revised budget reflects itemized changes aligned with the updated logic model, interventions, indicators, and milestones over the six-year deployment period. Details on specific impacts to the individual intervention areas of supply chain engagement (manufacturers, retailers, and builders) and marketing are detailed in the next section.

CalMTA acknowledges that no Phase III deployment funds may be spent until the approval of this Tier 2 Advice Letter by the Energy Division.

The estimate will be further refined as Phase III activities are launched and as the program strategy evolves over the life of CalMTA's market development activities. CalMTA's activities will focus on filling gaps not currently addressed by other programs; therefore, cost estimates may also change based on ongoing and future collaboration. Annual cost estimates will be refined in consultation with CPUC staff and the Market Transformation Advisory Board (MTAB) as part of the annual operations planning process, which may include fund-shifting between and among activities, MTIs, and program years.



Budget activity definitions

The following definitions describe the types of actions included in the Phase III cost estimate. Detailed descriptions of proposed market interventions for the Induction Cooking MTI Plan are included in Section 2: Market Transformation Theory & Opportunity.

- **MTI oversight, strategy, and management:** Activities required to manage MTI core deliverables such as subcontractor identification, onboarding and management, strategy development, stakeholder outreach, and metric reporting.
- **Awareness-building:** Awareness-building activities associated with the MTI strategy, including campaign strategy design and production, and campaign advertisements as required to build demand.
- **Policy development/support:** Activities required to support and influence relevant policies and standards as called out in the MTI strategy, such as federal and voluntary appliance standards (i.e., data-sharing, expert participation, and commenting on draft regulations or standards).
- **Supply chain engagement:** Activities along the full supply chain as defined in the MTI strategy, including workforce education and training (e.g., workforce outreach and recruitment, training material development and implementation), manufacturer outreach and engagement to support the development of products to better reflect the needs of California consumers, and retailer engagement on stocking practices, messaging, and program participation.
- **Market research:** Market research, as needed, to provide market insights that inform ongoing MTI strategy refinement and MTI effectiveness.
- **Data collection:** Continued collection of data over the course of the MTI to monitor the success of interventions as they progress and for future long-term monitoring and tracking.
- **Mid- or upstream incentives:** Manufacturer and retailer incentives to encourage product innovation and sufficient stocking practices.
- **Downstream incentives:** Consumer-facing incentives to encourage purchasing and adoption and create a meaningful market pull.
- **Evaluation:** Activities performed by the third-party evaluator as described in Appendix F: Evaluation Plan, including review of market adoption forecasts and cost-effectiveness, market progress evaluations, and long-term monitoring.



Table 1 contains annual cost estimates by major program activity for the first six years of implementation, representing costs incurred over the initial CalMTA funding period authorized in D.25-11-023.

Table 1. Year 1-6 Phase III cost estimate

Activity	Year 1 cost estimate	Year 2 cost estimate	Year 3 cost estimate	Year 4 cost estimate	Year 5 cost estimate	Year 6 cost estimate¹	Six-year total
Program implementation							
MTI oversight, strategy, and management	\$557,000	\$1,214,000	\$1,251,000	\$1,288,000	\$1,327,000	\$1,434,000	\$7,071,000
Awareness-building	\$250,000	\$2,000,000	\$2,400,000	\$2,400,000	\$1,500,000	\$500,000	\$9,050,000
Policy development/support	\$100,000	\$120,000	\$120,000	\$100,000	\$100,000	\$50,000	\$590,000
Supply chain engagement	\$800,000	\$1,000,000	\$1,000,000	\$800,000	\$400,000	\$100,000	\$4,100,000
Market research							
Market research	\$108,000	\$99,000	\$102,000	\$105,000	\$108,000	\$111,000	\$633,000
Data collection	\$78,000	\$125,000	\$150,000	\$150,000	\$125,000	\$125,000	\$753,000
Incentives							
Mid-/upstream incentives	\$225,000	\$500,000	\$2,000,000	\$1,500,000	\$1,750,000	\$1,500,000	\$7,475,000
Downstream incentives	-	-	-	-	-	-	-
Sub-Total Implementation Budget	\$2,118,000	\$5,058,000	\$7,023,000	\$6,343,000	\$5,310,000	\$3,820,000	\$29,672,000

¹ A sixth year was added by the CPUC in D.25-11-023 to the Phase III initial budgets, so an additional column in Table 1 above has been added. The 6th year replicated the Year 5 implementation budget.



Activity	Year 1 cost estimate	Year 2 cost estimate	Year 3 cost estimate	Year 4 cost estimate	Year 5 cost estimate	Year 6 cost estimate ¹	Six-year total
Evaluation							
Program evaluation	\$237,000	\$244,000	\$251,000	\$259,000	\$267,000	\$207,000	\$1,465,000
Total	\$2,355,000	\$5,302,000	\$7,274,000	\$6,602,000	\$5,577,000	\$4,028,000	\$31,137,000

Below are details on the main budget changes made in compliance with D.25-11-023. By OP 1 of D.25-11-23, the Commission directed CalMTA to narrow the focus of its originally proposed Induction Cooking MTI to 120V technologies, with or without battery backup. CalMTA now proposes a Revised Induction Cooking MTI Plan that complies with the Decision as follows:

- The largest principal implementation budget impacts and revisions to the now proposed Revised Induction Cooking MTI Plan in compliance with the Decision are driven by the strategic shift to focus on 120V induction products. Currently, there are two versions of these products: battery-enabled and non-battery-enabled. However, both are in early market development and made by different manufacturers. The 120V non-battery-enabled option is not yet available and, in early prototype phase, even farther behind than the battery-enabled products. Given this situation, the revised MTI needs to conduct manufacturer engagement on two distinct products. This almost doubles the revised MTI's budget allocation for supply chain engagement to develop product roadmaps, conduct product and field testing, and develop a unique value proposition for consumers and building owners. As shown in the table above, the budget for the supply chain engagement intervention for the revised MTI increased from \$2,100,000 to \$4,100,000 over the six-year time period.
- This refocusing on 120V products in the revised MTI also impacted near-term retail engagement and midstream stocking incentives that originally targeted available 240V products. These incentives were removed in the early MTI years as there are no 120V products yet available through retail. As more 120V products (both battery-enabled and non-battery-enabled) become available and enter the retail market, this will change, so retailer incentives shifted into the latter part of Phase III. In addition, the refocus on 120V products resulted in removing any builder incentives for the new construction market, as this market can utilize currently available 240V products. Between these two changes, the budget for midstream incentives in the revised MTI was reduced from \$9,700,000 to \$7,475,000.
- Consumer awareness of induction cooking and its benefits remains a barrier and will still require a significant investment. This awareness building still needs to be done before broad adoption of induction cooking products can take place. Yet, because 120V products are not yet broadly available, these costs are delayed somewhat and consequently reduced in the revised MTI. The 120V



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products, with their unique benefits to multifamily housing, will also require more targeted marketing towards building owners and renters. Over the six-year period, this budget item was reduced in the revised MTI from the \$11,450,000 proposed in the original MTI to \$9,050,000.

Table 2 contains annual cost estimates by major program activity for the full 20-year program period, representing all Phase III costs required to achieve full market transformation and to validate all impacts.

Table 2. Phase III cost estimate

Activity	Years 1-6 cost estimate	Years 7-10 cost estimate	Years 11-15 cost estimate	Years 16-21 cost estimate	Total Phase III cost estimate
Program implementation					
MTI oversight, strategy, and management	\$7,071,000	\$167,000	\$45,000	-	\$7,283,000
Awareness-building	\$9,050,000	\$400,000	-	-	\$9,450,000
Policy development/support	\$590,000	\$50,000			\$640,000
Supply chain engagement	\$4,100,000	-	-	-	\$4,100,000
Market research					
Market research	\$633,000	-	-	-	\$633,000
Data collection	\$753,000	\$105,000	\$149,000	\$101,000	\$1,108,000
Incentives					
Mid-/upstream incentives	\$7,475,000	\$1,250,000	-	-	\$8,725,000
Downstream incentives	-	-	-	-	-
Sub-total Implementation Budget	\$29,672,000	\$1,972,000	\$194,000	\$101,000	\$31,939,000
Evaluation					
Program evaluation	\$1,465,000	\$314,000	\$448,000	\$302,000	\$2,529,000
Total	\$31,137,000	\$2,286,000	\$642,000	\$403,000	\$34,468,000



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Figure 1 contains Phase III cost estimates by year and estimated annual total system benefit (TSB). This illustrates the estimated spend over time, showing a slight ramp-up over the first two years of market development activities followed by a taper-down of program spend over an estimated six years. This highlights the long-term impacts of market transformation initiatives, with significant long-term impacts occurring after program activities have ramped down. The total cost associated with the remaining 13 years includes only program evaluation costs, data acquisition costs, and program administration costs.

Figure 1. Phase III cost estimate and market impact by year

