

As Federal Support Withers, California Invests in Cheap Heat Pumps

The state is allocating more than \$100 million to create demand for energy-efficient technologies that renters residents can afford.



A window-mounted heat pump in an apartment. *Source: AP*

By Todd Woody

November 26, 2025 at 3:00 AM PST

✦✦ **Takeaways** by Bloomberg AI

- California is joining New York and Boston to spur a market for affordable electric heat pumps and induction stoves to decarbonize housing.
- The California Public Utilities Commission has allocated \$115 million over six years to generate business small heat pumps and battery-equipped induction stoves.
- The project aims to improve accessibility for lower-income residents by making energy-efficient technology affordable and reducing barriers to their adoption.

As the Trump administration eliminates incentives for energy-efficient appliances, California is joining New York and Boston to spur a market for affordable electric heat pumps and induction stoves to decarbonize housing.

The California Public Utilities Commission has allocated \$115 million over six years to generate business for makers of small heat pumps and battery-equipped induction stoves that can be plugged into standard outlets without requiring expensive electrical upgrades.

The project is part of a program approved in 2019 to lower the barriers to the adoption of new energy-efficient technologies, which are often more expensive than their less-efficient counterparts. The program is particularly focused on improving accessibility for lower-income residents.

The new project follows a New York City program that staged a competition for window heat pumps and induction stoves, and then awarded contracts to the winners to install the devices in 10,000 public housing units.

“With New York, we are together the third-largest economy in the world, and that’s a very powerful demand signal in and of itself,” said Lynette Curthoys, vice president of Resource Innovations, the firm that runs the California initiative for the utilities commission.

Curthoys said she expects the state program, called CalMTA, will work with managers of multifamily apartment buildings to bundle bulk purchase agreements that would help assure manufacturers of a market for new products. CalMTA is also considering providing financial incentives to retailers to stock 120-volt induction stoves and small heat pumps that are installed in windows.

Heat pumps and induction stoves can replace fossil fuel appliances, but standard versions are expensive and often out of reach for renters and low-income residents. The appliances will become more unaffordable in January, when federal incentives for them expire under the Trump tax bill.

"This is a pathway for people to electrify and avoid costly upgrades," said Rebecca Barker, a senior associate attorney at nonprofit legal organization Earthjustice, which lobbied for the program approved by the utilities commission last week.

Window heat pumps

Window heat pumps can be installed in minutes and warm and cool about 500 square feet (47 square meters) without requiring the expensive and disruptive renovations that accompany the installation of a centralized heat pump system. But the technology is new and not yet widely available.

Vince Romanin, founder and chief technology officer of Gradient, a San Francisco startup whose window heat pumps are being installed in New York City public housing, said the California initiative would help promote market acceptance of the technology. “There are real adoption barriers, like how do you get them into big box stores, which Gradient doesn't do today,” he said.

Current small heat pump models can only be installed in windows that slide open vertically. California, though, wants to encourage the development of devices for windows that open horizontally to accommodate the state’s housing stock. Romanin said Gradient is collaborating with CalMTA to work on such a solution.

The Boston Housing Authority is also installing Gradient heat pumps at an estimated cost of \$5,450 for each apartment, compared to the \$40,000 per unit it previously paid to install centralized heat pump systems.

In addition to Gradient, the New York City Housing Authority selected Chinese manufacturer Midea America to supply window heat pumps.

Cheaper induction stoves

There are many induction stove models on the market, but few that can replace a natural gas range without often requiring electrical upgrades that can cost thousands of dollars. One is the Charlie, an induction stove made by Berkeley, California-based Copper, which is powered by a battery that allows it to be plugged into a standard 120-volt outlet.

While the Charlie is a luxury product, with prices starting at \$6,000, the New York City Housing Authority has awarded Copper a \$32 million contract to develop a cheaper, apartment-sized induction stove that can be installed in 10,000 of its units.

Sam Calisch, Copper's founder and chief executive officer, said California's efforts to aggregate demand for induction stoves would help Copper bring the lower-cost range to market. Widespread replacement of polluting gas stoves with electric ones would improve residents' health, according to studies that have documented the health impacts of fossil fuel ranges. Installing stoves with batteries could also help stabilize the power grid. Copper's batteries, for instance, are being used in California to create a virtual power plant that utilities can tap when electricity demand spikes.

"One of the most beneficial things for us as a manufacturer to help us raise capital is being able to point to a big bundled up piece of demand," said Calisch.



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