



2026 Operations Plan Budget and Narrative

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2026 Operations Plan Budget Narrative

In 2025, CalMTA submitted an Application (A.24-12-009) to the CPUC that requested funding to move a first tranche of Market Transformation Initiatives (MTIs) into Phase III: Market Deployment. The Application forecasted spending by cost category over a five-year deployment period. The resulting Decision (D.25-11-023) included several directives that affected the budget, including the following:

- Approved the Induction Cooking MTI conditionally, subject to CalMTA submitting a Tier 2 Advice Letter by no later than April 3, 2026 that:
 - Narrows the scope to focus on 120-volt cooking technologies
 - Revises the strategic interventions to account for changes in the overall policy landscape since the adoption of Decision 19-12-021
 - Revises the deployment budget not to exceed the amount authorized in the Decision.
- Directed that CalMTA must file an additional Application to request CPUC approval of the next tranche MTI Plans and the associated implementation and evaluation funding. This departed from the recommendation in the Adopted Market Transformation Framework and CalMTA’s policy request in A.24-12-009, which sought approval of future MTIs via Tier 2 Advice Letters. Requiring a second application significantly extended the timeline required to advance future MTIs from Phase II (Program Development) to Phase III (Market Deployment).

These directives resulted in the following impacts:

- Costs associated with non-routine administration will increase because of the additional CalMTA labor hours and external professional fees required to support the second Application proceeding, which was not included in the five-year cost estimate filed with CalMTA’s first Application.
- The requirement that CalMTA revise the Induction Cooking MTI Plan to narrow its scope will increase Phase II spending on this MTI because of the labor costs associated with revising the MTI Plan and appendices, as well as the delay in its transition to Phase III.
- Therefore, for the Induction Cooking MTI, some of the Phase III costs and all the third-party Evaluation costs originally estimated for 2026 will shift into 2027.
- Other MTIs (which must now be approved to move to Phase III via an application instead of Tier 2 Advice Letters) will remain in Phase II longer, increasing Phase II spending on these MTIs in 2026. This will require CalMTA to pull forward Phase II funding from outer years to fund this additional Phase II work in 2026.
- To cover the costs of the additional Phase II activities described above for Induction Cooking and all other MTIs that are pending submittal, CalMTA reallocated all “funds reserved for



Appendix F: Evaluation Plan for Residential Heat Pump Water Heating

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future MTI development.” While we intend to propose an additional Advancement Plan for approval in late 2026, any Phase II research for this future MTI would be delayed until 2027.

- CalMTA has refined the cost estimate for third-party evaluation activities for the Room Heat Pumps (RHP) MTI in 2026, which resulted in pushing some of these costs out to 2027.

CalMTA has developed an Operations Plan Budget for 2026 (Tables 1 and 2 below) that takes the above factors into account. The 2026 Operations Plan, which this budget is based on, is available here: <https://calmta.org/wp-content/uploads/2026/03/2026-Operations-Plan.pdf>. Table 1 compares the 2026 budget from the Decision to the 2026 Operations Plan Budget. Table 2 provides additional 2026 Operations Plan Budget detail. Updates on spending versus the Operation Plan Budget and the approved six-year budget will be provided at CalMTA quarterly update webinars and in the 2026 Annual Report.

CalMTA is currently in the process of reforecasting our cost estimate for the entire six-year funding period authorized in D.25-11-023 to assess the impact of these changes on future years. While CalMTA is authorized to shift funds between years and within cost categories, we anticipate filing a Tier 2 Advice Letter in the future to shift funds from other cost categories to cover the expansion of Phase II expenditures triggered by the Commission directives in D.25-11-023.

Table 1. Comparison of 2026 Operations Plan Budget and 2026 Decision Budget

Cost Category	2026 Budget in the Decision	2026 Ops Plan Budget	Increase (Decrease) \$	% Increase (Decrease) vs Decision Budget
Administration	\$ 1,271,000	\$ 1,318,000	\$ 47,000	4%
Operations	\$ 4,237,000	\$ 4,260,000	\$ 23,000	0.5%
MTI Development	\$ 5,785,000	\$ 7,363,000	\$ 1,578,000	27%
Phase I Activities	\$ 634,000	\$ 634,000	\$ -	0%
Phase II Activities	\$ 2,917,000	\$ 6,729,000	\$ 3,812,000	131%
Funds Reserved	\$ 2,234,000	\$ -	\$ (2,234,000)	-100%
MTI Deployment	\$ 10,389,000	\$ 7,676,000	\$ (2,713,000)	-26%
Induction	\$ 4,952,000	\$ 2,359,000	\$ (2,593,000)	-52%
RHP	\$ 5,437,000	\$ 5,317,000	\$ (120,000)	-2%
Evaluation	\$ 512,000	\$ 92,000	\$ (420,000)	-82%
Induction	\$ 237,000	\$ -	\$ (237,000)	-100%
RHP	\$ 275,000	\$ 92,000	\$ (183,000)	-67%
Totals	\$ 22,194,000	\$ 20,709,000	\$ (1,485,000)	-7%



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Table 2. 2026 Operations Plan Budget Detail

Cost Category	Major Activity	2026					Cost Category Totals
		Labor ¹	Non-Labor ²	3rd Party ³	Incentives	Totals	
MTA Administration	Administration Subtotals	\$ 943,000	\$ 375,000	\$ -	\$ -	\$ 1,318,000	\$ 1,318,000
	Routine Financial and Administrative Tasks	\$ 807,000	\$ 2,000	\$ -	\$ -	\$ 809,000	
	Non-Routine Financial and Administrative Tasks	\$ 136,000	\$ 373,000	\$ -	\$ -	\$ 509,000	
MTA Operations	Operations Subtotals	\$ 3,827,000	\$ 433,000	\$ -	\$ -	\$ 4,260,000	\$ 4,260,000
	Project Management and Operations	\$ 1,132,000	\$ 91,000	\$ -	\$ -	\$ 1,223,000	
	MTAB Administration	\$ 277,000	\$ 90,000	\$ -	\$ -	\$ 367,000	
	Policy	\$ 513,000	\$ -	\$ -	\$ -	\$ 513,000	
	Stakeholder Engagement and Communications	\$ 1,632,000	\$ 206,000	\$ -	\$ -	\$ 1,838,000	
	Data Systems Development and Management	\$ 273,000	\$ 46,000	\$ -	\$ -	\$ 319,000	
MTI Development	Concept Development (Phase I Activities)	\$ 634,000	\$ -	\$ -	\$ -	\$ 634,000	\$ 7,363,000
	Program Development (Phase II Activities)	\$ 6,619,000	\$ 45,000	\$ -	\$ 65,000	\$ 6,729,000	
	Efficient Rooftop Units	\$ 715,000	\$ 8,000	\$ -	\$ -	\$ 723,000	
	Commercial Replacement & Attachment Windows	\$ 1,280,000	\$ 18,000	\$ -	\$ -	\$ 1,299,000	
	Food Service Water Heating Systems	\$ 1,143,000	\$ 19,000	\$ -	\$ -	\$ 1,162,000	
	Residential Heat Pump Water Heaters	\$ 1,045,000	\$ -	\$ -	\$ 49,000	\$ 1,093,000	
	Induction Cooking	\$ 615,000	\$ -	\$ -	\$ 17,000	\$ 632,000	
	Commercial Building Efficiency Accelerator	\$ 1,820,000	\$ -	\$ -	\$ -	\$ 1,820,000	
Funds Reserved for Future MTI Program Development	\$ -	\$ -	\$ -	\$ -	\$ -		
MTI Deployment	Induction Cooking	\$ 913,000	\$ 58,000	\$ 1,180,000	\$ 208,000	\$ 2,359,000	\$ 7,676,000
	Upstream Incentives	\$ -	\$ -	\$ -	\$ 208,000	\$ 208,000	
	Consumer Incentives	\$ -	\$ -	\$ -	\$ -	\$ -	
	Room Heat Pump	\$ 1,612,000	\$ 575,000	\$ 2,130,000	\$ 1,000,000	\$ 5,317,000	
	Upstream Incentives	\$ -	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000	
	Consumer Incentives	\$ -	\$ -	\$ -	\$ -	\$ -	
Evaluation	Induction Cooking	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,000
	Room Heat Pump	\$ -	\$ -	\$ 92,000	\$ -	\$ 92,000	
PG&E Costs ⁵	Funds reserved to cover PG&E's costs						\$ 300,000
Totals		\$ 14,548,000	\$ 1,486,000	\$ 3,402,000	\$ 1,273,000	\$ 20,709,000	\$ 21,009,000

1 - Labor Costs for members of the CalMTA team.

2 - Non-labor and other direct costs (excluding incentives) incurred directly by the CalMTA team.

3 - Labor and non-labor costs (excluding incentives) outsourced to 3rd party implementers and evaluators.

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