



ACTIVITY REPORT

# 2<sup>nd</sup> Quarter 2024

*CalMTA made important progress on several operational and market transformation initiative (MTI) development milestones in the 2<sup>nd</sup> quarter of 2024. These actions during the critical start-up phase of forming a market transformation (MT) portfolio have moved us closer to achieving California's goals for cost-effective energy efficiency, decarbonization, workforce development, and equity. CalMTA is a program of the California Public Utilities Commission (CPUC) and is administered by Resource Innovations.*

# Introduction

## Key outcomes

*In the 2<sup>nd</sup> quarter of 2024, in collaboration with the Market Transformation Advisory Board (MTAB), the CalMTA team moved forward with the development of MT ideas that have high potential to create long-lasting change that delivers cost-effective energy efficiency and greenhouse gas reductions. This report summarizes that work.*

### Key 2<sup>nd</sup> quarter accomplishments:

- Development and release of a draft budget for the 2025 calendar year
- Release of the **2023 Annual Report** and **2024 Operations Plan**
- New product and market research on the first three ideas in Phase II: Program Development, including:

Figure 1. Published reports in the 2<sup>nd</sup> quarter



- **Induction Cooking** (formerly Induction Cooktops & Ranges)
- **Room Heat Pumps** (formerly Portable/Window Heat Pumps)
- **Efficient Rooftop Units (ERTUs)**
- Initiated installations on the **Phase II Strategy Pilot to test ease of self-installation for Room Heat Pumps** and planning the **ENERGY STAR® Retail Products Platform (ESRPP) Strategy Pilots for Room Heat Pumps and Induction Cooking**<sup>1</sup>
- Released two draft Advancement Plans for in Phase I: Concept Development for MTAB review and public comment, including:
  - **Commercial Replacement and Attachment Window Solutions (CRAWS)**
  - **Residential Heat Pump Water Heating**
- Held second set of Listening Sessions with equity representatives to understand barriers to adoption, potential benefits, and preliminary equity metrics for Phase I MT ideas

The **ENERGY STAR Retail Products Platform (ESRPP)** is a collaborative midstream initiative of ENERGY STAR®, energy efficiency program sponsors, retailers (e.g., The Home Depot, Lowe's, Best Buy, and independent stores through the Nationwide Marketing Group), and other key stakeholders.

## SECTION 02

# MTI Development

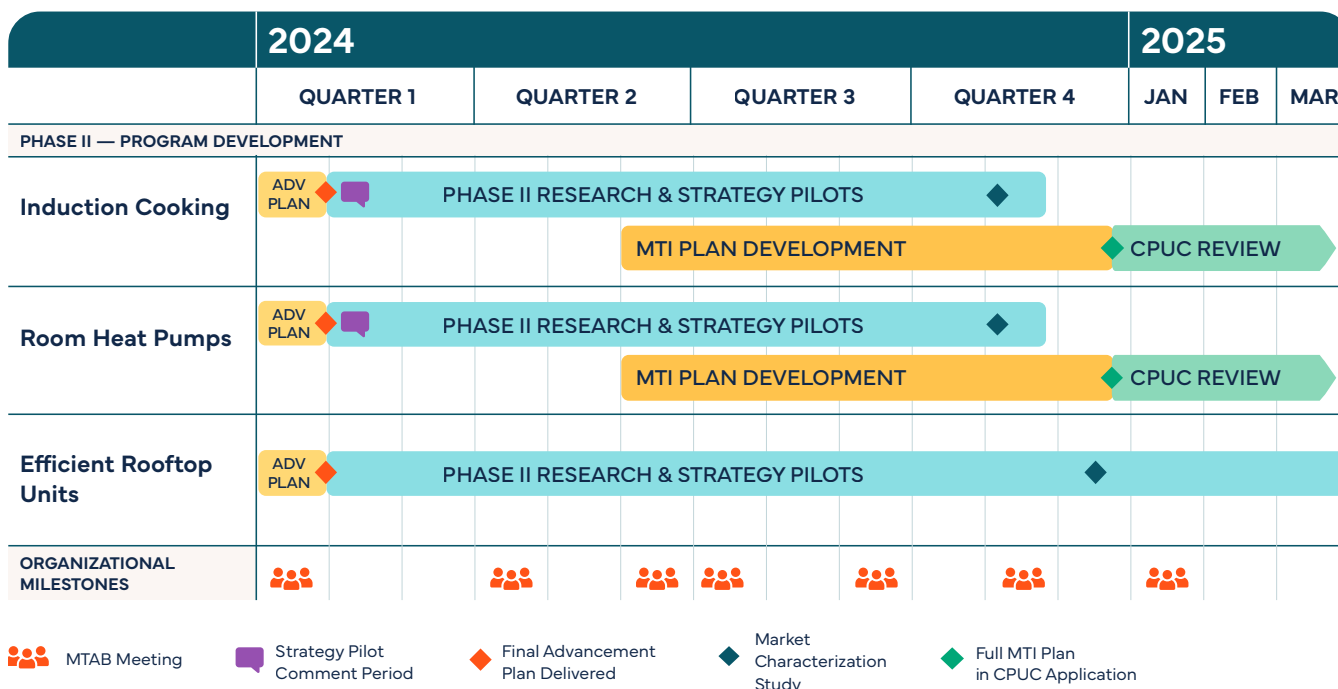
### Phase II ideas

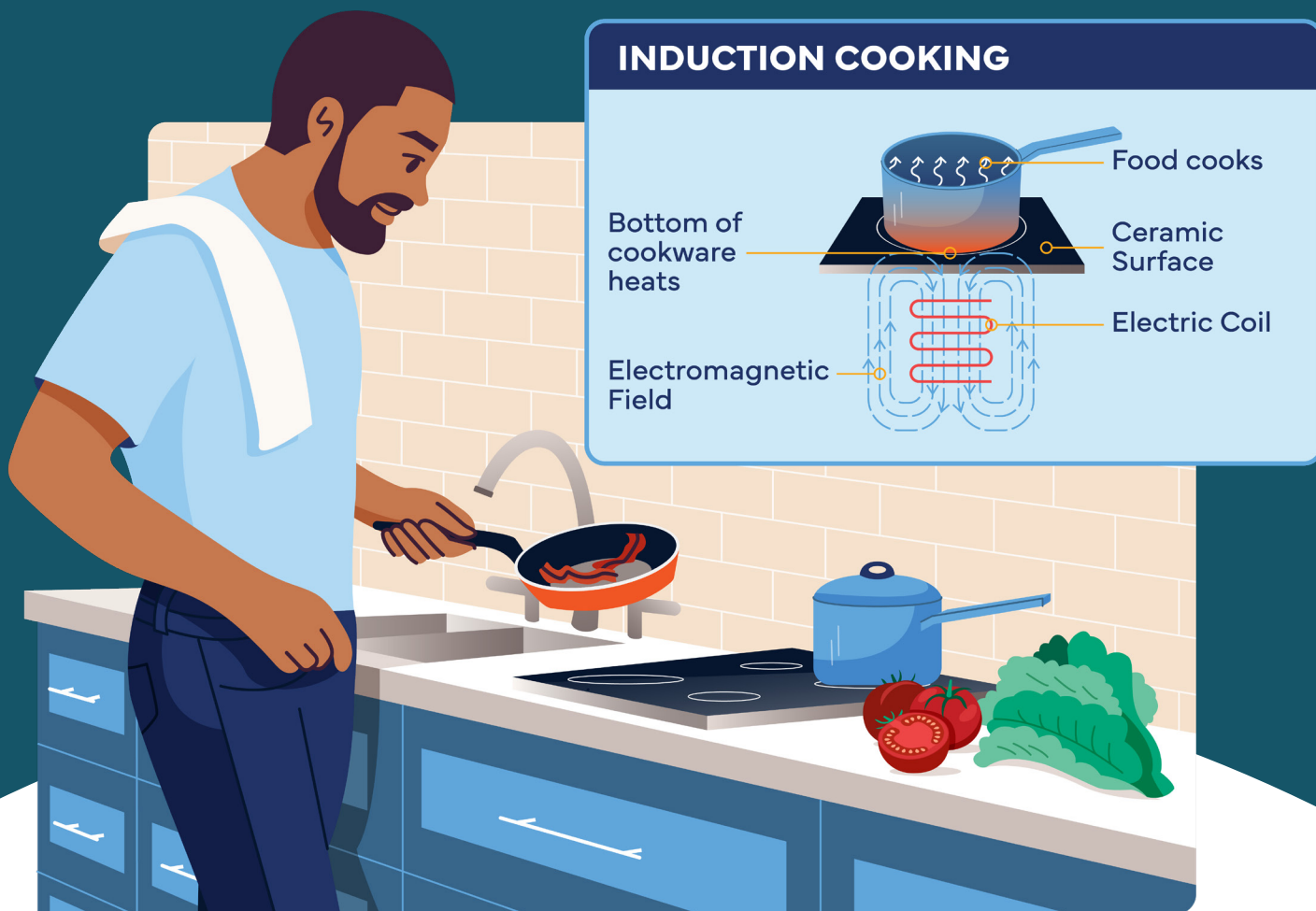
*Two of the three ideas in Phase II of the MTI development process have moved beyond the initial exploratory Advancement Plan to assembly of full MTI Plans by the end of 2024.<sup>2</sup>*

<sup>2</sup>An MTI Plan describes the business case supporting the MTI and the market development and evaluation activities that will be implemented during Phase III: Market Deployment.

These MTI Plans bring together the wealth of secondary research as well as new findings from primary sources such as market characterization studies, product assessments, Listening Sessions with equity representatives, Strategy Pilots, and other collaborations to lay out a comprehensive market transformation plan. At the end of 2024, they will be submitted in an application to the CPUC for approval to move from Phase II: Program Development into Phase III: Market Deployment. Upon approval, bids will be solicited for implementation of these MTIs. Research for Efficient Rooftop Units (ERTUs) is ongoing with MTI Plan development slated for 2025.

**Figure 2. Timeline of activities for Phase II ideas**





## Induction cooking

*Induction cooking uses electromagnetic induction to heat cookware directly, saving energy through instant and efficient heat transfer. These products also provide precise temperature control without emitting gases that degrade indoor air quality.*

Product-specific research during the quarter focused on determination of affordability, sizing, and potential for a drop-in 120V replacement stove. A market characterization study kicked off to summarize supply and demand-side market actors, as well as market dynamics, barriers, and solutions. Highlights of research findings during the 2<sup>nd</sup> quarter include the following:

### Product research

#### **1 120V products provide potential alternative to panel upgrades.**

Research related to panel capacity revealed that up to 42% of California homes have electrical panel infrastructure constraints that would make it difficult to adopt 240V induction cooking appliances. However, 97% of homes have 1,800 Watts of capacity available for an additional full 15 Amp electrical

## Induction cooking

load (according to an HEA electric panel survey). This indicates that the vast majority of homes in the state could add a 120V appliance and avoid the panel upgrades required by a 240V appliance. See Figures 3 and 4.

Figure 3. Available wattage in California homes<sup>3</sup>

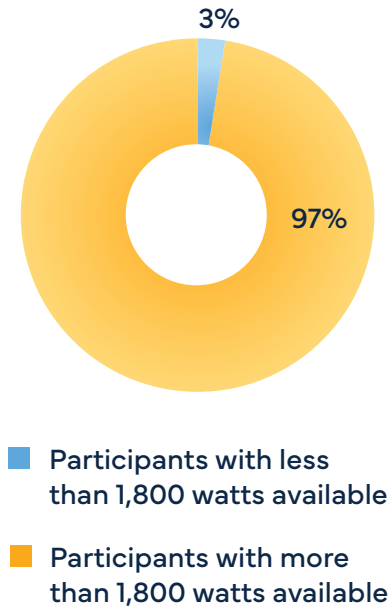
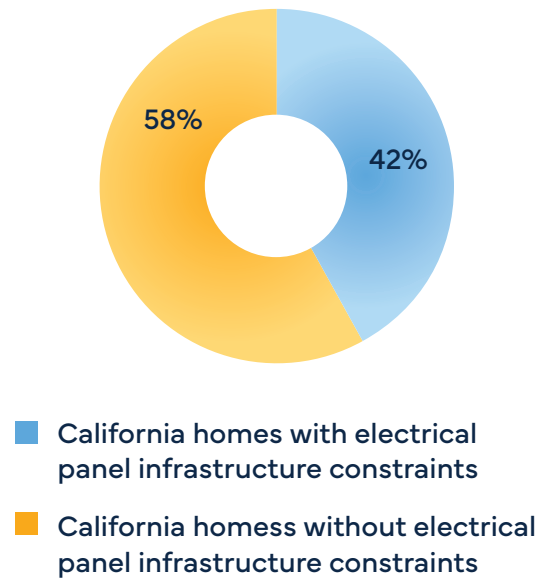


Figure 4. Panel infrastructure constraints<sup>4</sup>



<sup>3,4</sup>Data collected through Home Energy Analytics' HomeIntel Program ([HomeIntel.hea.com](https://homeintel.hea.com)). Over 37 resources from Electric Power Research Institute (EPRI), CPUC, California Energy Commission (CEC), Home Energy Analytics, CalNEXT, UC Davis, Association of Energy Affordability, and many others were reviewed.

<sup>5</sup>Sheinkopf, Steve. Induction vs. Gas Cooking: A Quick Guide to the Pros and Many Cons of Both. Yale Appliance. July 27, 2022. <https://blog.yaleappliance.com/induction-vs-gas-cooking>.

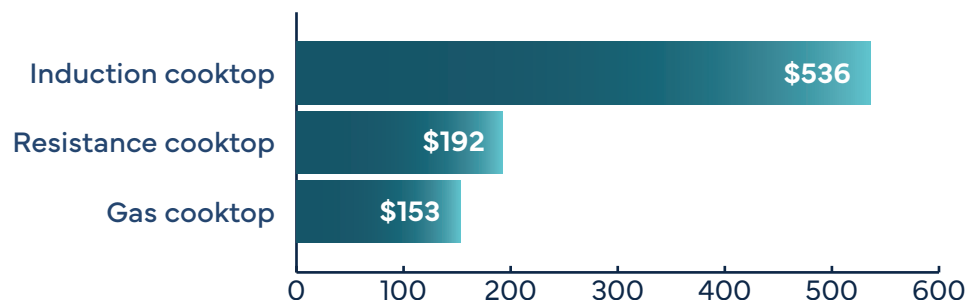
<sup>6</sup>Hope, Paul. Should You Repair or Replace Your Broken Cooktop? Consumer Reports. January 29, 2024. <https://www.consumerreports.org/appliances/cooktops/should-you-repair-or-replace-your-broken-cooktop-a6490859316/>.

For existing multifamily homes, 240V circuit additions for switching to induction are a major barrier because of limited panel capacity. More research is needed to determine the balance point of future 120V products on price and heating capacity for multifamily buildings and ESJ communities.

## 2 Higher repair costs for emerging induction technology

Median repair costs for induction cooktops are more than three times higher than for conventional gas cooktops and more than 2.5 times higher than electric resistance products (see Figure 5). It is anticipated that these costs may come down as technicians become more familiar with the technology.<sup>5</sup>

Figure 5. Median cooktop repair costs<sup>6</sup>



### 3 Codes and Standards developments centering on electrification include induction.

Several legislative and policy developments may increase opportunities for induction. Assembly Bill 2513 being considered by the legislature would require that all gas stoves sold in the state on or after January 1, 2025, have a label about air pollutants and their potential health hazards. In addition, a federal standard test procedure and ENERGY STAR (V1.0) label has been adopted for cooking products with many induction models being listed.

Title 24's electric-readiness requirement for all new construction requires any new building that installs a natural gas cooktop or range to install a 240V branch circuit within three feet of the cooktop. Title 24 has also updated requirements for range hoods, which require higher CFM (cubic feet per minute) for homes and apartments with gas cooktops due to the increased indoor pollutants.

### 4 Consumer awareness, knowledge, and perceptions vary.

Consumer research revealed varying levels of awareness and knowledge about induction cooktops. A survey of 790 consumers found that 60% of respondents have heard of induction cooking. The overall sentiment toward these products is positive, although specific product knowledge was limited. Focus group participants expressed concerns about the price of induction products and indicated they were unwilling to pay more than \$1,125 for an induction product. In addition, many consumers worried that using induction cooktops would impact cooking methods and require new cookware. Hispanic and Asian participants showed a preference for gas cooktops to use with woks or for charring foods with the open flame.

“

**As a Latina lady, we sometimes cook the chiles on the open flame to burn them and then peel them to make some dishes. We also warm up handmade tortillas on the flames.**

”

Focus group participants liked the enhanced safety benefits of a cool surface, however – particularly those living with young children or senior citizens. They also valued faster cooking times and less heat waste, and, to a lesser degree, they were interested in learning more about energy efficiency gains and potential bill savings.

There was low awareness of indoor air quality issues associated with gas cooking and general skepticism about negative health impacts.

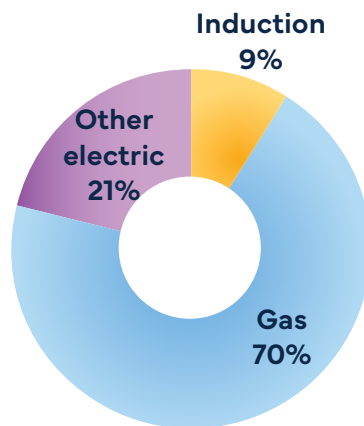
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## Induction cooking

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<sup>7</sup>Results from an internal study.

**Figure 6. Induction vs. gas ranges and cooktops on display at retailers<sup>7</sup>**



## 4 Gas dominates the retail options.

Secret shopping found there were approximately 270 total models of ranges and cooktops on display across the stores visited, 24 of which were induction models (9%). Gas options were approximately 70% of total inventory (see Figure 6).

Sales associates had a strong preference for gas fuel and lacked firm knowledge of induction technology or potential rebate and incentive opportunities for induction cooking products. While acknowledging that California is in the process of electrification, some associates made it clear that the present market firmly favors gas.

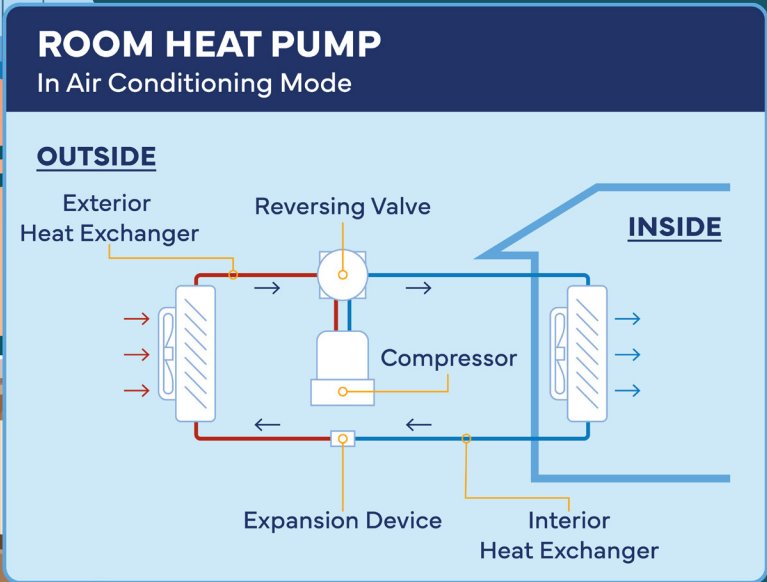
## Strategy Pilots

### ESRPP Strategy Pilot

CalMTA worked with market partners to develop a **Strategy Pilot** to test whether ESRPP can serve as a viable intervention strategy for targeting certain geographic areas including ESJ communities. By learning about the success of retailer incentives to increase adoption, we aim to gain insight into retail sales trends. Current sales data has been acquired from a subset of the participants; however historical data has been harder to obtain.

### Chefluencer Strategy Pilot

CalMTA released the scope of a **Chefluencer Strategy Pilot** for public comment and webinar. With the CPUC's approval, we began recruitment of retailers and site locations.



## Room heat pumps

*The Room Heat Pumps MT idea is focused on self-contained consumer products that can replace less efficient window air conditioners and provide space heating in the winter months.*

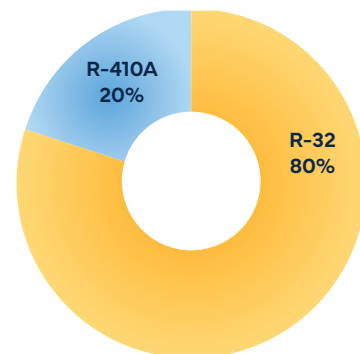
Product-specific research during the quarter focused on gaining a deeper understanding of current cooling and heating capacity; potential for grid connectivity, cold climate operation, and air filtration capability; and the use of ultra-low refrigerants. A market characterization study kicked off to summarize supply and demand-side market dynamics, barriers, and solutions. Below are highlights of 2<sup>nd</sup> quarter research findings.

### Product research

#### 1 Room to grow share of higher efficiency, climate-friendly product options.

A comparison of availability of portable, in-room heat pumps to window heat pump units found that more than three quarters of products available for sale today are portable units, with many being the less efficient single hose configuration. However, the CalMTA team also found that 80% of those heat pump products were using R-32 as a refrigerant, instead of the higher global warming potential incumbent, R-410A, making them suitable for the California market.

Figure 7. Refrigerants used in heat pump products<sup>8</sup>



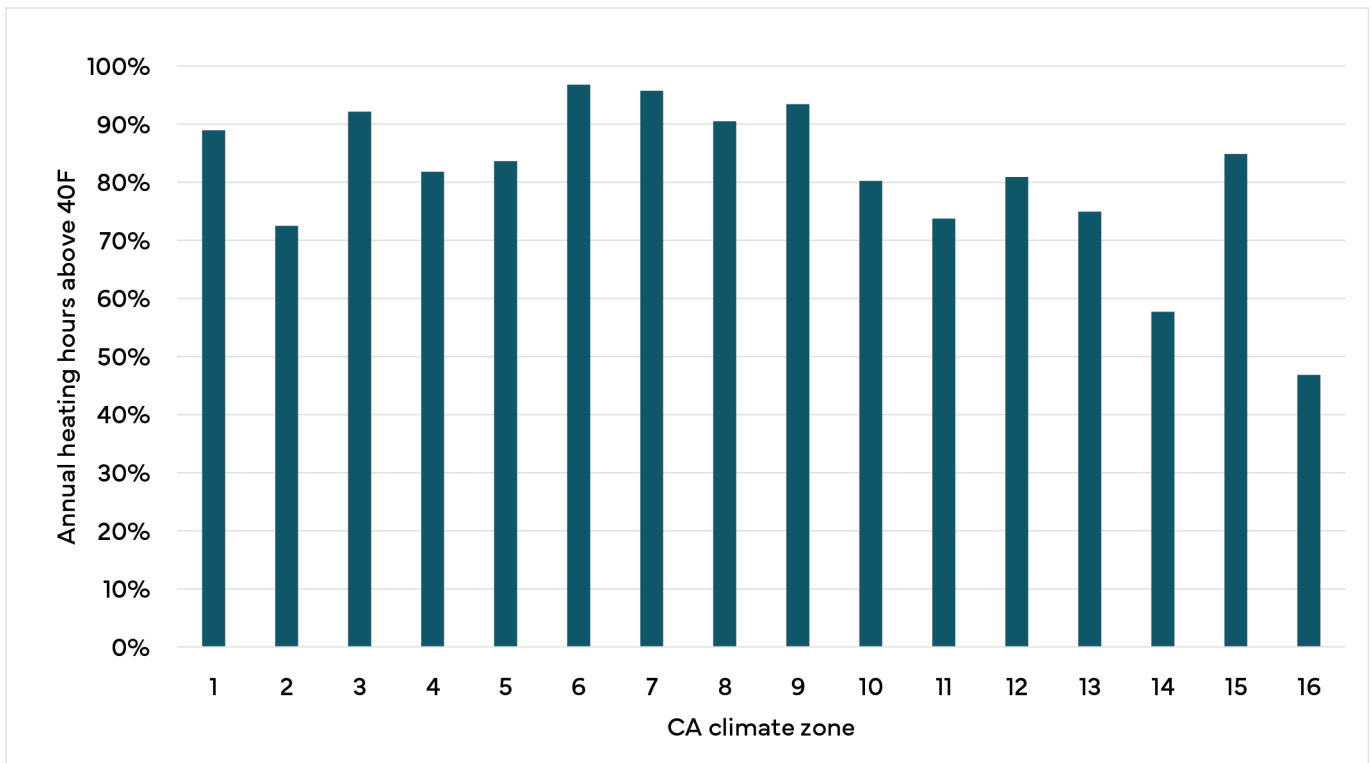
<sup>8</sup>Data on 33 heat pump products collected from manufacturer websites, including Arctic Wind, Black & Decker, Danby, Della, Freonic, Friedrich, Frigidaire, GE, Gradient, Hisense, Honeywell, Keystone, LG, Midea, Perfect Aire, Soleus Air, Weiling/Pioneer, Whirlpool, and Whynter.



## 2 Assessing capability of products to meet heating loads.

The majority of room heat pumps available today can only operate efficiently above 40F. The team investigated initial data on California’s low-temperature heating performance threshold and found 14 of the 16 California climate zones (and the vast majority of the population) have greater than 70% of their heating occurring above 40F in a typical meteorological year. This indicates that current products can provide a substantial portion of the annual heating load, but they would not work as a sole heat source for most Californians due to the fraction of heating needed below their temperature performance. Figure 8 below is a plot of the percent of annual heating hours above 40F by California climate zone in a typical meteorological year.

**Figure 8. Percent of annual heating time between 40F and 55F by CA climate zone for a typical meteorological year**

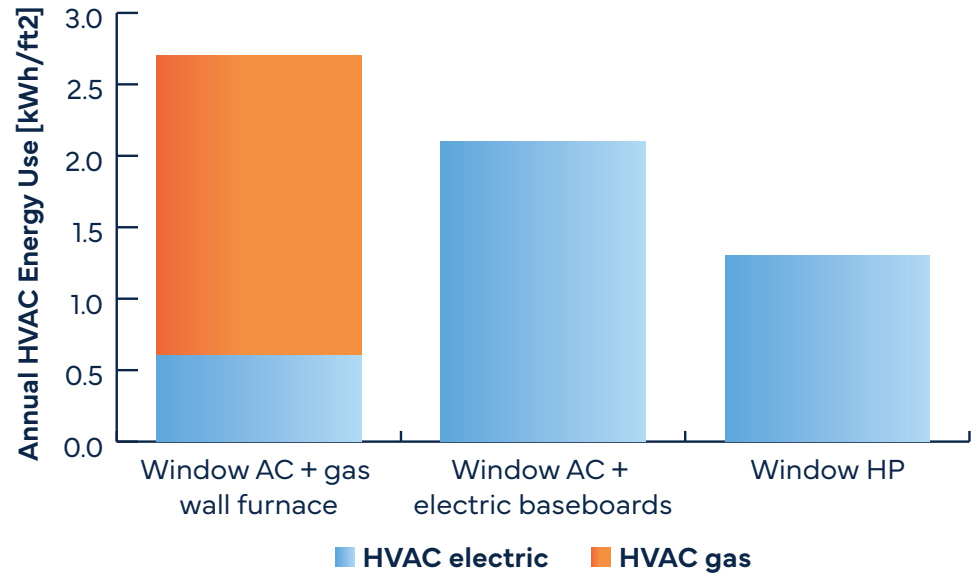


**Room heat pumps**

CalMTA explored three different HVAC scenarios in a 950 square foot apartment, as shown in Figure 9 below, to assess the relative energy use.

<sup>9</sup>Internal energy modeling results from the DEER existing multifamily building prototype with EnergyPlus software.

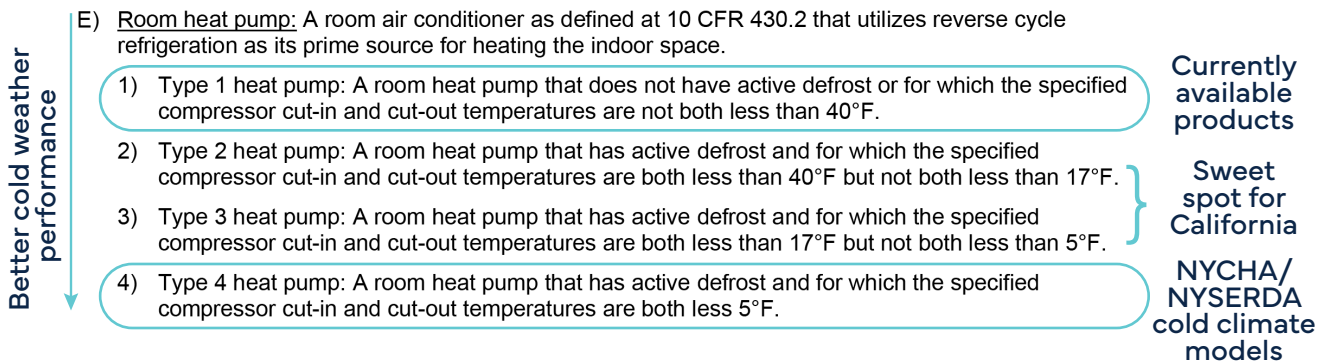
**Figure 9. Annual energy consumption, 950 square foot apartment<sup>9</sup>**



**3 Codes and Standards, and federal programs, are developing new tiers and specifications.**

CalMTA is exploring the possibility of leveraging the voluntary ENERGY STAR test method due out Fall 2024 to identify opportunities in California climate and confirm heating capacity at lower temperatures (17F and 5F). This will classify room heat pumps by operational temperature and has switched from labeling of cold, cool, mild to types 1, 2, 3, 4. While additional consumer education will be needed to explain the various types, the product tiers are helpful for manufacturer engagement. The new test procedure is currently applicable only to window and through-the-wall types.

**Figure 10. Classifications of room air conditioners defined by ENERGY STAR**



In addition, the new ENERGY STAR specification and new Consortium for Energy Efficiency (CEE) tier for room air conditioners incorporates a heating mode test. This would allow qualifying window-type heat pumps to be eligible for federal Inflation Reduction Act tax credits and rebates through an amendment process.

**4 Better consumer awareness of heat pump technology and cost barriers needed.**

**Table 1. Consumer focus group segmentation, Room Heat Pumps**

| Region Segment | Income Segment | Number of Groups |
|----------------|----------------|------------------|
| Coastal        | Market Rate    | 2                |
| Coastal        | Low Income     | 1                |
| Inland         | Market Rate    | 2                |
| Inland         | Low Income     | 2                |
| Mountains      | Low Income     | 1                |
| <b>Total</b>   |                | <b>8</b>         |

CalMTA held a series of eight consumer focus groups that revealed the concept of heat pumps was not well understood, and room heat pumps were virtually unknown. Participants liked the room-to-room portability, but had concerns about aesthetics, space needs, and durability of the units. Concerns about impacts on electricity bills from using these products as well as upfront costs were top-of-mind for focus group participants.

**5 Strategies needed to increase retail availability and sales associate knowledge.**

Secret shopping trips across seven big box and warehouse outlets across the state found that visited stores did not stock any room heat pumps, and sales associates were not aware of this product. Meanwhile, internet shopping research found that room heat pumps available to purchase online were not always labeled as such. Instead, products used various names as shown in Table 2.

**Strategy Pilots**

**Table 2. Room Heat Pump secret shopping findings**

| Company name | Product name                                    |
|--------------|---|
| Gradient     | Window Heat Pump                                |
| Whynter      | Room Air Conditioner and Heater                 |
| Midea        | Window Air Conditioner                          |
| Friedrich    | Portable Air Conditioner with 9,500 Heating BTU |
| Danby        | Portable AC                                     |

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## Room heat pumps

### ESRPP Strategy Pilot

CalMTA worked with market partners to develop a **Strategy Pilot** to test whether ESRPP can serve as a viable intervention strategy for targeting certain geographic areas including ESJ communities. By learning about the success of retailer incentives to increase adoption, we aim to gain insight into retail sales trends. Current sales data has been acquired; however historical data has been harder to get. Because room heat pumps are not currently available in stores, sales of high efficiency window and portable air conditioners are being used as a proxy for incentives.

### DIY Installation Strategy Pilot

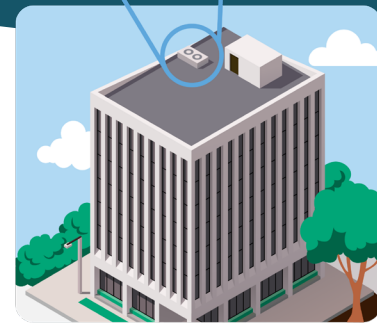
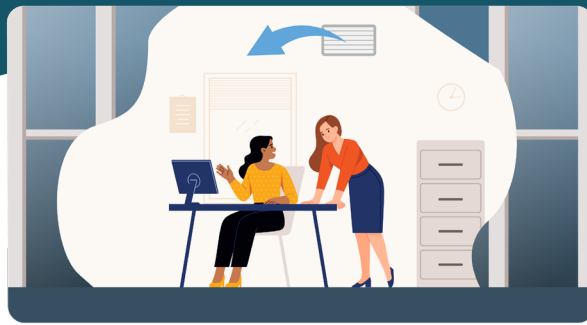
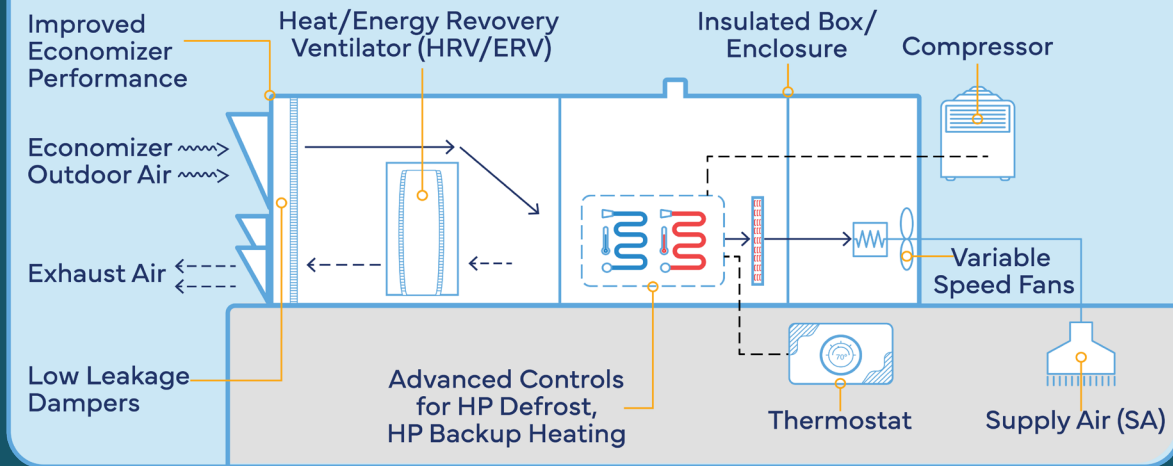
CalMTA is **testing the ease of self-installation** and the relative portability of products for tenants who own them. Under this **Strategy Pilot**, we are working with three organizations to manage do-it-yourself (DIY) installations in households located in Los Angeles, San Mateo, and Humboldt counties. To date about 130 heat pumps of various models have been procured and scheduled for installations in July. Surveys and other follow-up has been prepared to assess consumer experiences.

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Figure 11. DIY Installation Strategy Pilot begins



# EFFICIENT ROOFTOP UNIT (ERTU)



## Efficient rooftop units

*New rooftop units' (RTUs) design improvements can address supply efficiency, heat recovery, and an improved shell to deliver 10–40% energy savings beyond today's minimum efficiency rooftop units.*

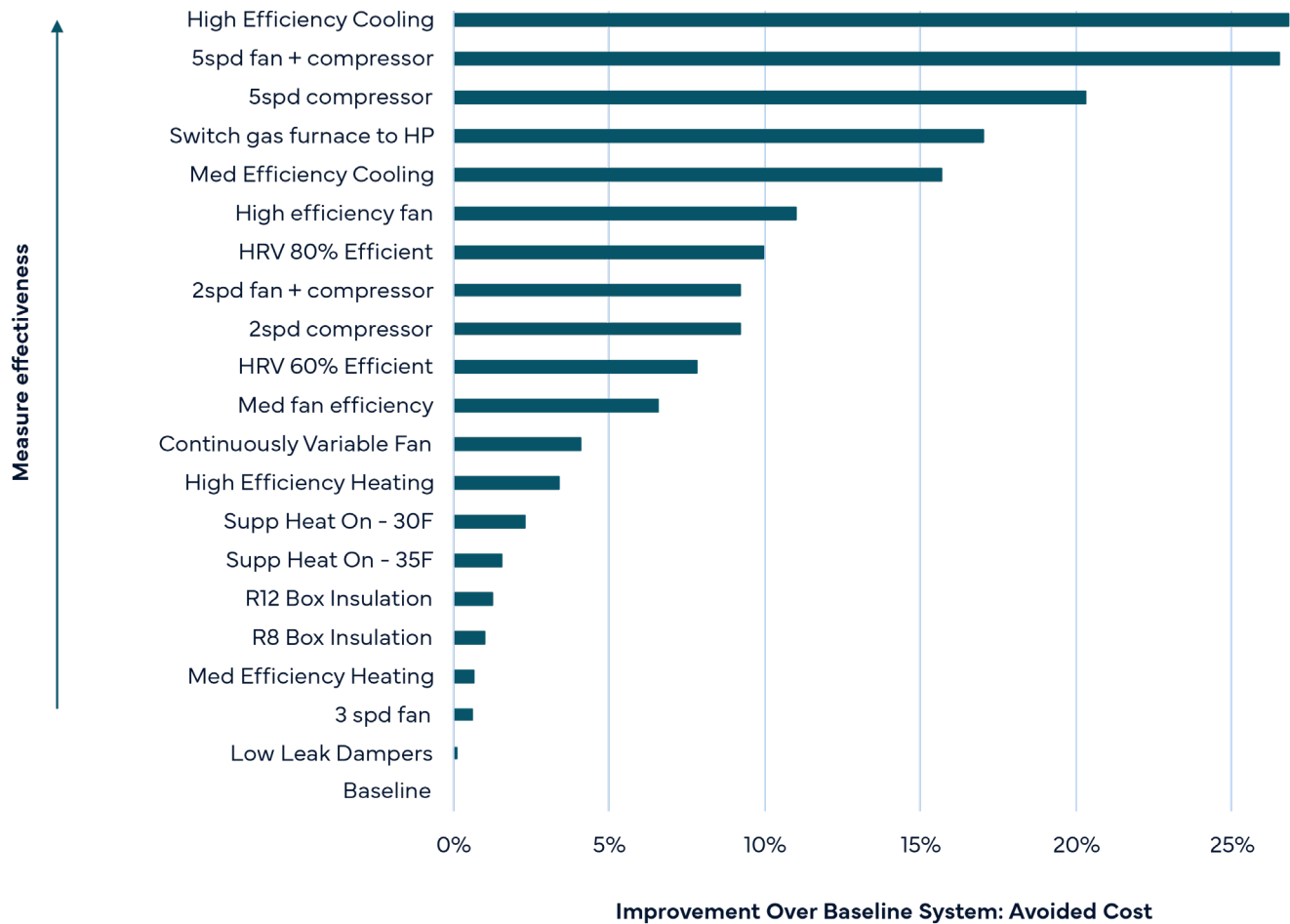
Product-specific research during the quarter focused on updating the product definition and specification. In addition, a market characterization study kicked off by interviewing stakeholders inside and outside of California who are working on RTUs. Highlights of findings during the 2<sup>nd</sup> quarter follow.

### Product research

#### 1 Modeled measure packages for maximized savings.

The team developed packages with features that were most complementary to each other and modeled additional potential features/measures to further refine modeling assumptions as shown in Figure 12. In addition, we calculated potential bill impacts using current and projected electricity and gas rates, helping to ensure that the features with the highest potential long-term avoided costs can also benefit consumers in the near-term.

**Figure 12. Initial energy modeling results for various RTU features**



**Efficient rooftop units (ERTUs)**

**2 Assessing the market to confirm opportunities and barriers.**

The market characterization study for this MT idea kicked off with the team interviewing stakeholders familiar with the RTU market and analyzing ComStock, and nonresidential compliance databases to characterize current RTU adoption and stock. Immediate findings include these:

- Stakeholders expected packaged gas (gas pack) RTUs to gradually be replaced by heat pump RTUs over the next decade or longer timeframe.
- A market actor mentioned most distributors stock minimally code compliant RTUs because it is what customers ask for. More efficient RTUs are usually ordered through a manufacturer representative, and those orders can take months to fill.
- Several stakeholders indicated that product availability is often the key factor in the decision of what type of unit to buy when equipment fails.

Future research will seek to complete the market characterization and identify opportunities for workforce development related to this MT idea.

### 3 Planning for a field study

The team met with CalNEXT team members to explore opportunities to leverage or expand one or more CalNEXT projects to collect field data. We also met with Center for Energy and the Environment (MN CEE) to understand current field studies and opportunities for data sharing and support for research scopes.

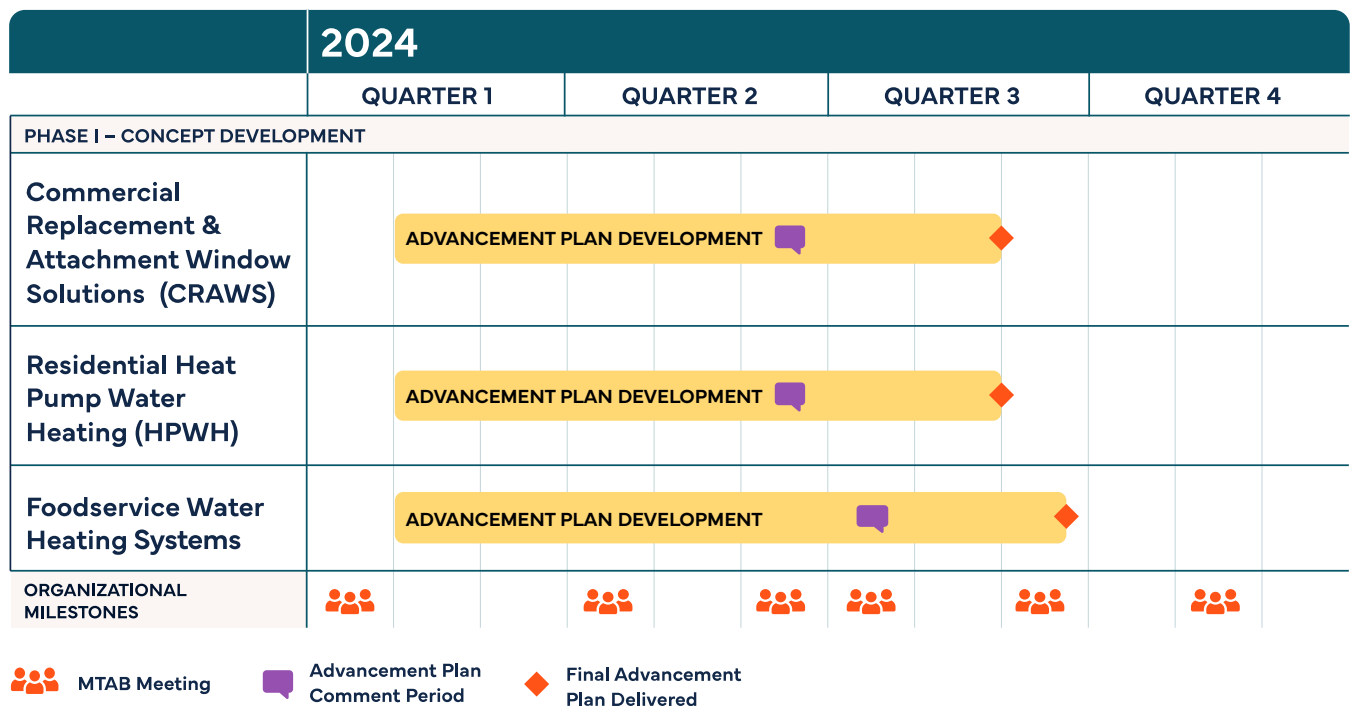
## Phase I ideas

Ideas currently in Phase I: Concept Development underwent preliminary research for the development of Advancement Plans during the 2<sup>nd</sup> quarter. An Advancement Plan outlines the strategies, research, and activities that need to be conducted to determine the viability of a potential MTI. The activities indicated in the Advancement Plans are those that are needed to inform the development of the MTI Plans.

#### Key activities included:

- Direct coordination with investor-owned utility representatives and exploratory discussions with other stakeholders and market actors.
- Development and release for comment of draft Advancement Plans for **Commercial Replacement & Attachment Window Solutions** and **Residential Heat Pump Water Heating**.
- Development of a draft **Advancement Plan for Foodservice Water Heating Systems** for release in third quarter.
- Pause of the Efficient Streetlighting idea to allow time to conduct additional research and revisit it as part of the third batch of MTI ideas to be scored and evaluated in the fall of 2024.

Figure 13. Timeline of activities for Phase I ideas



# Operations



CalMTA's operations performed a wide range of ongoing operational activities including engagement and communications, project financial support, contract management and compliance monitoring, and IT system development and support. In addition, we hired new staff to support our expanding MTI development.

CalMTA continues to maintain **a high-level of engagement** across the California efficiency landscape. The activities below describe efforts to share MTI development efforts and general outcomes.

## Engagement & outreach

- Published draft Advancement Plans for two MT ideas, the **Draft Phase I Disposition Report**, the **2023 Annual Report**, the **1st Quarter Activity Report**, and the **2024 Operations Plan** and developed **new collateral materials** explaining CalMTA's work.

Figure 14. Collateral materials produced in the 2<sup>nd</sup> quarter





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## Engagement & reporting

- CalMTA met with MTAB members twice: once virtually on April 25 and in-person on June 14 providing time for public comment during the meetings and via an online form afterward. Nearly all CalMTA efforts related to operations and MTI development are covered during these **recorded events**.
- We launched and publicized a second Request for Ideas (RFI) that will conclude in the 3<sup>rd</sup> quarter.
- Regular meetings were held with program administrators, including energy efficiency program directors, the California Codes and Standards teams, and CalNEXT staff to share our plans and research outcomes, and to confirm opportunities for leverage.
- Smaller collaborative meetings with program administrators, implementers, subject matter experts, and market actors allow us to dive deeper on topics as CalMTA develops full MTI Plans.
- CalMTA staff regularly attend and present at industry meetings to connect with stakeholders and initiate opportunities for collaboration. In the 2<sup>nd</sup> quarter, CalMTA was represented at six different conferences and events.

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**Figure 15. Logos of conferences attended in the 2<sup>nd</sup> quarter**



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## Advancing equity

Applying an equity lens is a key component of the MT idea development process and CalMTA continues to develop and strengthen relationships with ESJ community representatives. In the 2<sup>nd</sup> quarter, we held a second set of Listening Sessions with 28 participants across four sessions focused on the three Phase I MT ideas. MTI teams are now incorporating these insights, along with submitted public comments, into the draft Advancement Plans.

Table 3. Sample findings from 2<sup>nd</sup> quarter Listening Sessions

| MT idea                             | Findings   |
|-------------------------------------|--|
| CRAWS                               | <ul style="list-style-type: none"> <li>• <b>Soundproofing and improved air quality as non-energy benefits</b> have significant value</li> <li>• Target <b>schools in rural areas and those with high asthma rates and lunch programs</b></li> <li>• Financing must address <b>the split between building owners and tenants</b> who run businesses</li> <li>• Demonstrating <b>ROI/payback period</b> will be critical – potential need to couple with solar installation or whole-building upgrades for windows to be prioritized</li> </ul>  |
| Residential Heat Pump Water Heating | <ul style="list-style-type: none"> <li>• <b>Income-qualification process/paperwork</b> is a barrier to equity-focused program participation</li> <li>• <b>Consumer resentment</b> that utilities are forcing upgrades on them – need end-to-end support</li> <li>• <b>Plumbing code assumptions</b> may not reflect larger households; <b>installation may require home modifications</b> like enlarged closets or ventilation</li> <li>• Concerns about <b>intrusive city inspections</b></li> <li>• Even skilled contractors unprepared to address <b>apprehensive low-income customer barriers</b></li> </ul> |
| Foodservice Water Heating           | <ul style="list-style-type: none"> <li>• <b>Distrust of the government/utilities</b> remains high among smaller and immigrant-owned businesses</li> <li>• Slow industry recovery since 2020 – potential for a <b>separate electric rate for restaurants/restaurant operators</b> like EV rates?</li> <li>• Need financing <b>options that benefit both building owners and tenants</b></li> <li>• Concerns about <b>reallocating already limited space</b>, reducing available area for essential operations</li> <li>• <b>Peer success stories</b> have significant influence</li> </ul>                        |

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## Staffing

In the 2<sup>nd</sup> quarter, Resource Innovations hired and onboarded three new staff to the CalMTA team. New staff hired included:

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**Clarissa Kusel**  
Program Manager



**Simone Cobb**  
Program Manager



**Kristen Van Kley**  
Stakeholder Engagement  
& Communications  
Manager

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## Application planning

We are developing an Application to the CPUC with the first two MTIs for filing by the end of 2024. In support of this work, staff are conducting ongoing tracking of and research into proceedings, policy issues, and developments to address in the Application while integrating findings into the MTI development and deployment.

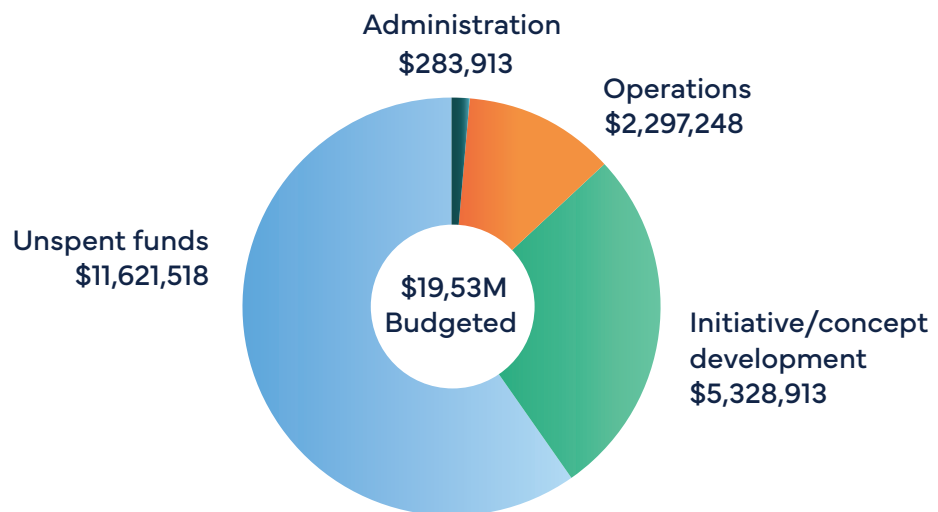
## SECTION 04

# Financial Reporting

### 2024 budget

CalMTA’s 2024 budget, totaling \$19,531,592, was established via Advice Letter (RI-CalMTA-2) (or, ABAL), submitted by CalMTA on July 31, 2023, and approved by the CPUC Energy Division on November 2, 2023. Figure 16 shows the actual expenditures by cost category through the end of the 2<sup>nd</sup> quarter.

**Figure 16. 2024 Actual expenditures (by Cost Category) through the end of the 2<sup>nd</sup> quarter**



### Strategy Pilots funding authorizations

\$15,031,591 of the \$19,531,591 budget was authorized for use upon disposition of the ABAL by CPUC Energy Division. The remaining \$4.5M, designated for Strategy Pilots, is authorized by written approval of the CPUC Contract Manager, after the completion of a public review and comment process.<sup>10</sup> Table 4 summarizes a total of \$3,999,500 funding authorizations made from the Strategy Pilots budget in the first half of 2024, with \$500,500 remaining unallocated.

<sup>10</sup>Defined in the 2024 Advice Letter (RI-CalMTA-2).

Table 4. Strategy Pilots funding authorization summary

| Pilot Name  | Public Comment Period                   | Webinar Date      | CPUC Approval Requested | CPUC Approval Received | Total Cost Estimate |
|---|---|-------------------|-------------------------|------------------------|---------------------|
| <u>Geographic Targeting Using ESRPP for Portable/Window Heat Pump and Induction Cooking</u>                 | <u>Jan 8-23, 2024</u>                   | 8-Feb-24          | 13-Feb-24               | 14-Feb-24              | \$1,525,000         |
| <u>Portable/Window Heat Pump Self-Installation Practices</u>  | <u>Jan 8-23, 2024</u>                   | 8-Feb-24          | 13-Feb-24               | 14-Feb-24              | \$650,000           |
| <u>Portable/Window Heat Pump Self-Installation Practices - Supplemental Budget Request</u>                  | <u>Apr 11-26, 2024</u> <sup>11</sup>    | N/A <sup>12</sup> | 29-Apr-24               | 30-Apr-24              | \$75,000            |
| <u>Induction Cooking Chefluencer Event Testing</u>  | <u>May 22-Jun 5, 2024</u>               | 7-Jun-24          | 13-Jun-24               | 21-Jun-24              | \$866,000           |
| <u>Funding Shift to move funds from Pilot Budget to Phase II Market Research and Lab Testing activities</u> | <u>May 17-Jun 3, 2024</u> <sup>11</sup> | N/A <sup>12</sup> | 17-May-24               | 5-Jun-24               | \$883,500           |
|   |   |                   |                         | <b>Total</b>           | <b>\$3,999,500</b>  |

<sup>11</sup>No comments were received.

<sup>12</sup>Per agreement with the CPUC, a webinar was not required.

## Funding reallocations made in the 1<sup>st</sup> and 2<sup>nd</sup> quarters

CalMTA’s 2024 ABAL provided budget estimates by major activity, rolling up to totals for each of three active cost categories – MTA Administration, MTA Operations, and Initiative/Concept Development. In the first two quarters of 2024, the CalMTA team, working in coordination with the CPUC Contract Manager, identified the need to reallocate funds between major activities within the Initiative/Concept Development cost category as detailed in Table 5. These changes did not impact the overall CalMTA budget allocation, or the total funds allocated at the cost-category level.

Funding reallocations within the Initiative/Concept Development cost category in the first half of 2024 included:

### 1 Reallocations from Phase II to Phase I

Based on CalMTA’s experience with Phase I in 2023, we gained a better understanding of the level of engagement and review required during Phase I and therefore shifted \$2.8 million in funds from Phase II to Phase I.

**Funding reallocations made in the 1<sup>st</sup> and 2<sup>nd</sup> quarters**

**2 Reallocations within Phase II**

Strategy development for ideas in Phase II is anticipated to require more research activities than strategy pilots, therefore CalMTA shifted \$883,500 from the \$4.5M Strategy Pilot budget to the Program Strategy Development budget as detailed above in Table 4.

**3 Reallocations within Phase I**

Midway through 2024, CalMTA redistributed funds between the subtasks in Phase I. The number of RFI submittals were lower than expected and the team has increased efficiencies in reviewing new submittals, so these funds were shifted to accommodate additional research and market actor engagement needed to develop the Advancement Plans, additional outreach with the utility codes & standards teams, as well as increased review and engagement with the CalMTA Strategic Advisors in developing the preliminary logic models and the draft Advancement Plans.

**Table 5. 2024 Budget fund shifting summary**

| Major activities   | Budget increase or (decrease) |
|--|-------------------------------|
| <b>Concept Development (Phase I)</b>                         |                               |
| <i>Concept Identification</i>                                |                               |
| Technology Scanning and RFI Support                          | \$840,000                     |
| Outreach, Reporting, and Research                            | \$280,000                     |
| <i>Concept Assessment</i>                                    |                               |
| Preliminary Benefit Analysis & Forecasting Models            | \$280,000                     |
| Advancement Plan Development & Reporting                     | \$1,400,000                   |
| <b>Concept Development (Phase I)</b>                         |                               |
| <i>Technology Scanning and RFI Support</i>                   | (\$400,000)                   |
| <i>Advancement Plan Development</i>                          | \$400,000                     |
| <i>Preliminary Benefit Analysis &amp; Forecasting Models</i> | (\$100,000)                   |
| <i>Outreach, Reporting, Research</i>                         | \$100,000                     |
| <b>Program Development (Phase II)</b>                        |                               |
| <i>Program Strategy Development</i>                          |                               |
| Funds shifted to Phase I tasks (listed above)                | (\$2,800,000)                 |
| New strategy development activities                          | \$883,500                     |
| <i>Strategy Pilots</i>                                       | (\$883,500)                   |

Table 6 provides a comparison of the budget allocations by activity as shown in the 2024 ABAL, and the budget allocations by activity after the fund shifts. Table 6 also shows the actual spend amounts by activity through the end of the 2<sup>nd</sup> quarter.

Funding reallocations  
made in the 1<sup>st</sup> and 2<sup>nd</sup>  
quarters

**Table 6. Budget allocations comparison & actual spend through end of the 2<sup>nd</sup> quarter**

| Major Activity   | Budget Allocations  |                     |                                |
|--|---------------------|---------------------|--------------------------------|
|  | 2024 ABAL Estimates | 2024 Reallocated    | Actual spend through end of Q2 |
| 1. Financial & Administrative Tasks                          | \$1,011,287         | \$1,011,287         | \$283,913                      |
| <b>Administration Cost Category Subtotal</b>                 | <b>\$1,011,287</b>  | <b>\$1,011,287</b>  | <b>\$283,913</b>               |
| 2. Project Management  | \$868,390           | \$868,390           | \$501,376                      |
| 3. MTAB Operations   | \$510,259           | \$510,259           | \$158,286                      |
| 4. Policy  | \$482,810           | \$482,810           | \$296,209                      |
| 5. Stakeholder Engagement and Communications                 | \$1,759,515         | \$1,759,515         | \$994,257                      |
| 6. Data Systems Development and Management                   | \$823,217           | \$823,217           | \$347,120                      |
| <b>Operations Cost Category Subtotal</b>                     | <b>\$4,444,191</b>  | <b>\$4,444,191</b>  | <b>\$2,297,248</b>             |
| <b>Concept Development (Phase I Activities)</b>              | <b>\$1,200,976</b>  | <b>\$4,000,975</b>  | <b>\$2,707,177</b>             |
| 7. Technology Scanning and RFI Support                       | \$215,500           | \$655,500           | \$78,475                       |
| 8. Outreach, Reporting, Research                             | \$202,278           | \$582,278           | \$516,249                      |
| 9. Preliminary Benefit Analysis & Forecasting                | \$381,751           | \$561,751           | \$170,632                      |
| 10. Advancement Plan Development & Reporting                 | \$401,446           | \$2,201,446         | \$1,941,821                    |
| <b>Program Development (Phase II Activities)</b>             | <b>\$12,875,137</b> | <b>\$10,075,138</b> | <b>\$2,621,735</b>             |
| 11. Program Strategy Development                             | \$8,375,137         | \$6,458,638         | \$2,200,576                    |
| 12. Strategy Pilots  | \$4,500,000         | \$3,616,500         | \$421,160                      |
| <b>Initiative/Concept Development Cost Category Subtotal</b> | <b>\$14,076,113</b> | <b>\$14,076,113</b> | <b>\$5,328,913</b>             |
| <b>Grand Totals</b>  | <b>\$19,531,591</b> | <b>\$19,531,591</b> | <b>\$7,910,073</b>             |

\*\$500,500 of the adjusted 2024 Program Strategy Testing/Pilots budget remains to be authorized.

## SECTION 05

# Milestones Achieved

**Table 7. 2024 activities summary**

|                      |                   |                  |
|----------------------|-------------------|------------------|
| ○                    | ◐                 | ●                |
| <b>to be started</b> | <b>in process</b> | <b>completed</b> |

The following list details activities outlined in the **2024 Operations Plan** and subsequently completed in 1<sup>st</sup> and 2<sup>nd</sup> quarter.

|                     |                |   |                                |                             |
|---------------------|----------------|---|--------------------------------|-----------------------------|
| MT idea development | An equity lens | Stakeholder engagement & communications | Measuring success - evaluation | Administration & operations |
|---------------------|----------------|---|--------------------------------|-----------------------------|

| <b>1<sup>ST</sup> QUARTER ACTIVITY</b>   | <b>Q1</b> | <b>Q2</b> | <b>Q3</b> | <b>Q4</b> |
|--|-----------|-----------|-----------|-----------|
| Hold an in-person MTAB meeting (January)   | ●         |           |           |           |
| Recruit and seat MTAB members to fill four vacancies   | ●         |           |           |           |
| Finalize the MTI Evaluation Framework  | ●         |           |           |           |
| Release ESJ Listening Session Report (for fall 2023 events)  | ●         |           |           |           |
| Batch 1 Advancement Plan approval and implementation kick off of Phase II work   | ●         |           |           |           |
| Create a staffing plan for CalMTA with roles and reporting structure   | ●         |           |           |           |
| Finalize and obtain approval for strategy pilot work plans and budgets for: <ul style="list-style-type: none"> <li>• Geographic Targeting Using ESRPP for Room Heat Pumps and Induction Cooking</li> <li>• Room Heat Pump Self-Installation Practices</li> </ul> | ●         |           |           |           |
| Kick off implementation of Strategy Pilots   | ●         |           |           |           |
| Kick off Advancement Plan development for Batch 2 ideas in Phase I development   | ●         |           |           |           |
| <b>2<sup>ND</sup> QUARTER ACTIVITY</b>   | <b>Q1</b> | <b>Q2</b> | <b>Q3</b> | <b>Q4</b> |
| Hold a virtual MTAB meeting (April)  |           | ●         |           |           |
| Hold an in-person MTAB meeting (June)  |           | ●         |           |           |



| <b>2<sup>ND</sup> QUARTER ACTIVITY</b>  | <b>Q1</b> | <b>Q2</b> | <b>Q3</b> | <b>Q4</b> |
|---|-----------|-----------|-----------|-----------|
| Release a draft 2025 ABAL for MTAB review   |           | ●         |           |           |
| Publish 2023 Annual Report  |           | ●         |           |           |
| Publish 2024 Operations Plan  |           | ●         |           |           |
| Release a Q1 2024 Update  |           | ●         |           |           |
| Draft CalMTA program-level Key Performance Indicators & Scorecard for discussion with MTAB  |           | ●         |           |           |
| Hold second ESJ Listening Session   |           | ●         |           |           |
| Release final Phase I Disposition Report  |           | ●         |           |           |
| Obtain MTAB feedback on sectors to target with 2024 RFI   |           | ●         |           |           |
| Launch and publicize second Request for Ideas (RFI)   |           | ●         |           |           |
| Release two draft Advancement Plans and solicit public comment for: <ul style="list-style-type: none"> <li>• Commercial Replacement and Attachment Window Solutions</li> <li>• Residential Heat Pump Water Heating</li> </ul> |           | ●         |           |           |
| Finalize MTI Plan template  |           | ●         |           |           |

## About CalMTA

*CalMTA is a program of the California Public Utilities Commission and is administered by Resource Innovations.*

We work to deliver cost-effective energy efficiency and decarbonization benefits to Californians through a unique approach called market transformation. Market transformation is the strategic process of intervening in a market to create lasting change by removing market barriers or exploiting opportunities, accelerating the adoption of identified technologies or practices. CalMTA-developed market transformation initiatives also aim to advance state goals on demand flexibility, workforce development and equity.

Learn more at [www.calmta.org](http://www.calmta.org)

### Resources

[MTAB Meetings](#)

[Webinars](#)

[MTI Development Process](#)

[Phase II Ideas](#)

[Phase I Ideas](#)

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