

COLLABORATING ON MARKET TRANSFORMATION PROGRAMS

MEEA MIDWEST ENERGY SOLUTIONS CONFERENCE

FEBRUARY 21, 2018

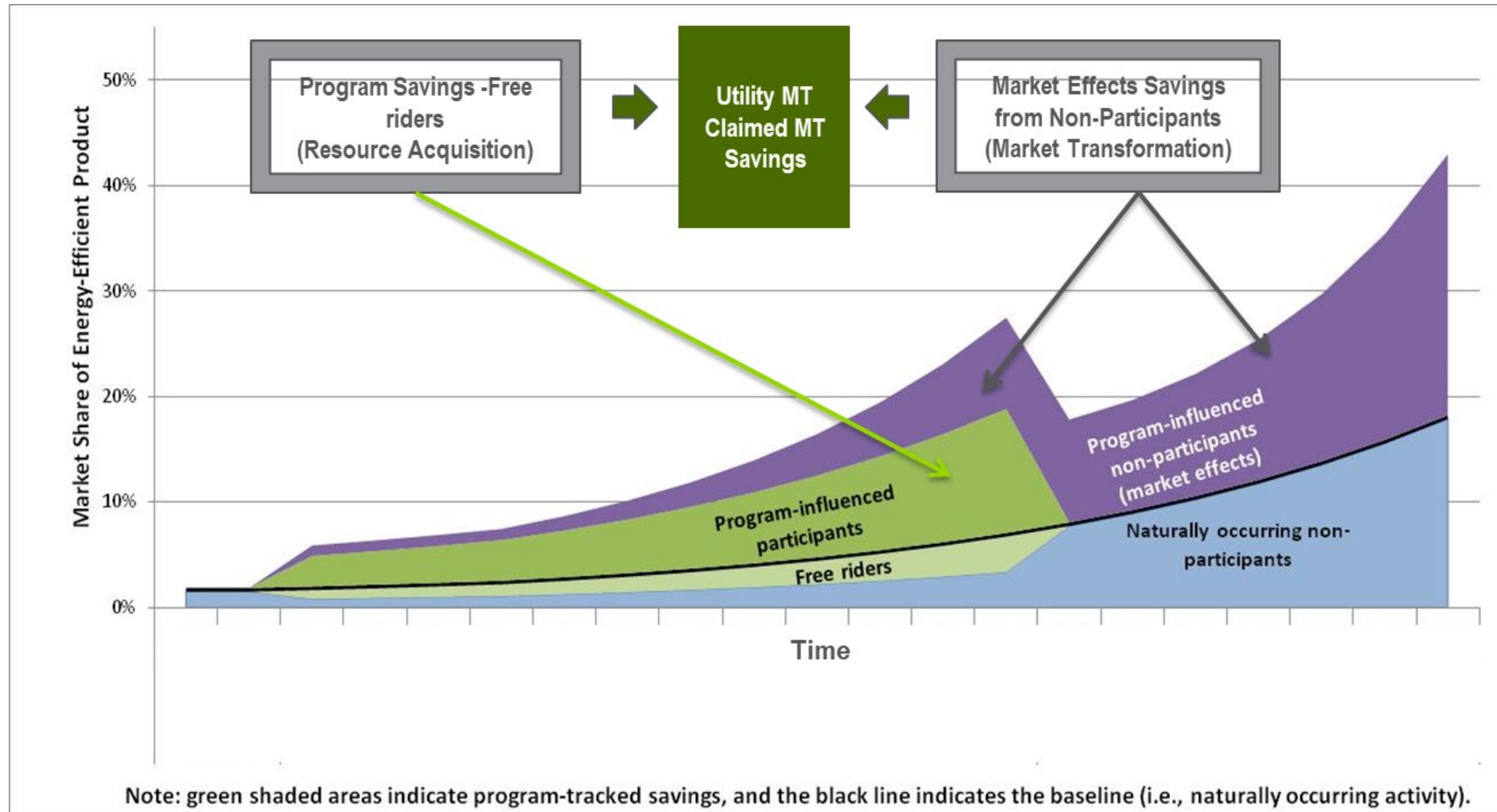
NAVIGANT

WHAT ARE MARKET TRANSFORMATION PROGRAMS?

According to ACEEE

The term market transformation is the strategic process of intervening in a market to create lasting change in market behavior by removing identified barriers or exploiting opportunities to accelerate the adoption of all cost-effective energy efficiency as a matter of standard practice.

MARKET TRANSFORMATION INITIATIVES TYPICALLY FOCUS ON “WHOLE MARKET SAVINGS”



MARKET TRANSFORMATION SUMMIT

- The Market Transformation Summit was held in Chicago on September 12-13, 2018.
- It included national market transformation subject matter experts, representatives and experts from North American utilities, and municipal and regulatory experts
- Issue Area 1: How does market transformation work in today's energy efficiency portfolio?
- Issue Area 2: What are the must-have components of a market transformation initiative?
- Issue Area 3: What market transformation initiatives could be pursued in the Midwest today?



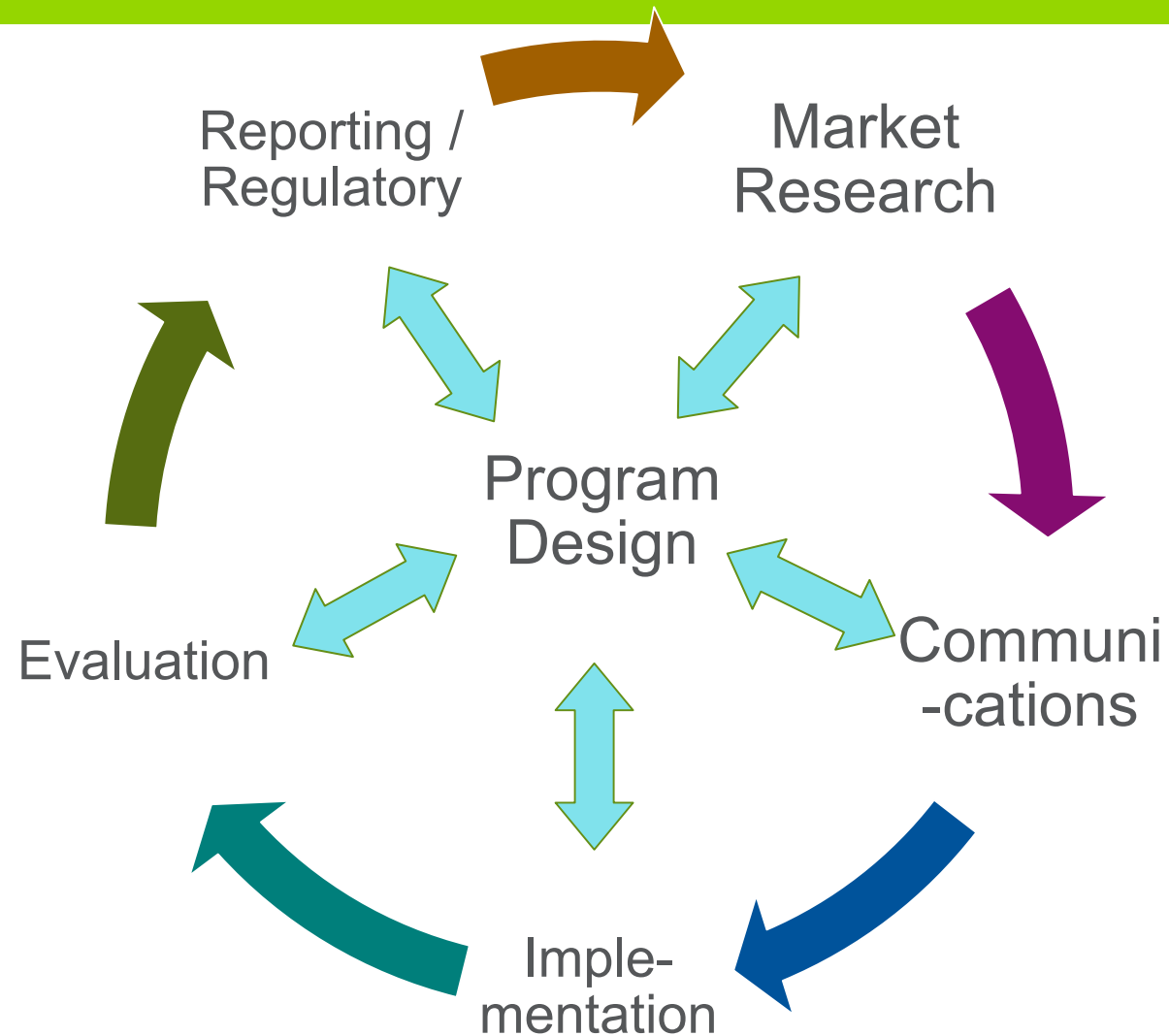
WHAT ARE MARKET TRANSFORMATION PROGRAMS?

- **Initiatives that leverage existing resource acquisition programs and accelerate new technology adoption**
 - Cold climate heat pumps
 - Advanced HVAC
 - Advanced lighting controls
 - Smart commercial buildings
 - Clean water pumps
- **Initiatives that leverage regional or national efforts**
 - Stretch building code adoption initiatives
 - Existing municipal building upgrade requirements
 - Building Operator Certification

EVALUATION AND THE PROGRAM



CONTINUOUS PROGRAM IMPROVEMENT



EVALUATION

- Think broadly about what evaluation can do
- Evaluation is not just about savings verification and free ridership
 - Optimizing program design
 - Identifying unrealized EE potential
 - Identifying mid-course corrections



FIRST STEP

- **Engage all stakeholders**
- **Develop the planning and regulatory context for market transformation.** Develop an overall policy and market transformation framework that can be used to assess specific alternatives.
- Develop policy framework
- Examine incentives



- **Engage all stakeholders**
- **Market transformation requires scale**
 - Market transformation focuses on changing a market and the relevant definition of these markets may not align with utility service territories.
 - Coordination across utility territories, states, implementers, evaluators, regulators...

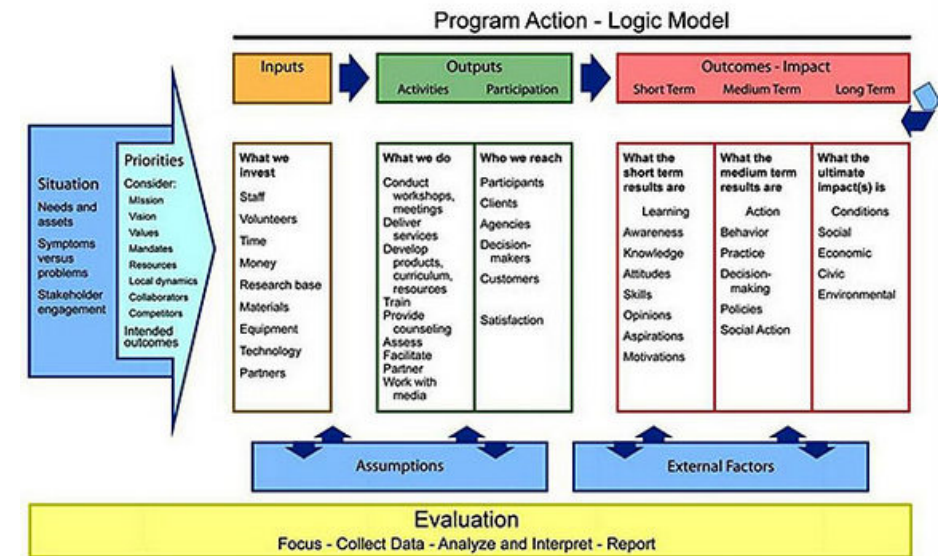


SECOND STEP

Program Theory Outputs and Outcomes

- The logic model and the intervention strategy should identify the outputs and outcomes and the metrics that define them.
- Market transformation evaluation should target those key outcomes.
- Define the baseline
- Determine how to calculate savings from a changed baseline.

PROGRAM DEVELOPMENT Planning – Implementation – Evaluation

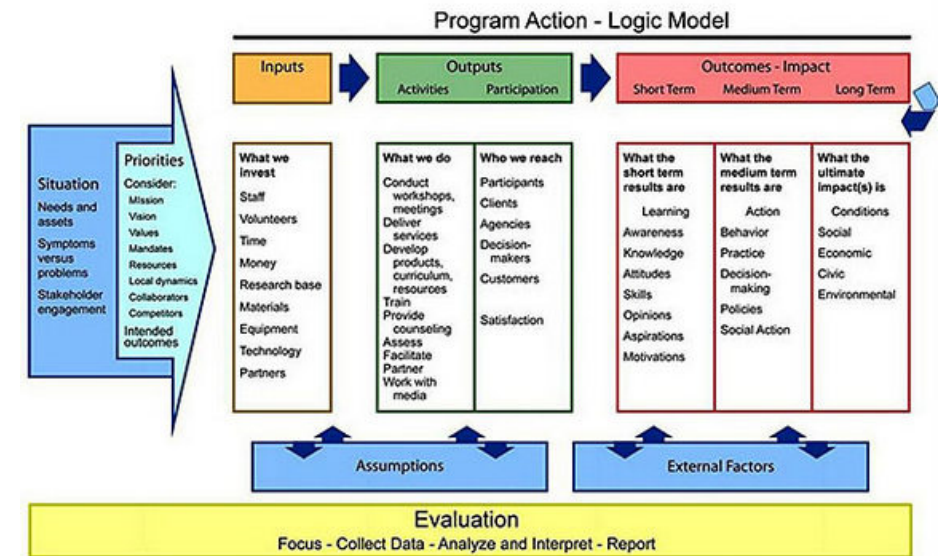


SECOND STEP

Program Theory Outputs and Outcomes – Market Indicators

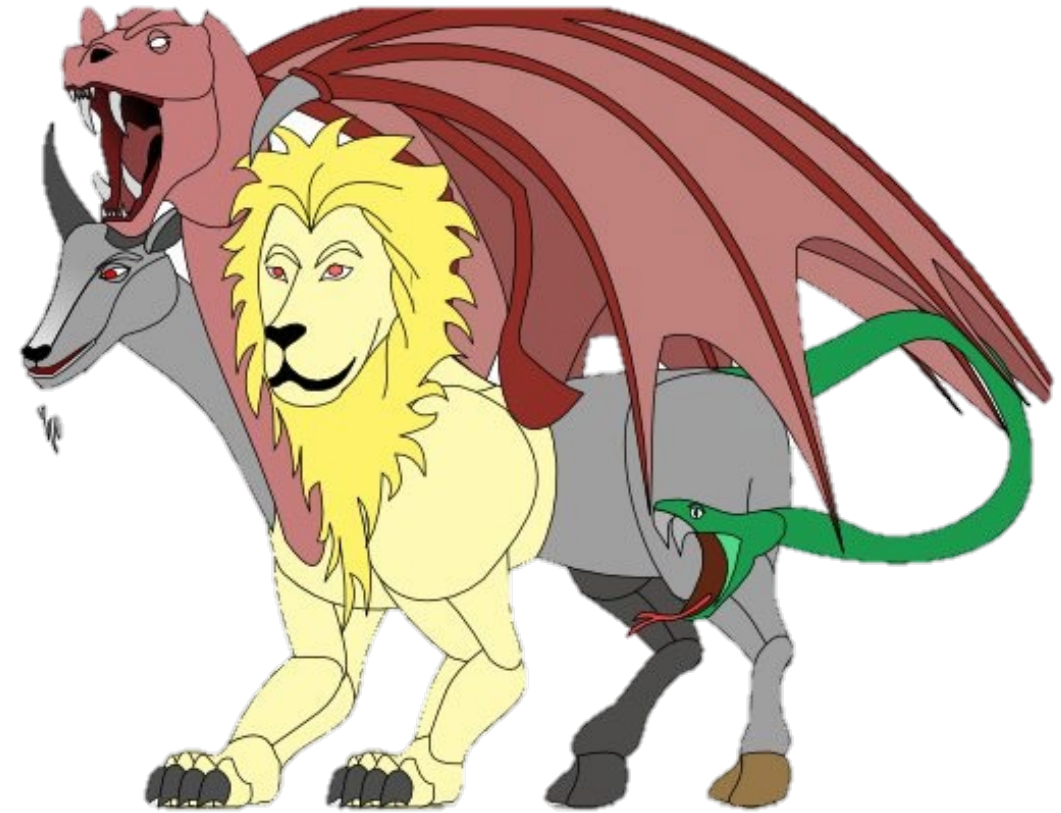
- Market share for energy efficient products and services
- Saturation of energy efficient products
- Price of the product or service compared to less efficient alternatives
- Availability of efficient products and efficiency services
- Levels of product or service awareness
- Knowledge among market actors
- Ultimately: energy and demand savings

PROGRAM DEVELOPMENT Planning – Implementation – Evaluation



ATTRIBUTION

- **Attribution** (Net-To-Gross) research for Market Transformation is a different animal.
- It may be difficult to capture the attribution associated with supply channel changes.
- One solution: allow for negotiated net-to-gross values to address these impacts.
- Attribution should be established region-wide.
- Setting and agreeing on a baseline early in market transformation is important.



CASE STUDIES

- The Illinois Market Transformation Summit identified six candidates for early efforts
 - Code compliance initiative
 - Residential HVAC quality install
 - ENERGY STAR® Retail Products Platform
 - Commercial benchmarking and transparency (B&T) initiatives
 - Strategic Energy Management (SEM) Program
 - Building Operator Certification Program
- Evaluation issues around each effort illustrate the importance of early and comprehensive communication.

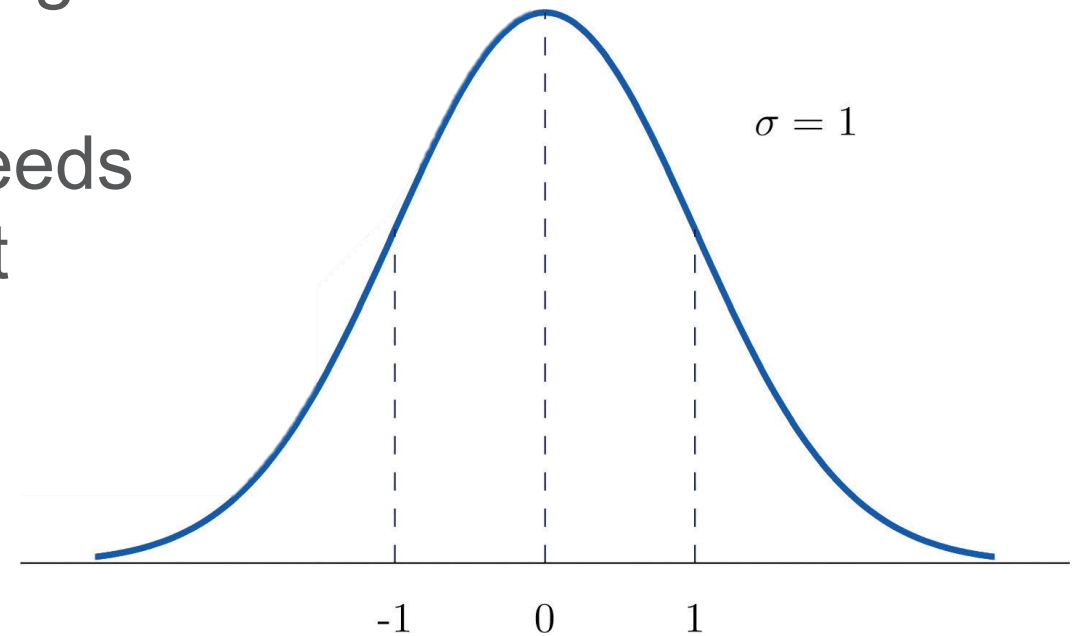
CASE STUDIES – CODE COMPLIANCE

- Savings from Code Compliance efforts are not from rebated widgets that can be tracked easily.
- Savings must come from tracking changes in compliance with code **over time**.
- The evaluation cannot look backwards in time to measure historical code compliance.
- Measuring changes in code compliance can be costly and so should be targeted very carefully.
- Therefore, the program design needs to proceed hand-in-hand with an evaluation design so that its results can be measured.



CASE STUDIES – RESIDENTIAL HVAC QUALITY INSTALL

- The success of a Residential HVAC Quality Install program comes from measuring the changes in the standard practice.
- Standard practice may not be defined by a single set of criteria.
- Rather practices will distribute over a range of procedures.
- Before the program starts, that range needs to be carefully defined so it is clear what “success” means for the program.



CASE STUDIES – BUILDING OPERATOR CERTIFICATION

- Evaluation Option 1 – Traditional Approach
 - Self-report of a sample of participants on actions taken as a result of the program.
 - Actions * deemed savings value rolled up to the population
 - Requires close communication between evaluation and the program staff to ensure that the data evaluation needs to support the survey and analysis are available.
- Evaluation Option 2 - Hybrid Approach
 - Program outputs
 - Market indicators
 - Plus expert judgement on savings per participant

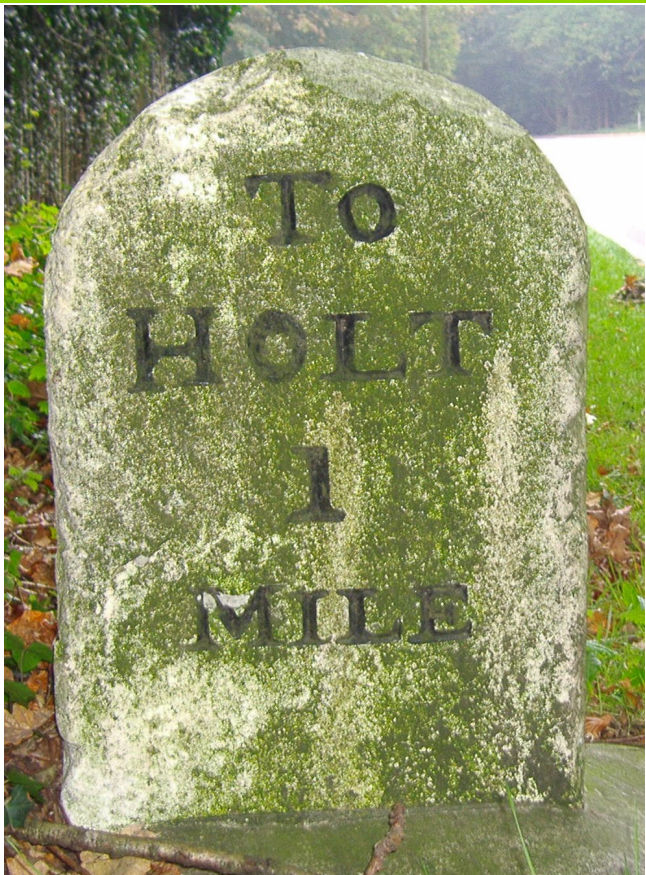


COMMUNICATE, COMMUNICATE, COMMUNICATE

- M&V can do more than count kWh and Therms
- Bring evaluation in early
- Meet regularly
- Bring M&V contractors into the field
- Embed your evaluator inside your collaboratives
- Allow for proactive program improvement



WORK TOGETHER TO DEFINE MEASUREABLE MILESTONES



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