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”
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

- Strategic Planning
- Program Design
- Implementation
- Evaluation
- Market Research, Potential Assessment
CONTINUOUS PROGRAM IMPROVEMENT

Program Design

Market Research

Communica-
tions

Evaluation

Implementation

Reporting / Regulatory
• 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
• 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…
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 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
• **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.
• 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.
• 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.
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.
• 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
• 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 MEASURABLE MILESTONES
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