

# When Optimus Prime Can't Do the Job: Key Characteristics of a MT Initiative



# Agenda

1. Welcome and Introductions
2. Why Market Transformation
3. MT Foundations
4. Group Exercise
5. Takeaways

# Midwest Market Transformation Collaborative

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*Working together, MW Utilities can leverage resources, expand market impacts (and therefore savings!), and share costs*

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MT Collaborative provides a utility forum to:

1. Develop MT practices and methods
2. Develop MT initiatives (products & services)
3. Facilitate the pooling of resources to implement MT initiatives

# Midwest MT Collaborative Members

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## Current 2020 Members



# What's the big deal about Market Transformation?

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## Challenges in Energy Efficiency

- Not enough cost-effective savings opportunities to meet the increasing energy efficiency portfolio savings goals

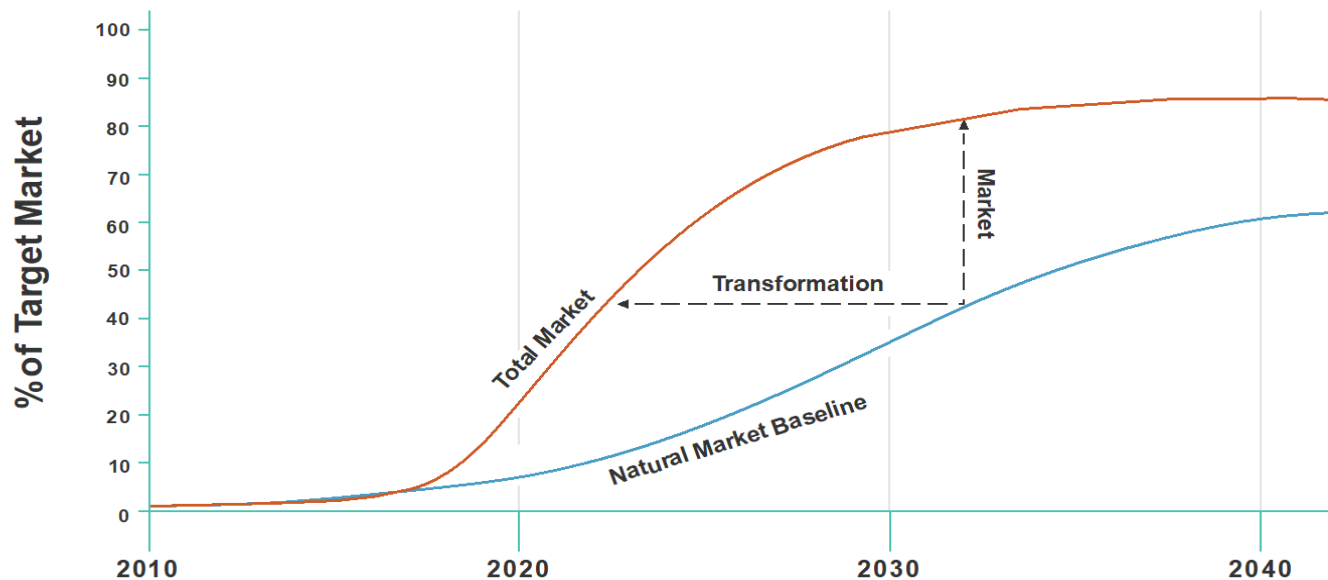
## What is different about market transformation?

1. Leverages markets to get more savings
2. Targets lasting market changes
3. More cost-effective, when the market is large, and changes are lasting

**LEVERAGE BIG MARKETS TO UNLOCK THE OPPORTUNITY FOR BIG SAVINGS**

# What is Market Transformation?

- Market Transformation (MT) is the strategic process of intervening in a market to create lasting change that results in the accelerated adoption of energy efficient products, services, and practices



# MT Success Story: Clothes Washers

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- ENERGY STAR certified clothes washers only had a 2% market share in 1997
- NEEA developed programs to provide targeted incentives for clothes washers and promote through consumer awareness campaigns
- In 2006, market share increased to 50%, prompting NEEA to work with other partners to increase federal standards and increase the ENERGY STAR specifications
  - Most stringent standard reached 100% market share in 2011





# MT Foundations



# MT Business Plan

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- Documents the strategy, data and assumptions about the initiative at the time of launch
- Can evolve as knowledge of the market and the initiative evolves but is essential to prepare and guide launch of the initiative into the market
- Key components include:
  - Identification / description of the specific market to be targeted
  - Description of leverage points that catalyze transformation
  - Logic model or hypothesis of how the planned intervention will result in the desired market change
  - Market progress indicators
  - Savings baseline and projections

# MT Criteria

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- Strong MT Logic:
  - There must be the beginnings of a thoughtful logic model that clearly defines the market and defensibly links the present state of the market to the desired future state. There must be identified market barriers and opportunities that the intervention strategies can overcome to effectuate market change.
- Lastingness:
  - Initiatives that have the ability to cause lasting market changes through updates to codes, standards and equipment specifications are preferred over those that rely on softer mechanisms to assure long-term market change.
- Leverage:
  - Initiatives where there are opportunities for strong leverage points in the market.
    - A leverage point is an action/intervention where making a change with one market actor causes changes in multiple other market actors (aka: ripple or cascading effect)
    - Examples would be market leaders who control ~>25% of the market (or the actors who influence them)

# Barriers

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- Impediments that hinder the effective operation in a market. They can be related to the product, information availability, and customer preferences
  - Examples: Lack of awareness, few products on the market, lack of installers, product not a like-for-like replacement



# Opportunities

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- Opportunities can positively impact the adoption or market change of the desired technologies
  - Examples: changing climate policies, new innovations, codes and standards, non-energy benefits of the product/service



# Intervention Strategies

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- Directly attempting to change the market through specific actions
  - Examples: Marketing campaigns, installer trainings, incentives



# Group Interactive Exercise





# Interactive Exercise

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- **Opportunities:** market opportunities are changes in the market or product that could positively impact the adoption or market change of the desired technologies. Examples include state/federal legislation, codes and standards revisions, non-energy benefits, and national organizations.
- **Barriers:** are impediments that hinder the effective operation in a market. They can be related to the product, information availability, and customer preferences.
- **Leverage:** identified changes to one market actor that will cause changes in multiple other market actors. Examples would be market leaders who control ~>25% of the market (or the actors who influence them)
- **Lastingness:** identified market changes that will ensure the market adjustment after the intervention activities stop. Codes, standards, and equipment specifications are examples of lastingness
- **Intervention Strategies:** actions or activities in the targeted market with the intention of accelerating the adoption of the technology or solution, to achieve the proposed outputs and outcomes

# Group Share: MT Potential for Technologies

# Contact

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# Thank You!