



20 Years of Market Transformation – Key Lessons

Presentation to Illinois DCEO Stakeholder Advisory Group Meeting

April 26, 2016

Jeff Harris, Chief Transformation Officer - NEEA

Today's Talk:



Market Transformation Lessons from the NW:

- Its all about innovation
- A long-term View
- Market Barriers occur on both Demand and Supply side
- Don't forget opportunities
- Its logical to be strategic
- Measuring progress in the near-term for long-term success
- Adaptive Management
- The power of collaboration

The Northwest Energy Efficiency Alliance



Market Transformation – A History of Success



1997



1999



2001

2005



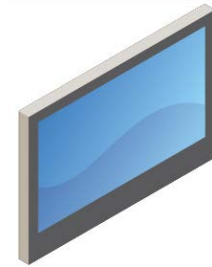
2008



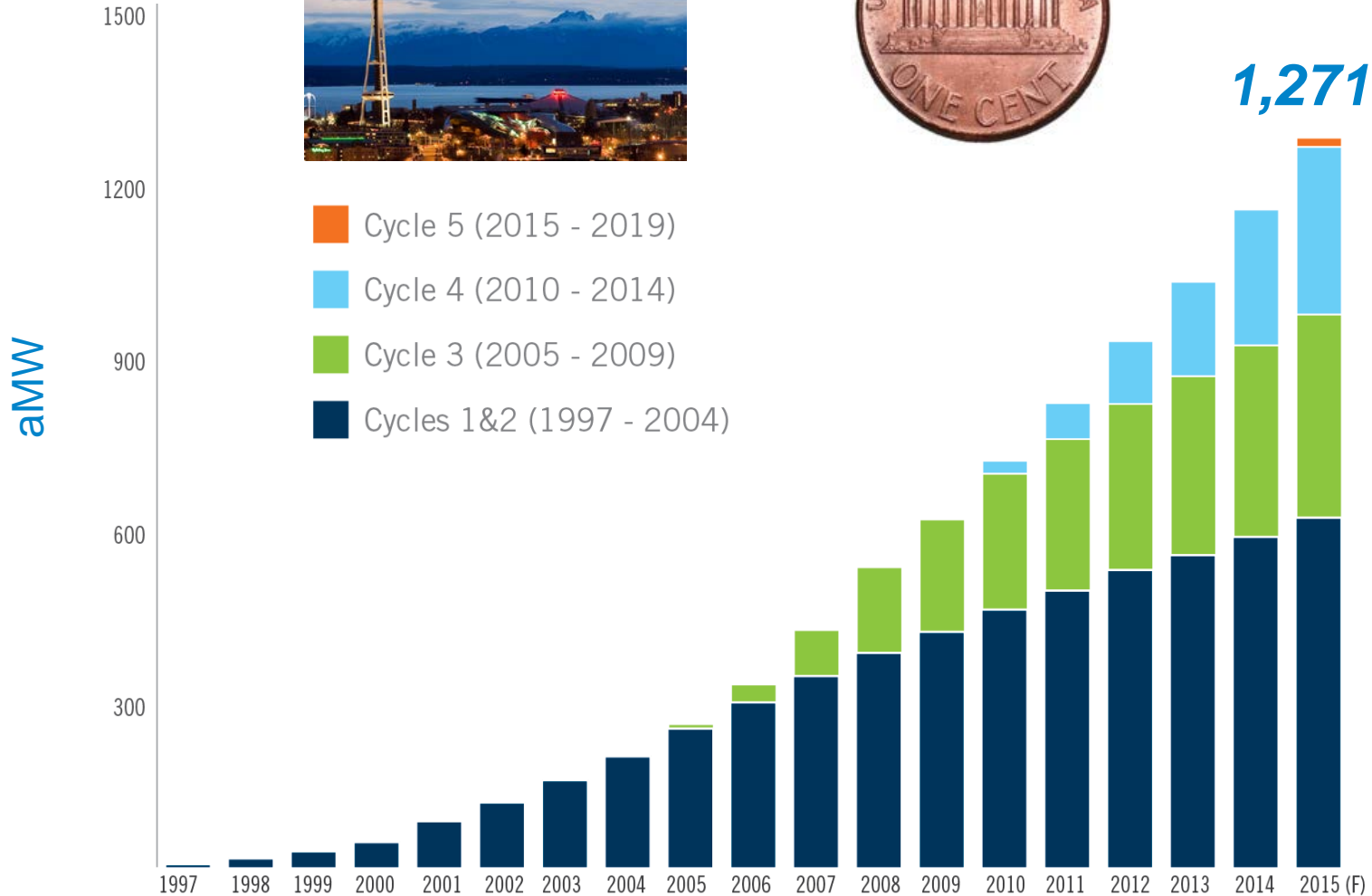
2010



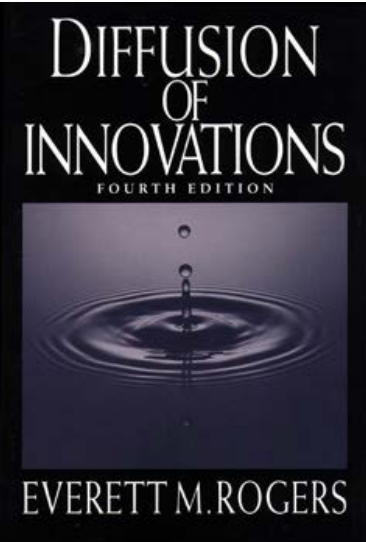
2015



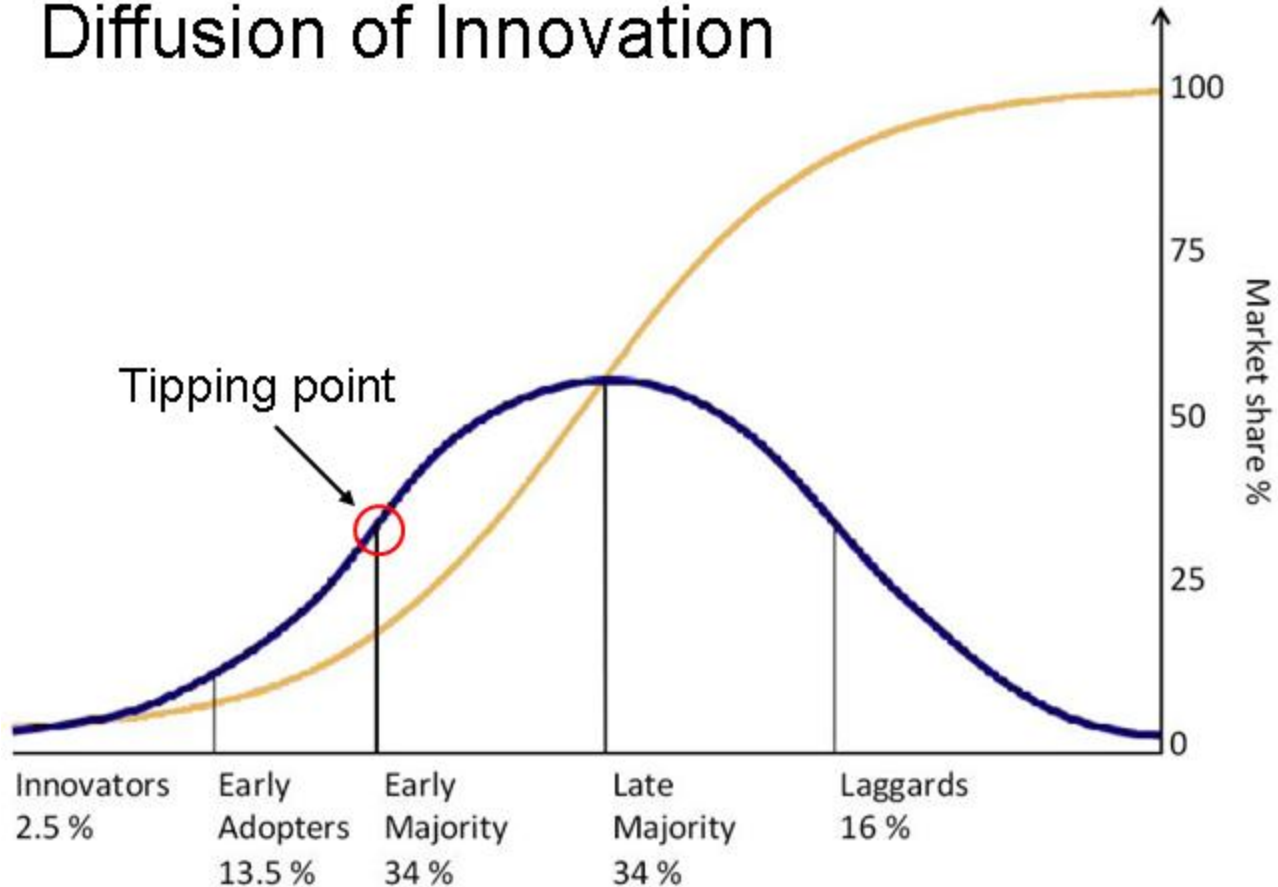
Cumulative Total Regional Savings from Market Transformation



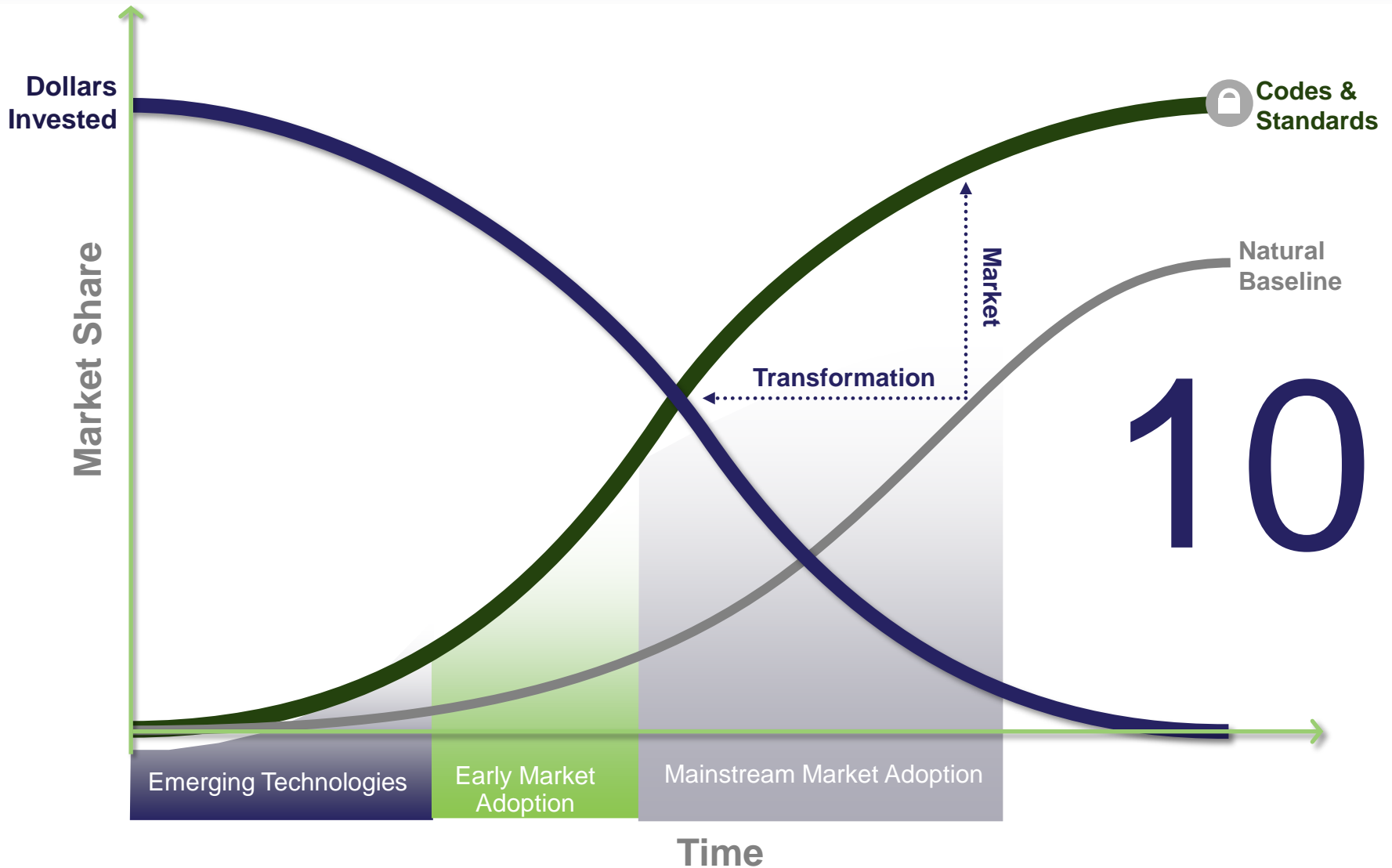
Energy Efficiency & MT: all about innovation



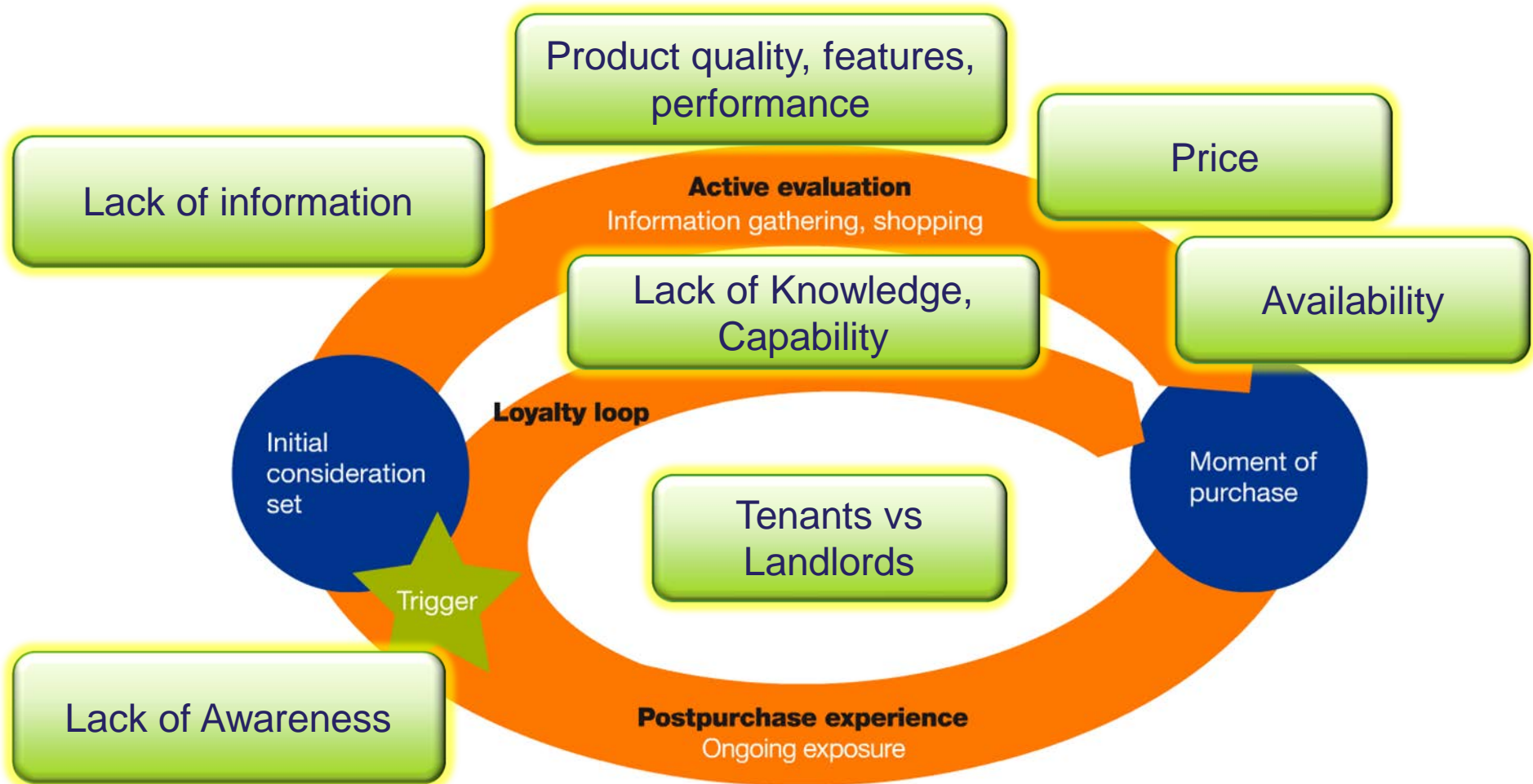
Diffusion of Innovation



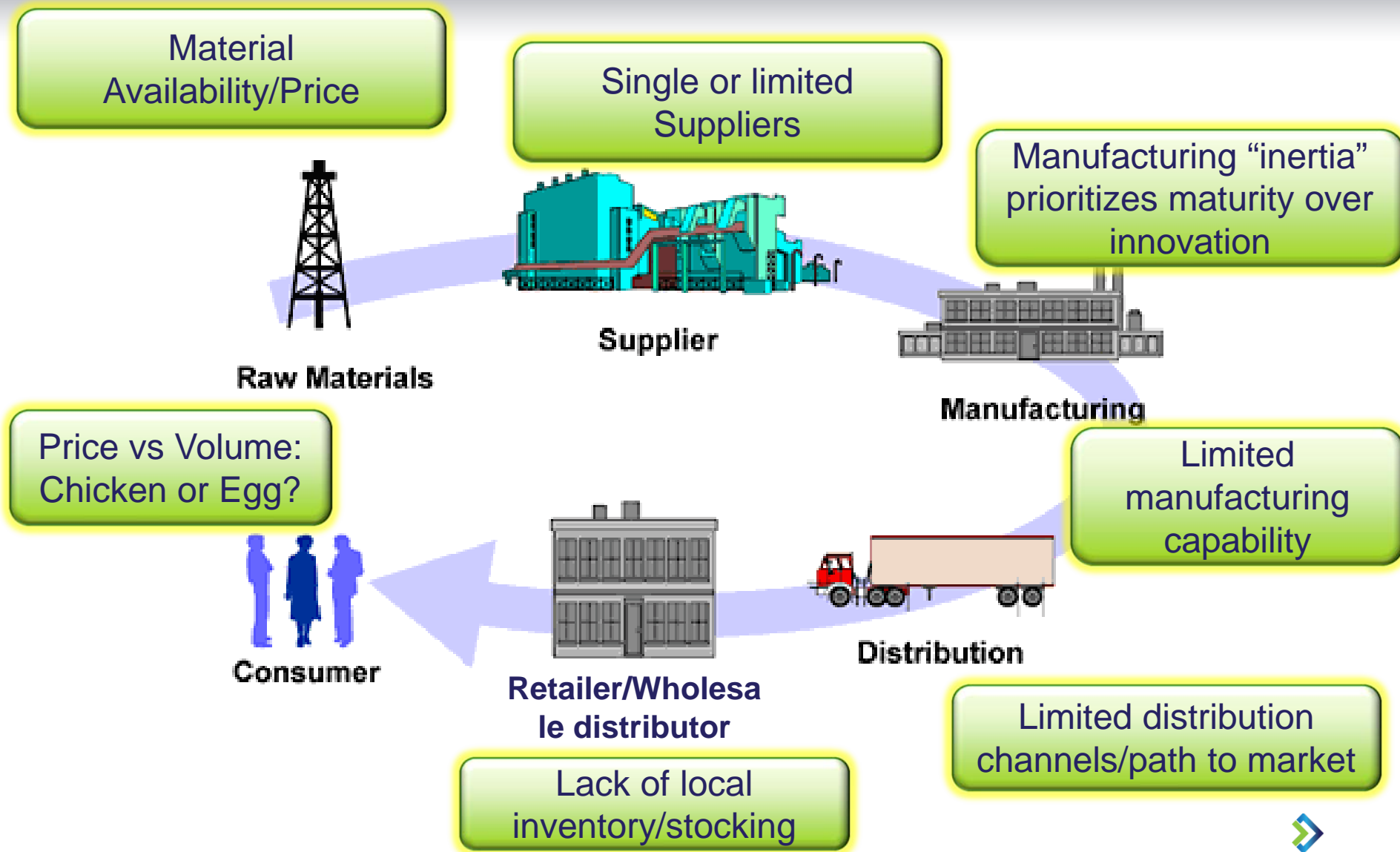
Market Transformation is a long-term process that accelerates market adoption of EE innovations



Market Barriers: Demand Side



Market Barriers – Supply Side



Don't forget Market Opportunities!

“Any driving force for change in a market that can be harnessed to pull energy efficiency along with it.”

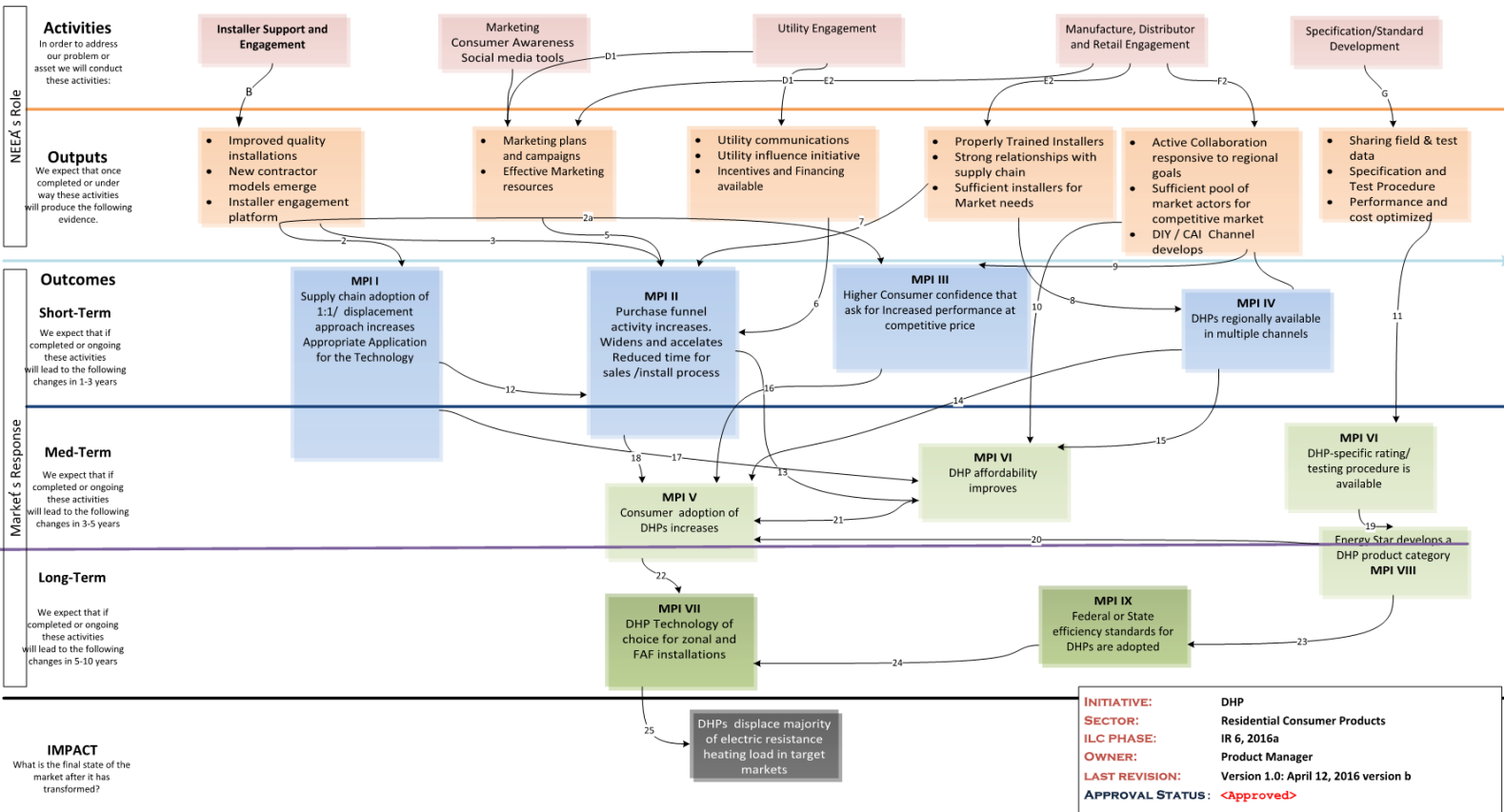


Documenting intent: Logic Models and Measurement

DHP TARGET LOGIC MODEL: Single Family existing homes(Electric Zonal Resistance and Electric FAF), Existing MFR Homes (Electric FAF) 20 year savings 130+ aMW's (To be reviewed and edited by Q2 2016) Focus on the Displacement electric home

Barriers / Opportunities

- Low consumer confidence and familiarity /Product Valuation
- No Trigger Event
- Existing Business Model drives higher costs
- High First Cost
- Supply-chain lack of acceptance of 1:1/ displacement approach
- Weak supply-chain support of Marketing and Training
- Utility Cost Effectiveness
- Lack of standardized rating/testing protocol

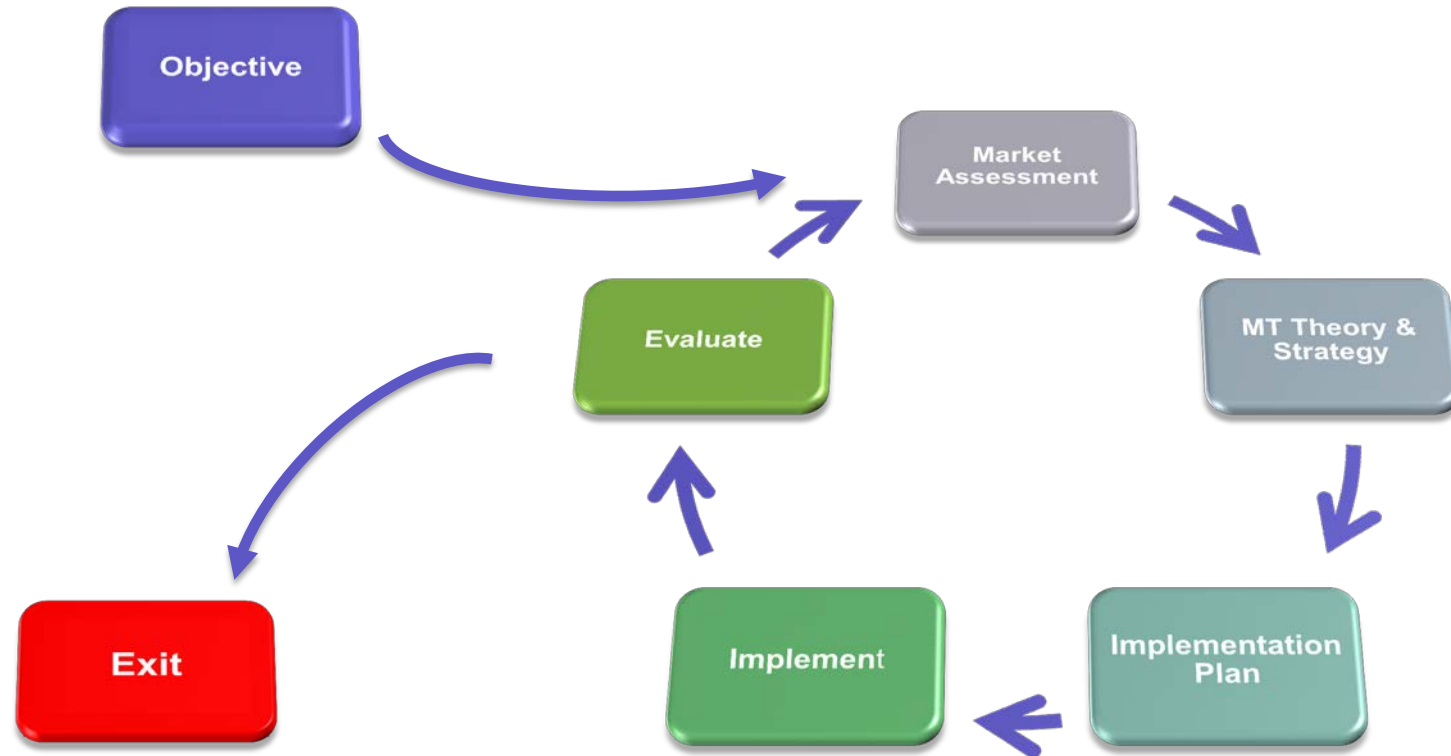


What makes a good market progress indicator?

- Direct link to market barrier/opportunity
- Descriptive of the strategic intervention goals and objectives, logic
- Measurable: practical and cost-effective measurement available
- Grounded in market data
- Integrated with program implementation



MT Implementation: An adaptive process



The Power of Collaboration – The power of OneVoice

NW: 145 Utilities <> Together 5% of US

PG&E & SMUD: 6% of US Market

PG&E & SMUD + NW: 11% of US Market

Together we influenced global market for flat-screen TVs from 2009-2013

Thank You!

Accelerating
Market
Adoption

Filling the
Energy
Efficiency
Pipeline

Delivering
Regional
Advantage



Jeff Harris
Chief Transformation Officer, NEEA

Extra Slides

What is Market Transformation?

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

A Tale of Two Program Types: Direct Acquisition and Market Transformation

Direct Acquisition	Market Transformation
“buying kWh savings”	“buying market change that results in kWh savings”
Focus on individual end-users; single transactions	Focus on permanent changes to whole markets
Incentives targeted to consumers to buy down cost	Incentives targeted to change supply chain behavior
Assumed direct linkage between actions (incentives) and results	Actions designed to expand beyond immediate action and diffuse into whole market.
Annual or bi-annual savings targets	Long-term (5 to 10 year) market adoption goals (eg. 85%)

DHPs – Market Transformation Objective



DHPs – Market Transformation in Action

Retail Partnership Programs Launches

Receive Up to \$1,200 in Utility Rebates*

Installed Ductless Systems

GET IT INSTALLED

Installed Ductless Cooling & Heating Systems

Discover Ductless. 3waystop.com ends 12/31/11

PLACE. DUCTLESS

2006-2007

2008

2009

2010

2011

2012

DHPs – Market Transformation in Action



- Barriers:**
- Availability
 - Trained installer base
 - Contractor Business Model
 - Consumer Awareness/Demand
 - Price



NEEA brings Technical Training to the region and conducts field testing

- Opportunities / Leverage:**
- Supply Side Partnership
 - Local Utility Programs
 - Dissatisfied Consumers

NEEA/Grant PUD/BPA hold demonstration projects



Comfortable Customers are Happy Customers



Utility Programs and Incentives



Retail Partnership Launches



Pilot Program a Soaring Success

900+ Installers oriented
Regional installation goal of 2,500 Units hits 4,000



Master Installer Program Launches

2006-2007

2008

2009

2010

2011

2012