



Market Transformation National and Regional Landscape

IL Stakeholder Advisory Group
November 7, 2018

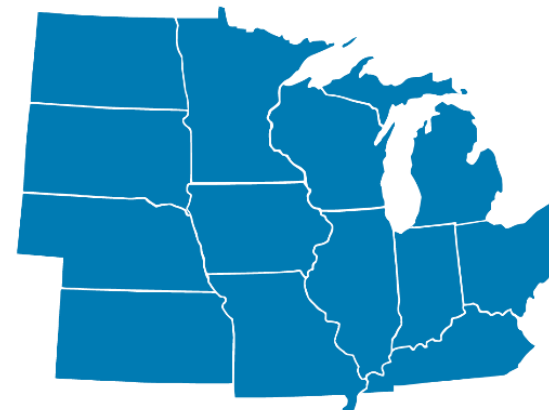


About MEEA

The Trusted Source on Energy Efficiency

We are a nonprofit membership organization with **160+ members**, including:

- Utilities
- Research institutions
- State and local governments
- Energy efficiency-related businesses



As the key resource and champion for energy efficiency in the Midwest, MEEA helps a diverse range of stakeholders understand and implement cost-effective energy efficiency strategies that provide economic and environmental benefits.



The way we deliver energy savings is changing

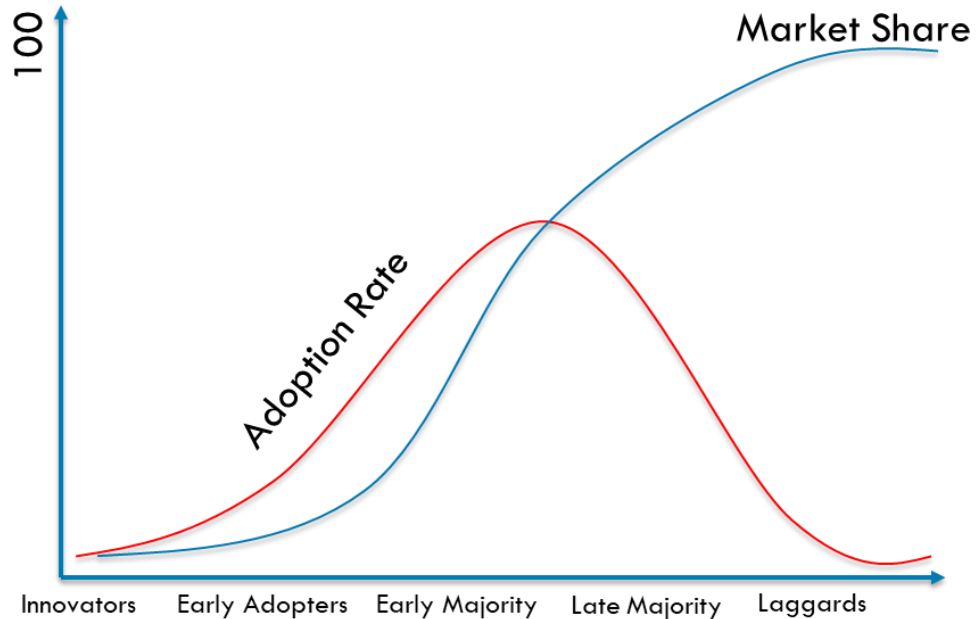
- Single-equipment incremental efficiencies are getting squeezed - we have fairly efficient equipment
- Baselines are creeping up due to federal and state standards, and through the natural maturity of some markets (due in part to better informed end-users)
- Technology development is outpacing industry's ability to pilot, evaluate, design and launch new programs
- Transaction costs are increasing
- Sensors are becoming cheaper and more available

Market transformation – a possible solution?

- Allows for utility/state/regional coordination
- Leverage existing market and reach economies of scale
- Reduction of per measure transaction and administration costs
- Long term, sustainable interventions

Market transformation - definition

The process of strategically intervening in a market to create lasting change that accelerates the adoption of energy efficient products, services and practices



Market transformation - people

Training the supply side



Educating the demand side



Market transformation - people



Midwest Energy Efficiency Jobs

- First-year impacts:
18,600 new jobs
- 25 year impacts:
104,925 jobs



Market transformation - product

- New and innovative delivery channels
- Going further upstream



Market transformation- What is the Opportunity?

- First determine:
 - What are the unique Illinois barriers to Market Transformation?
 - What products, technologies and services are primed for Market Transformation?
 - Are there opportunities for increased investment in the Midwest
- Not a new concept
 - NEEA and PG&E
 - Logic models, long time horizons, benchmarks and progress indicators
- NEEA and NEEP
 - Regulatory structure that allows for market change attribution as opposed to measure by measures attribution
- Natural extension of emerging technology programs
- Resource Acquisition to Resource Acquisition AND Market Transformation
- FEJA allows for 5% of portfolio to be spent on long-term Market Transformation efforts. How are savings reported?

Steps to Design Market Transformation Initiatives

1. Ensure policy alignment with utility management and regulators
2. Target market initial selection
3. Target Market assessment and characterization
 - a) Supply chain and current market descriptions
 1. Products/services in the market and position of the energy efficient version
 - b) Natural baseline and savings estimates
4. Designing the intervention to overcome barriers
 - a) Program theory (or logic model)
 - b) Description of the market transformation “story”/strategy
5. Documentation of full initiative (“Initiative Business Plan”) and commitment from utilities to participate
6. Market Development/Launch
7. Evaluation strategy & long-term monitoring for adaptive management

Market Transformation Initiative Business Plan

The MT Initiative Business Plan is intended to document the strategy, data and assumptions about the initiative at the time of launch. It is a document that can evolve as knowledge of the market and the initiative evolves, but it is key to have the initial version in place at the launch of the initiative in to the market.

Market Transformation Initiative Business Plan – Key Chapters

- Identification/description of the specific market to be targeted
- Description of the “leverage” point(s) that catalyze transformation.
- Logic Model or hypothesis of how the planned intervention will result in the desired market change
 - Barriers that prevent market adoption
 - Activities/interventions that will catalyze the change
 - Outputs that result from the activities
 - Market Outcomes (short-, medium- and/or long-term) that are measurable responses to the activities
 - Ultimate desired impact – which is the final state of the market after it is transformed.
- Market Progress Indicators
 - Data collection/management plan
 - Document any input from Evaluators
- Multi-year budget
- Multi-year savings, including description of baseline over time
- Estimate of cost-effectiveness
- Names of utilities most likely to be involved with operating this initiative.
- Description of interaction with other programs (if any) by utility.
- Description of Jobs or Disadvantaged Community Impacts.
- Discussion of risks specific to this initiative
- Date of adoption and Date of amendment(s), if any

Logic Models – *the Market Transformation “Story”*

Purpose

- The tool is intended to describe logic models and provide examples of their application to market transformation.

Definition

- Logic models are used to link the activities planned to outcomes desired. A key benefit of developing a logic model is to clarify the hypothesis of exactly how the planned market intervention will actually result in removal (or reduction) of a known market barrier and create increased market share of the efficient product or service.

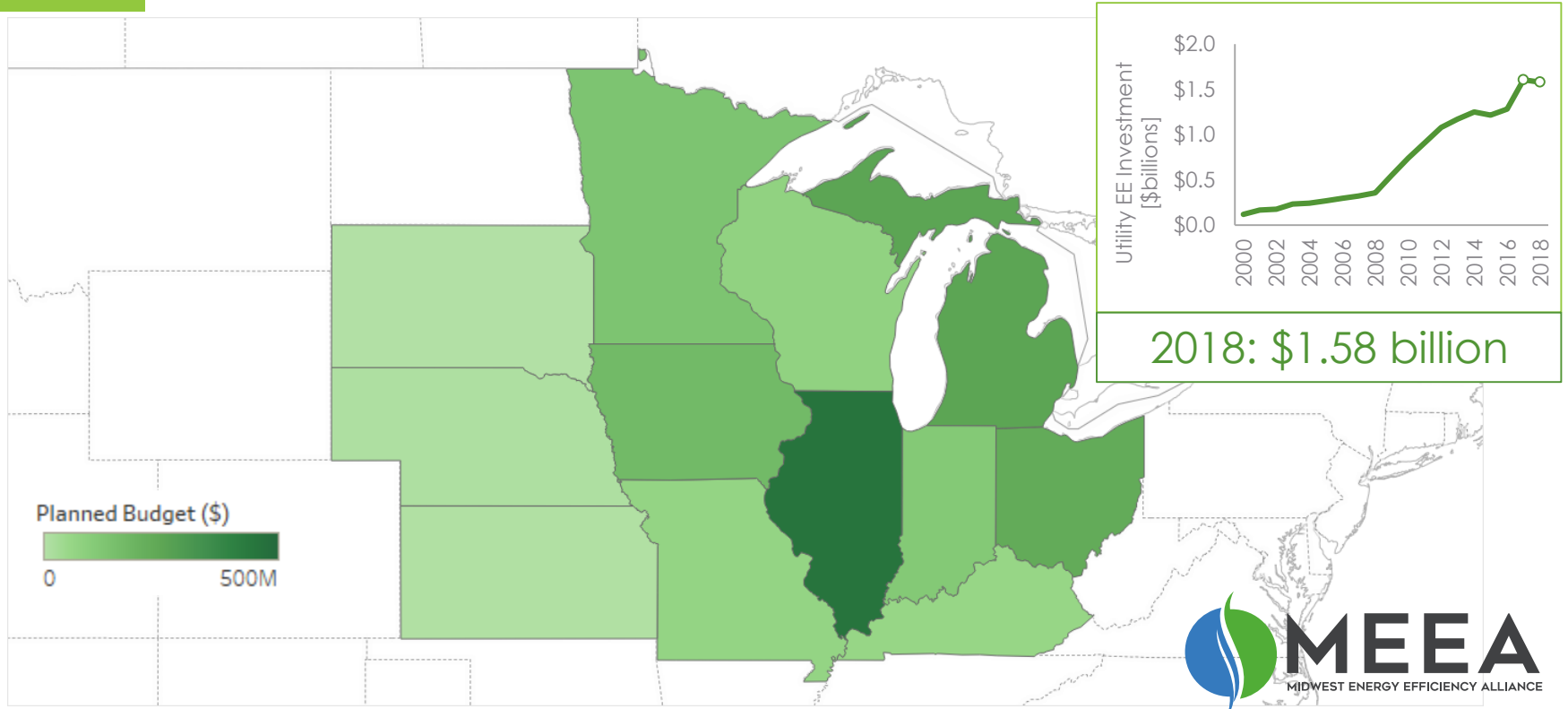
Logic Models – *the Market Transformation “Story”*

Logic models typically include the following items and are typically shown in a table or graph format.

- Barriers that prevent market adoption
- Activities/interventions that will catalyze the change
- Outputs that result from the activities
- Market Outcomes (short-, medium- and/or long-term) that are measurable responses to the activities
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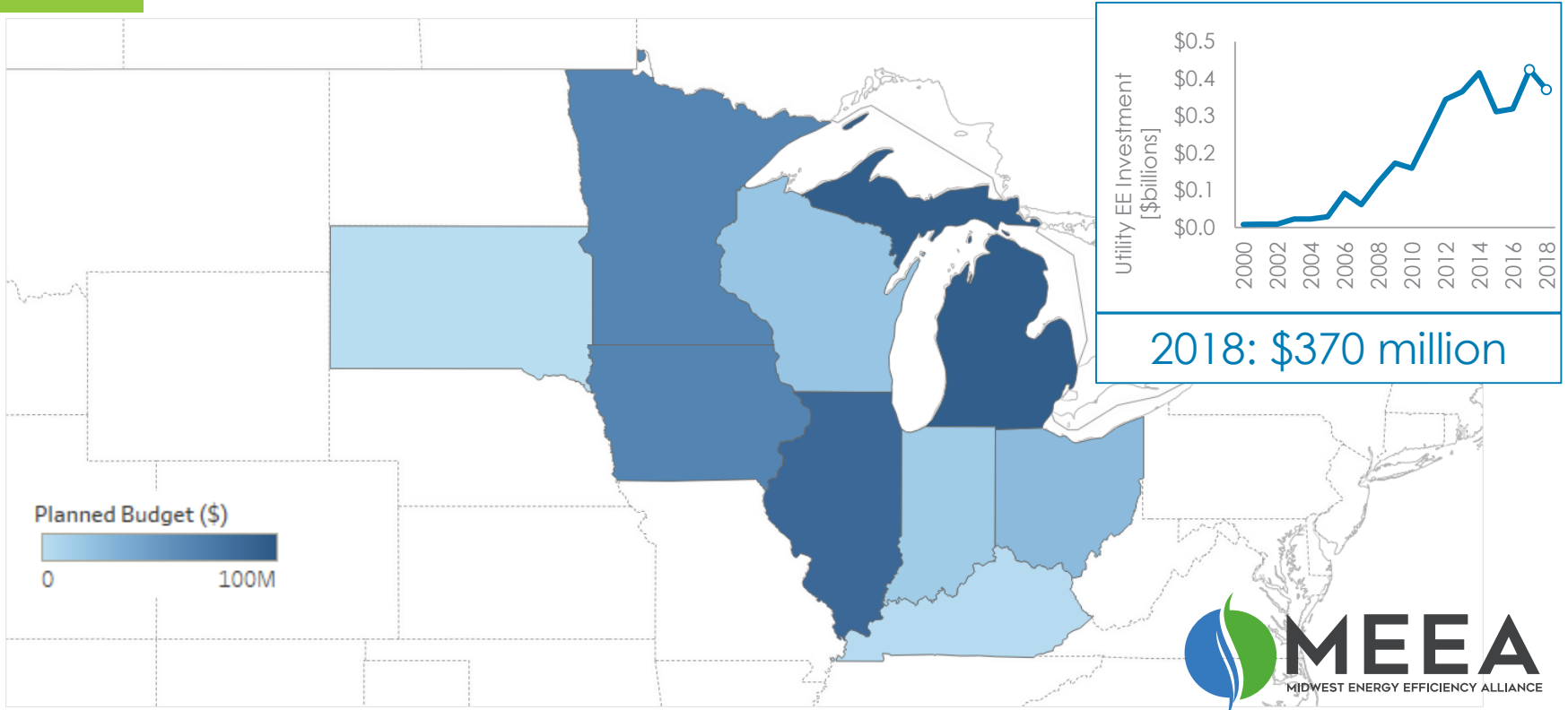
Energy Efficiency Investment in the Midwest

Statewide **Electric** Energy Efficiency Budget

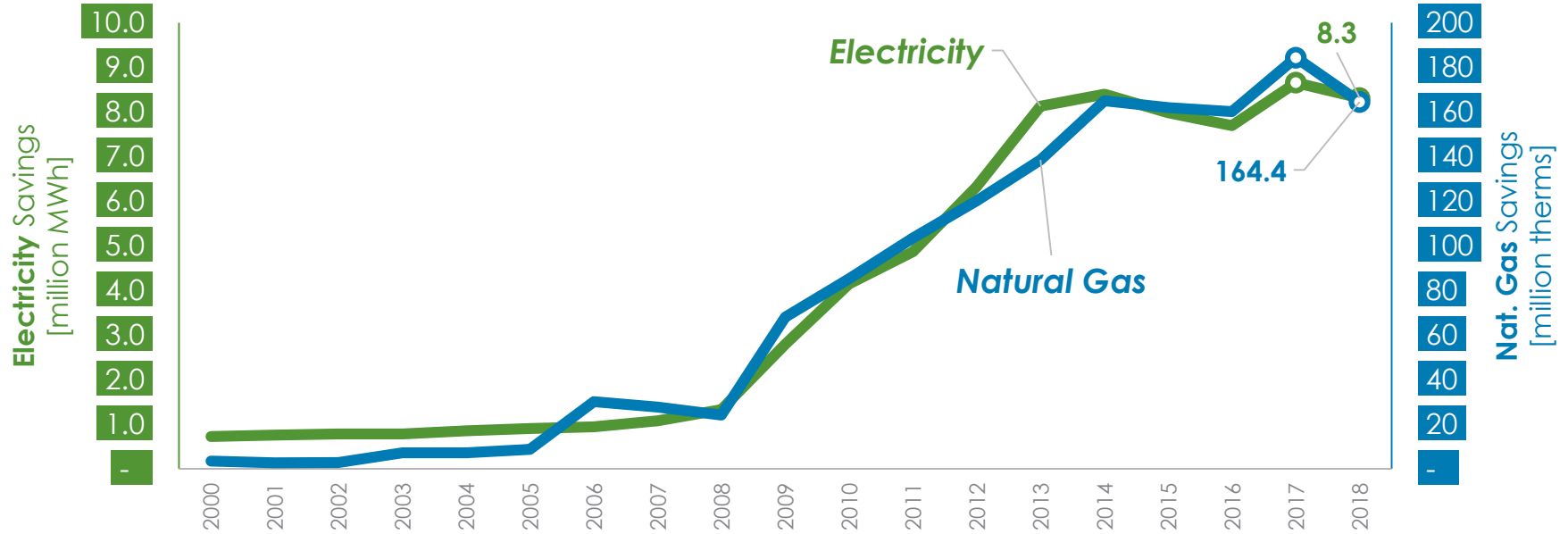


Energy Efficiency Investment in the Midwest

Statewide *Natural Gas* Energy Efficiency Budget



Midwest **Energy** Savings through Utility Energy Efficiency



Thank you!

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