

Guidelines for Selecting Market Transformation Indicators (MTIs)

CPUC Definition: Market Transformation is long-lasting, sustainable changes in the structure or functioning of a market achieved by reducing barriers to the adoption of energy efficiency measures where *the continuation of the same* publicly-funded intervention is no longer appropriate in that specific market. *Market Transformation includes promoting one set of efficient technologies, processes or building design approaches until they are adopted into codes and standards (or otherwise substantially adopted by the market), while also moving forward to bring the next generation of even more efficient technologies, processes or design solutions to the market.* (CPUC Application – Decision: 08-07-021, Filed 7/21/08 Section 4.6.1. Defining Market Transformation – page 2; updated in D.09-09-047¹ at page 88-89).

1. Market Transformation Indicators (MTIs) should refer to markets, not programs. Markets transcend programs and exist in the absence of programs.
2. MTIs should address markets that are actually being targeted by IOU programs and initiatives (or that are planned to be so targeted).
3. Changes in any single market indicator in a direction consistent with market transformation does not in and of itself establish that a) market transformation has occurred, nor that b) the change was caused by a specific utility program, however it provides intelligence as to whether or not the market is moving in a preferred direction and may influence decisions about interventions that should be continued or dis-continued.
4. MTIs should be designed for simplicity and cost effectiveness when considering data collection and reporting requirements. (CPUC Application – Decision: 08-07-021, Filed 7/21/08 Section 4.6.2.2. Discussion – page 3 item 1.) Some MTIs such as market share can be difficult and expensive to measure. Costs versus benefits of each MTI need to be considered.
5. MTIs should have longevity; 2013-2030.
6. MTIs should be selected for a “subset of portfolio programs or measures that have the most impact in terms of savings potential or dollars spent.” (Res E-4385, Market Transformation Indicators, Page 4). Additionally, they should be selected for markets targeted by IOU programs and initiatives that include, but are not limited to, explicit market transformation strategies.

Additional MTI Considerations

1. Markets can be transformed by changes anywhere along the supply chain including manufacturers, distributors, retailers, installers, designers, and consumers. Similarly, MTIs can focus on different

¹ <http://docs.cpuc.ca.gov/PUBLISHED/GRAPHICS/107829.PDF>

parts of the supply chain.

2. There are many factors influencing market effects, market change, and market transformation. Energy efficiency programs are but one factor.
3. Market transformation may be achieved by reducing barriers to adoption of energy efficient technologies. MTIs should be defined with an understanding of the barriers, and with the ability to monitor changes in barriers that are targeted by program design.
4. Market transformation and its tracking through the use of indicators should be considered as a continuous process. Market changes may make it necessary or desirable to update some MTIs over time to better track the changed functioning of the market.
5. There is not a one-to-one mapping of indicators to programs. A single market indicator may reflect the market influences of multiple IOU programs. Conversely, a single IOU program may influence multiple markets.