# Market Transformation and Market Support Objectives Distinction

Updated Proposal from Center for Sustainable Energy (Stephen Gunther)

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## Discussion Item Background

The California energy efficiency (EE) market will benefit most from a collaborative approach between the Market Transformation Administrator (MTA) and EE Rolling Portfolio Program Administrators. The CPUC has indicated in several venues that it believes MT and the Market Support (MS) segment are separate and distinct efforts, however, further clarity on how stakeholders understand that distinction will help inform MS objectives and avoid duplication or a competitive environment.

## Objectives

Develop a shared understanding on the general distinctions between Market Transformation Initiatives (MTI) and Market Support programs and determine whether objectives need to be clearly distinct.

### D.09-09-047 Market Transformation Definition

D.09-09-047, p. 88- 89: “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 to the point where 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.”

### D.21-05-031 Market Support Definition

D.21-05-031, p. 14: “Market Support: Programs with a primary objective of supporting the long-term success of the energy efficiency market by educating customers, training contractors, building partnerships, or moving beneficial technologies towards greater cost-effectiveness.”

## Proposed Draft Language for Inclusion in Report *(new from 8/9/2021 proposal)*

The California energy efficiency (EE) market will benefit most from a collaborative approach between the Market Transformation Administrator (MTA) and EE Rolling Portfolio Program Administrators. The CAEECC Working Group understands MT and the Market Support (MS) segment to be distinct efforts and offers the following guidance:

* MT and MS efforts will require ongoing and significant collaboration among administrators and stakeholders to be successful.
* MTIs and MS programs will not operate in silos and activities within each effort are anticipated to influence the other; including providing additional support or changing the needs of the EE market.
* Administrators should not be inhibited by rigid distinctions but should consider conceptual differences when designing MS programs and identifying MTIs.

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| Figure X: Conceptual distinctions between MT and MS | | |
| **Market Transformation**  **Market Support** | | |
| Initiative specific: MTIs target reducing barriers to a specific technology and/or behavior solution. |  | **Broad EE support**: MS often provides cross-cutting support of the EE market through workforce development, capacity building, and education intended to support multiple EE resources. |
| Disruptive: MTIs are characterized by change and disrupt existing markets. |  | **Supportive:** MS programsseek to support existing or anticipated market needs. |
| Finite: MTIs are intended to transform a specific market and phase out upon achieving a sustainable market for a particular technology, process, or design solution. |  | **Ongoing:** Some market needs require ongoing support (e.g., maintaining a skilled workforce; continuing to education customers on the benefits of EE). |