- How can program administrators project the amount of additional savings that financing programs may help program administrators obtain?

- How can evaluation be used to track progress over the short and long term, informing program design and potentially tying into performance incentives?

- How can regulators determine the influence of financing on a portfolio's overall cost-effectiveness, and how can programs assess the impact of financing within broader efforts to effect large-scale market transformation?

California Potential Goals Study, 2015

- Statewide assessment of energy efficiency (EE) potential
  - Estimate additional EE **market** potential by financing

- Why Potential Model?
  - Lack of robust historical financing program data
  - Bottom-up approach
  - Potential estimation tied to consumer choice

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Market Failures and Barriers

Lack of Capital Access

Liquidity Constraint

Hassle Factor

Split Incentives

Information Search Cost

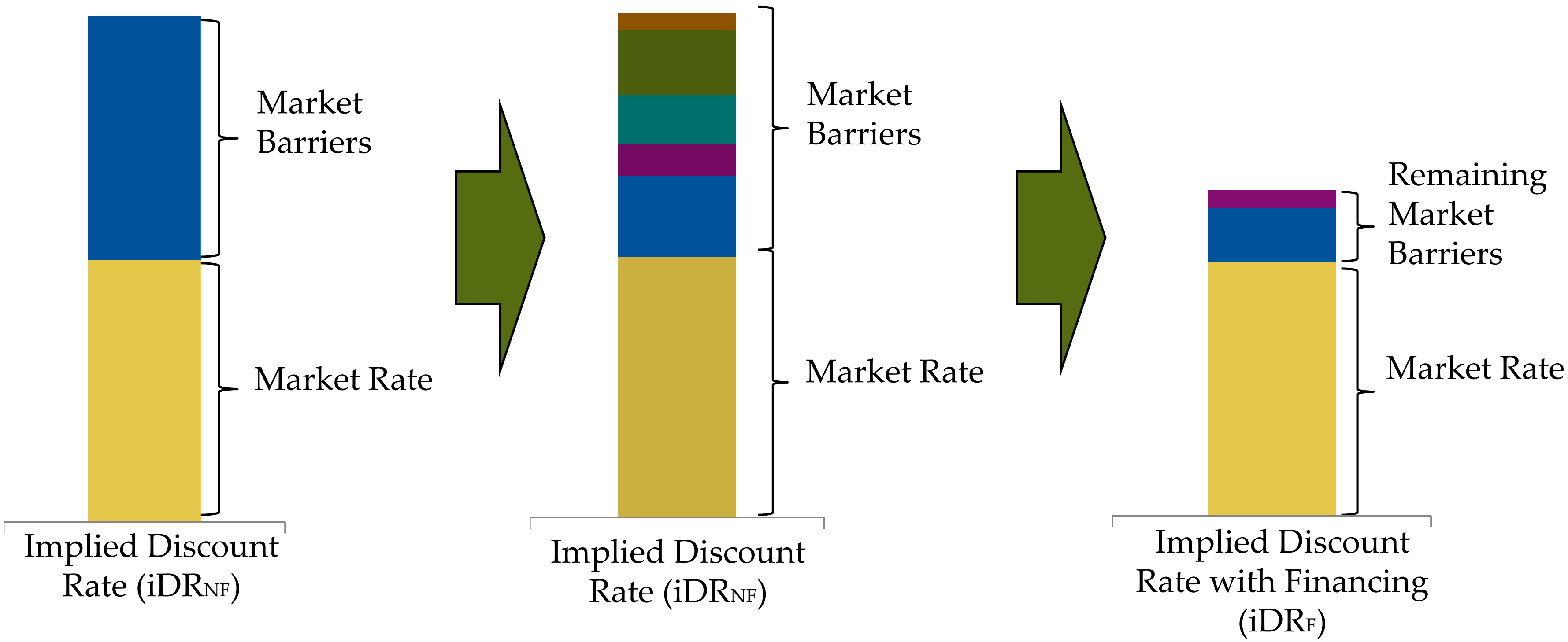
Externalities

Behavioral Failures

Slow Technology Diffusion

*Gillingham, Newell, and Palmer, 2009. “Energy Efficiency Economics and Policy”. RFF DP 09-13

Discrepancy between the implied discount rate and the market rate as due to market barriers facing EE industry.*



*Gillingham, Newell, and Palmer, 2009. "Energy Efficiency Economics and Policy". RFF DP 09-13

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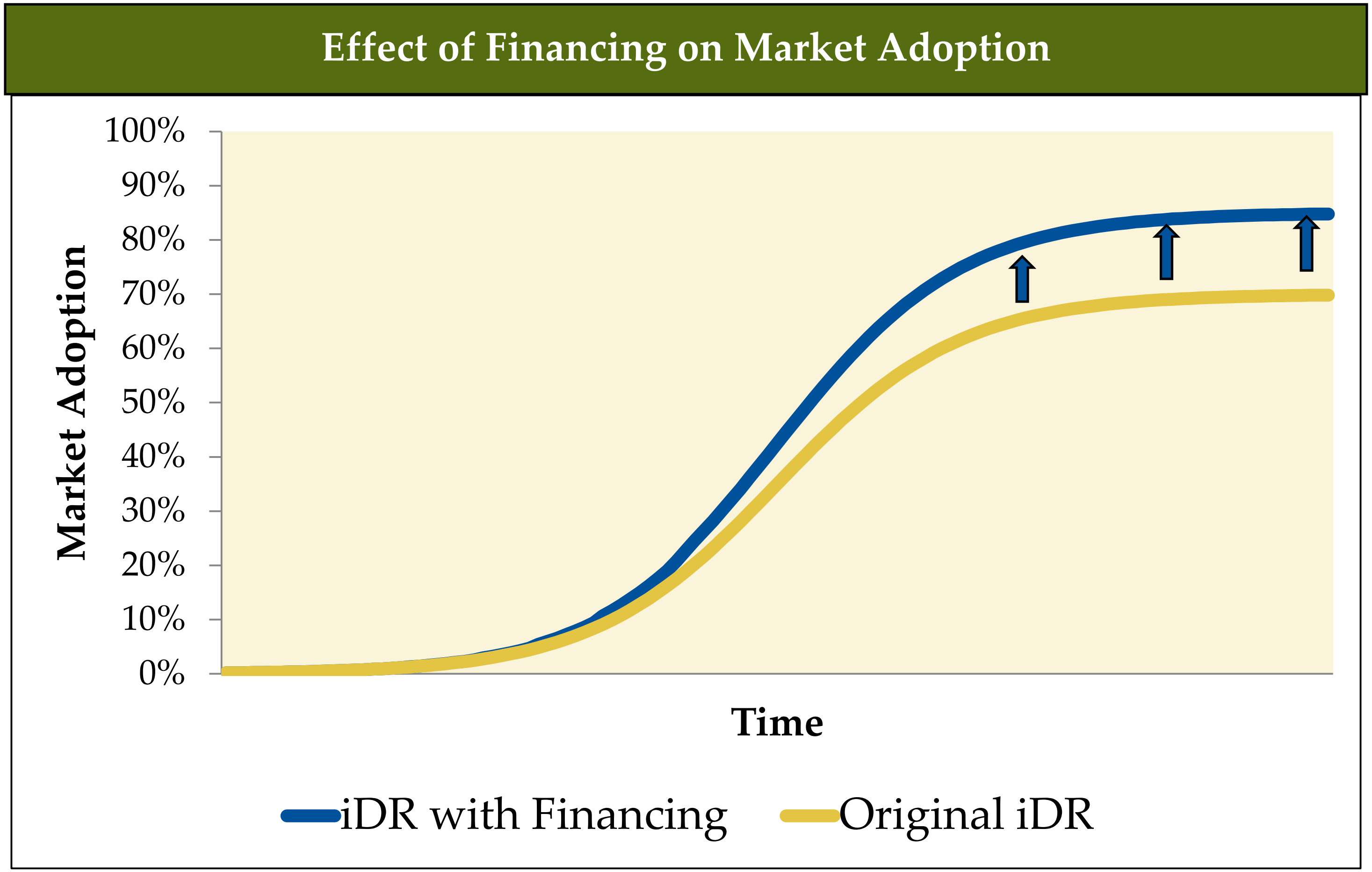
Financing will lead to an upward shift in the market adoption curve.



The shift begins at the time that financing is introduced to the market.

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The impact of financing is more prominent in the residential sector than in the commercial sector.

	Residential	Commercial
Average incremental electric savings 2013-2024	5 % (288 GWh) of Residential sector electric potential savings	3% (272GWh) of Commercial sector electric potential savings
Average incremental gas savings 2013-2024	18% (26 MMTherms) of Residential sector gas potential savings	5% (4 MMTherms) of Commercial sector gas potential savings

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