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August 27, 2015

**MEMORANDUM**

**TO: RTF Policy Advisory Committee**

**FROM: Jennifer Anziano**

**SUBJECT: Market Transformation Lag Policy Statement**

At the May 15, 2015 PAC Meeting, the PAC discussed the RTF’s role in addressing market transformation lag through its measure development (see the [May agenda](http://rtf.nwcouncil.org/rtfpac/meetings/2015/05/Default.htm) for the presentation on this topic). The PAC decided that this is outside the RTF scope. The PAC agreed to develop a policy statement—which Jennifer would draft and the PAC would refine at its next meeting—that could be included in the RTF guidelines. The goal for today’s discussion is for the PAC to refine the draft policy statement, as needed.

The ***draft*** policy statement as captured in the meeting minutes from May is:

*The RTF establishes current practice baselines based on the average efficiency, recognizing there is some distribution across the market. The RTF PAC recognizes that when markets change--whether through market transformation or codes and standards--there are inherent lags between those regulations and changes in the market. Additionally, the PAC recognizes that there is a distribution to those lags across the market, as they vary based on geography, income, and other factors. Due to the complexity of those changes and the lack of data, they are not issues on which the RTF will establish energy savings estimates.*

**What if the RTF has Baseline Data for Small/Rural Markets?**

Since the PAC meeting, the Small/Rural Subcommittee of the RTF met to discuss barriers for small/rural utilities. The subcommittee spent a lot of time discussing the differences between current practice in urban verses rural areas and the ultimate implication for program implementation when regional analysis uses a baseline significantly different than the reality experienced in rural areas.

This discussion raised two additional questions for PAC consideration:

1. If the RTF had data to calculate a specific current practice baseline for small/rural areas, should the RTF develop specific energy savings estimates for those regions? (For example, if the RTF had shelf survey data collected specific to rural areas, should the RTF develop a small/rural measure identifier for a measure to calculate those energy savings.)
2. While the RTF does not support primary research, could the small/rural budget be allocated to data collection in support of small/rural measure development? The specific example provided was supporting RBSA oversampling for heating zone 3—covering a lot of small/rural utilities—to enable better analysis for measures in this heating zone.