Utilities Leading the Charge – Successes and Lessons Learned as Market Transformation Accelerates in Illinois

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ABSTRACT

The Future Energy Jobs Act of 2016 enabled Illinois utilities to implement market transformation (MT) programs as part of their energy efficiency (EE) portfolios. In response, a series of workshops and planning sessions including utilities, MT industry experts, and program evaluators were held, resulting in the addition of new language to the state Technical Reference Manual (TRM) in 2019. This language outlined an MT framework for utilities, providing guidance on program theory and evaluation principles, including methods for calculating and attributing savings.

With that foundation in place, Illinois utilities began to pursue MT within their EE portfolios. The first example included joining the national ENERGY STAR Retail Products Platform (RPP) initiative, in which utilities across the country partner to influence major retailers to stock and sell highly efficient appliances. Another early MT initiative provided education and support to municipalities considering the adoption of stricter energy codes and building performance standards. More recent MT program additions have focused on high-performance windows, rooftop HVAC technologies, lighting controls, and heat pumps. Each of these initiatives present unique challenges in program design, implementation, and evaluation.

This paper will provide an overview and status of the various market transformation programs currently being implemented by Illinois utilities. It will detail the wide range of MT strategies deployed, the levels of coordination among utilities, and lessons learned for incorporating MT into utility portfolios, including the need for close collaboration with program evaluators and stakeholders not only in Illinois but also in other jurisdictions.

Introduction

Market Transformation can be defined as "the strategic process of intervening in a market to create lasting change in market behavior by removing identified barriers or exploiting opportunities to accelerate the adoption of all cost-effective energy efficiency as a matter of standard practice" (NEEA 2025). At its core, the goal of a utility MT initiative is to drive energy efficiency by influencing a targeted market as a whole, rather than on a transaction-by-transaction basis (known as Resource Acquisition, or RA) as is used in most EE programs.

The State of Illinois's passage of the Future Energy Jobs Act in 2016 added the option of pursuing Market Transformation program designs as a strategy for Illinois utilities to meet their energy efficiency goals. As a first step toward establishing MT programs, in September 2018 ComEd hosted a Market Transformation Summit that included MT experts, evaluators, and utility representatives from across the country. The summit produced a 2019 report outlining best

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practices for MT that could be adopted into future Illinois utility programs (Navigant Consulting 2019).

The Illinois utilities and other stakeholders recognized the need for future MT initiatives to be evaluated very differently than traditional RA programs. Like other Illinois utility energy efficiency programs, any MT activities would be overseen by the Illinois Energy Efficiency Stakeholder Advisory Group (ILSAG), an advisory body open to the public established by the Illinois Commerce Commission to foster collaboration and consensus. In early 2019, the ILSAG created the Market Transformation Savings Working Group (MT Working Group) to provide a forum to discuss policy issues related to market transformation initiatives (ILSAG 2026).

The Illinois utilities, in collaboration with their third-party evaluators, developed and presented a framework describing the components of a MT program and outlining proposed methodologies for evaluation. This work was presented to the MT Working Group soon after the group was established. After incorporating input from the working group, the final version was documented in Attachment C of the Illinois Technical Reference Manual (Attachment C), first in version 8 and updated in version 12 (IL Technical Reference Manual 2023).

Attachment C provides guidance and best practices for the establishment of key MT components needed to demonstrate a utility's influence on driving market savings. These include:

- Natural Market Baselines (NMBs) – projections of what the targeted market would have done if the utility had not intervened, against which progress is measured
- Market Progress Indicators (MPIs) – metrics created to gauge the directional impact the MT initiative is having on the market, using a Preponderance of Evidence approach
- Unit Savings – definition of specific measurements to be used in quantifying program's impact on energy usage

Implementation Issues

When considering potential MT initiatives for implementation, the Illinois utilities identified several key issues to address. The first of these was a high level of uncertainty around the evaluation approach and subsequent evaluation outcomes. MT represented a new EE program design that required high upfront investment, with costs incurred and results realized over a number of years, as opposed to RA programs whose costs and performance are typically viewed a year at a time. To address this concern, regular discussions between utilities, evaluators, and state commission staff took place leading up to and following program launches. These conversations focused on the collaborative development of theory-based evaluation plans to establish the appropriate evaluation framework for each MT initiative. In addition, evaluators were provided with NMBs, MPIs, and examples of data for quantifying unit savings during the program design process to ensure alignment between utility and evaluator to the maximum extent possible.

Another significant issue that needed to be addressed was overlap between new MT programs and existing RA programs. For example, ComEd's initial participation in the Retail Products Platform included providing midstream incentives to large retailers selling energy-efficient refrigerators and clothes washers. At the same time, some customers purchasing those same appliances were eligible for a ComEd point-of-sale retail rebate. Utilities can only claim savings once per sale, despite the payment of two incentives. To prevent double counting of savings, the deemed savings attributed to the retail rebate program were deducted from the

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savings attributable to RPP during the evaluation process. As MT programs mature, the balance between MT and RA remains a subject of regular program design reviews.

Current Utility Market Transformation Initiatives in Illinois

This section describes the various active MT initiatives in Illinois summarized in Table 1, providing overviews, discussion of barriers and opportunities, and a summary of the ways in which participating Illinois utilities are intervening in the respective markets.

Table 1. Illinois Utility Market Transformation Initiatives

MT Initiative	Participating Utilities	Target Customer	Fuel Type
Retail Products Platform	ComEd	Residential	Electric
Building Energy Codes	ComEd	Residential, Commercial	Electric and Gas
High Performance Windows	Ameren IL, Nicor Gas	Residential	Electric and Gas
Gas Heat Pumps	Nicor Gas, Peoples Gas and North Shore Gas	Residential	Gas
Efficient Rooftop Units	Ameren IL, Nicor Gas	Commercial	Electric and Gas
Luminaire-Level Lighting Controls	Ameren IL	Commercial	Electric

Retail Products Platform

The ENERGY STAR Retail Products Platform is a national collaborative midstream initiative of energy efficiency program sponsors, retailer partners, and other key stakeholders, facilitated by the Northwest Energy Efficiency Alliance (USEPA 2025). By paying midstream incentives to large retailers for sales of highly efficient appliances, participants in RPP use their considerable combined market influence to motivate retailers to not only increase sales of targeted models but also use their collective buying power with manufacturers to pull increasingly efficient models to market. Retailers have considerable flexibility to develop strategies for in-store stocking and promotions to increase sales of incented appliances.

Nationally, in the 2025 program year seventeen program sponsors participated and coordinated efforts, encompassing more than 30% of the U.S. appliance market. ENERGY STAR certified models in eleven product categories are being promoted by program sponsor-labeled signage in more than 1,700 stores. Going forward, the goal for large-scale market participation – to serve more than 35% of the U.S. population – is a key milestone in the RPP vision to transform the market for energy-efficient consumer products (USEPA 2025). RPP participants also join forces to attempt to advance ENERGY STAR specifications and performance testing protocols.

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ComEd joined RPP on a pilot basis in mid-2020, representing the first utility MT program activity in Illinois. At launch, ComEd chose to incentivize refrigerators and top-loading clothes washers from the list of the national program's targeted appliances. In addition to the retailers already participating in RPP, including Best Buy, Lowes, Home Depot, and Nationwide (a buying group for independent retailers), ComEd added a large regional retailer (Abt Electronics) to the group of businesses to whom it paid midstream incentives.

When ComEd joined RPP, it also offered point-of-sale customer rebates for sales of all ENERGY STAR-qualified refrigerators and clothes washers through long-running Resource Acquisition programs. RPP targeted a subset of highly efficient models that exceeded ENERGY STAR basic requirements; the result was that ComEd paid two incentives in situations where the retailer received an RPP incentive and the customer took advantage of the point-of-sale incentive.

In anticipation of this and other challenges with the evaluation process, discussions with Guidehouse, ComEd's third-party evaluator, were initiated prior to ComEd's joining the program and continued after launch. Agreement on the program logic model, natural market baseline, and definitions of unit savings (basically, the deemed savings by model type from the IL TRM) was reached. Accommodations were also added to the evaluation process to make sure that ComEd did not receive credit twice for sales of units which were incented twice; as noted above, this was done by deducting the savings attributed to the RA program in those cases from the total savings attributed to RPP.

Another topic of discussion with the evaluator was the impact ComEd's involvement in RPP had on the stocking and assortment practices of non-participating retailers (in other words, appliance retailers in the ComEd footprint who were not receiving RPP incentives). MT theory predicted that non-participating retailers would respond competitively to the actions of participating retailers. As a starting point, it was agreed that ComEd would receive credit for savings generated by 50% of the sales of RPP-eligible refrigerators and clothes washers at non-participating retailers, as determined by available market-level sales data. Later research determined that RPP was generating little competitive response from retailers serving the very low and high ends of the market (approximately 20% of the market in total) but a very strong response from the other 80%, providing data that initiated an ongoing conversation about the option of increasing the assumed attribution for sales at non-participating retailers.

During its pilot phase, two successive evaluations of RPP demonstrated that the program was successful in driving increased sales of incented appliances and enabled estimation of program cost-effectiveness. As a result, in 2023 RPP was moved from pilot phase to become the first MT program included in ComEd's EE portfolio. Its success in accelerating sales of energy-efficient refrigerators contributed to ComEd's decision to stop offering retail incentives for that product category.

Regular communication between ComEd and Guidehouse has continued, allowing issues to be addressed as they occur. Monthly check-ins were established to improve understanding of ongoing program performance, covering topics such as the timing and methodology for NMB updates, the determination of unit energy savings for new products, and clarification of roles and responsibilities in program administration and evaluation.

The early success of RPP participation has led ComEd to add additional appliances, including induction cooktops, heat pump water heaters, and room air conditioners, to its list of incented appliances. Another partner (Ferguson, a national appliance distributor) was also added.

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Notably, Ameren Illinois has been monitoring ComEd's experiences with RPP and is considering joining in 2027.

Advancement of Energy Codes and Building Performance Standards

In September 2021, the state of Illinois passed Illinois Public Act 102-0662 (the Climate and Equitable Jobs Act, or CEJA), which included clarification that utilities have authority to claim savings for code-related programs. In addition, CEJA enabled utilities to claim savings by advancing or supporting Building Performance Standards (BPS) for existing buildings.

CEJA directed the Illinois Capital Development Board (CDB) to create model stretch energy codes for residential and commercial new construction projects. These model codes could be adopted by municipalities on a voluntary basis and were designed to drive higher energy performance than required by prevailing base codes. CEJA also specified that the model codes be updated to remain more stringent than the base energy codes.

Since municipalities are not required to adopt stretch codes or BPS, Illinois utilities have an opportunity to partner with them to increase their likelihood of adoption. This approach allows utilities to claim savings under a market transformation framework. By providing education and support to jurisdictions considering adoption and supporting their code administration and enforcement efforts should they adopt, utilities can demonstrate that their efforts helped lead a given municipality to adopt a stretch code sooner than it would have without utility involvement.

Slipstream and the Midwest Energy Efficiency Alliance (MEEA), with funding from the ComEd Energy Efficiency Program, have been providing technical assistance on advanced building policies to municipalities since the beginning of this opportunity. The team started with a market research study to understand the potential impact of building codes and standards on municipalities that adopt advanced building policies. A survey of municipalities was also conducted to measure interest in adopting stretch energy codes and/or BPS and the potential timelines for adoption.

In addition to driving increased awareness and understanding of the stretch code and BPS, the Slipstream/MEEA team gathered information on perceived barriers to adoption from municipal decision-makers. Resource concerns, both for municipalities tasked with implementing the new policy and for new and/or existing buildings required to comply with it, were paramount; as a result, the team focused on developing strategies for municipal support post-adoption, and designed incentives to assist buildings in complying with the new requirements.

At the same time, extensive conversations were held with evaluators. ComEd and Guidehouse developed an evaluation strategy that established a natural market baseline and outlined a methodology for quantifying savings. For example, in the stretch code context, savings from stretch code adoption would be determined by multiplying the square footage of new construction in areas where the code is in effect by the delta in building energy performance between the existing base code and the stretch code (LeZaks et al. 2024). This framework was approved by the MT Working Group.

The first version of the stretch code became available in January 2025, was adopted by the City of Evanston in February 2025, and became effective there in October 2025. Evanston also passed a Healthy Buildings Ordinance in March 2025, which began a BPS rulemaking process that created two public bodies that will determine performance metrics, enforcement

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strategies, and pathways for alternative compliance. The first interim performance target for the BPS, which will target buildings larger than 20,000 square feet, will apply in 2030 (City of Evanston, Illinois 2025).

The first MT evaluation of the stretch code advancement initiative will take place at the end of the 2026 program year, focusing on Evanston; consideration will also be given to buildings outside of Evanston where construction meeting the stretch code may have occurred, as MT also seeks to influence the decisions of the building community as a whole. A successful MT effort around stretch codes will change building practices widely, not just in those areas where the stretch code is in effect.

While no municipalities other than Evanston have adopted the stretch code at the time of this writing, several others are seriously considering it, and the team continues to work with them as well as other municipalities throughout ComEd's footprint in northern Illinois. Research conducted by Guidehouse showed that municipalities closely watch each other's activities related to code adoption, so the team casts as wide a net as possible in its education and outreach.

High Performance Windows (HPW)

An example of an ongoing utility MT partnership in Illinois is the High Performance Window (HPW) initiative. HPWs are windows that meet the ENERGY STAR Residential Windows, Doors, and Skylights Version 7 (ESv7) specifications that went into effect in October 2022. HPWs that meet ESv7 have roughly the same insulation value (~R-5) as conventional triple pane windows without the added frame thickness and weight, reducing a barrier to installation. The primary specifications are U-value of 0.22 or lower and Solar Heat Gain Coefficient (SHGC) greater than 0.17 for the Northern climate zone, and U-value 0.25 and SHGC less than 0.4 for North-Central (Illinois is split between the Northern and North-Central climate zones).

The goal of the HPW initiative is to accelerate the market penetration of high-efficiency products, resulting in improved building envelope thermal performance. The Illinois utilities, led by Nicor Gas, initially pursued thin-triple pane windows as a target for MT, but pivoted to using the ESv7 product definition, giving latitude to manufacturers to bring qualifying products to the market without mandating a specific window configuration.

Key barriers were identified through statewide research funded and conducted by the Illinois utilities in 2022 to better understand and document customer and supply chain challenges and perceptions of ENERGY STAR windows. These challenges included:

- Lack of awareness of HPW and new ESv7 specifications (among all supply chain actors and consumers)
- Lack of manufacturer business case for investing in HPW products
- Manufacturer concerns about thin glass
- Inadequate value proposition and perception

To further inform potential MT program design, Nicor Gas joined and supported the development of the Partnership for Advanced Window Solutions (PAWS), a national collaboration of government agencies, research organizations, regional energy efficiency groups,

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utilities, builders, and window-solution manufacturers. Launched in 2022 to support ESv7, PAWS's mission (PAWS 2025) is to:

- Coordinate market transformation efforts across five initial priority areas and working groups
- Share research, news, and updates across stakeholders, including progress on how individual partners are advancing priorities of PAWS through their own ongoing efforts
- Develop and maintain resources for partners to access in support of the PAWS mission and identify research gaps to move the advanced window market forward

Informed by these activities, Nicor Gas and Ameren Illinois developed the components of an HPW MT framework, including a logic model, a natural market baseline, and evaluation plans documenting each utility's intent to transform the window market in Illinois. These plans were shared with the MT Working Group in 2023 and 2024, providing visibility and documentation for the initiative.

In 2026, Illinois utilities are partnering with the Northwest Energy Efficiency Alliance (NEEA) and the Minnesota Efficient Technology Accelerator (ETA) to share HPW research and to coordinate on market interventions and manufacturer engagement. One example of a successful partnership has been collaboration and co-funding of a Request for Product Advancement (RFPA) led by the ETA. Co-sponsored by Nicor Gas, the RFPA made a financial "golden carrot" available to window manufacturers who could develop and offer for sale an affordable, builder-grade HPW in the Illinois and Minnesota markets. Desired outcomes included development of products that met a U-factor of 0.22 or less, optimized cost at that performance level, and tied high performance with other premium features. In late 2025, three winning manufacturers were chosen based on applications and interviews, and in 2026 work is moving forward into commercialization and market activation. Example activities include:

- Commercialization of a streamlined, lower-cost, builder acceptable HPW product line, including white/black finishes and fixed, casement, awning, and mulled configurations
- Focused outreach and launch strategies for new product line focused on builders through existing dealer/channel partners in MN and IL
- National Fenestration Rating Council certification and testing
- Expanding qualified products beyond the premium product lines
- Upgrading manufacturing line equipment to bring outsourced triple-pane capabilities in-house
- Development and launch of website highlighting new, qualified product lines

Nicor Gas has also invested in deploying HPWs into existing program offerings, piloting HPW in their new construction program in 2025 and launching a full offer in 2026; a retrofit measure is also being offered through an existing program channel. Finally, Nicor Gas, Ameren Illinois, ComEd, Peoples Gas, and North Shore Gas launched a statewide pilot in 2026 to test the viability of a midstream approach to window incentives to better understand data availability and validate savings assumptions with their respective evaluators. These Illinois and regional partnerships with HPWs show that multiple interested organizations can engage and support the advancement of HPWs and leverage existing forums to coordinate research and other deployment activities.

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Residential Gas Heat Pumps (RGHP)

Another successful MT partnership in Illinois and nationally is the Residential Gas Heat Pump (RGHP) Initiative, which is focused on the promotion of next-generation, highly efficient gas heat pump technologies for residential space conditioning and water heating which can reach operating coefficients of performance greater than one. Nicor Gas, Peoples Gas and North Shore Gas are founding members of the North American Gas Heat Pump Collaborative (NAGHPC). The NAGHPC is a collaborative of seventeen gas and dual fuel utilities and energy efficiency program administrators who recognize the role gas heat pump technologies can play in building decarbonization (NAGHPC 2025). Initial market deployment work focused on contractor education/engagement and program design, and in 2026 Nicor Gas, Peoples Gas, and North Shore Gas are continuing to pursue the RGHP initiative in cooperation with the NAGHPC.

Key barriers to adoption of gas heat pumps were identified through a national market characterization effort, led by the NAGHPC in 2021 and 2022. The findings identified the supply chain and customer challenges with gas heat pump products and helped inform the theory of change for a potential MT program. Nicor Gas developed a logic model and other MT framework components to demonstrate their intent to accelerate the market adoption of gas heat pumps for residential end uses. Key barriers identified in the logic model included:

- Lack of attention and focus on gas efficiency standards
- Unclear value proposition
- Change-adverse supply chain
- Inadequate supply chain education and communication tools
- Lack of product awareness
- Unknown product reliability
- Installation challenges

In 2024 and 2025, Nicor Gas, Peoples Gas and North Shore Gas funded limited-scale, Illinois-specific field demonstrations over multiple winters to validate equipment performance, gather information on customer perceptions of gas heat pumps, and provide feedback to the manufacturer on installation challenges with pre-commercial products. The field demonstrations in Illinois were part of a broader set of demonstrations led by GTI Energy that developed a national perspective on equipment performance in different climate zones and geographic regions.

Nicor Gas also funded customer and contractor specific roundtables to discuss gas heat pump products, document contractor and customer perceptions of the field units, and review preliminary performance data. These findings informed Nicor Gas's plan for additional customer and contractor education and outreach on gas heat pumps in 2026. Complementary efforts are also planned by Peoples Gas and North Shore Gas, including development of deployment strategies and promotion of GHP through existing program channels such as downstream rebate offerings and New Construction programs. Final field results are expected in Q3 2026.

Efficient Rooftop Units (ERTU)

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Illinois utilities have been exploring commercial HVAC rooftop units through a MT lens for almost ten years. Currently, the utilities are collaborating with ETA, NEEA, and the CalMTA program in California to align on a product definition. The current iteration of the rooftop product definition in Illinois is a hybrid system aligned on NEEA's Tier 1 (NEEA 2025) for equipment, plus an air source heat pump. Nicor Gas has partnered with NEEA since 2019 on this product and has also collaborated with the Minnesota ETA program since launch of its own Next Gen Rooftop Units initiative.

Currently, the other Illinois utilities are considering partnering with Nicor Gas on an Illinois-focused RTU effort. Nicor Gas's ERTU Initiative aims to overcome critical barriers in the market to develop and promote a new efficient RTU specification that includes gas saving measures. Improving RTU efficiency can be achieved through multiple potential upgrades, including heat recovery ventilation, reducing damper leakage, increasing enclosure insulation, providing efficient cooling, and incorporating air source heat pumps. Nicor Gas funded market characterization research to inform the development of its logic model and NMB for RTUs in Illinois. The logic model was presented to the MT Working Group in 2024, documenting the theory of change and Nicor Gas's intent to intervene in the market. Identified barriers include:

- Limited product availability
- Insufficient value proposition
- Lack of awareness and understanding in supply chain
- Existing metrics struggle to differentiate energy efficient product
- Differing equipment priorities across climate zones in the USA
- Lack of manufacturer interest in product development

NEEA funded and presented a national modeling effort for various equipment configurations, which Nicor Gas adapted to better understand Illinois-specific energy savings by fuel type. Nicor Gas is also exploring economic and carbon impacts of the ERTU product against baseline RTUs in various end uses.

Currently Illinois utilities, especially Nicor Gas and Ameren Illinois, are engaged in collaboration with ETA, NEEA, and other organizations to align product definitions and identify areas of coordination on messaging. In 2026 the IL utilities are committed to exploring how to define and deploy ERTUs in IL utility programs, with Nicor Gas and Ameren Illinois actively exploring MT approaches. Nicor Gas has also funded two field demonstrations to gather performance data from the hybrid ERTU products, with results expected in early 2027.

Luminaire-Level Lighting Controls

The Ameren Illinois Luminaire Level Lighting Controls (LLLC) MT initiative represents a deliberate and coordinated effort to influence the commercial lighting controls market over time. Prior to launch in 2024, over a year of extensive conversations between the utility, evaluators, TRM administrators, and the MT Working Group took place to ensure that all component pieces were consistent and mutually understood. Stakeholders reviewed assumptions related to the natural market baseline, the proposed energy savings framework, and the definitions of MPIs. Stakeholders also explicitly reserved the right to reengage in future years to review whether initial assumptions remained appropriate in the context of new local market information or emerging national research, with the provision that any revisions will only be

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adopted prospectively and not retroactively change claimed savings. In this way, the final LLLC MT plan acknowledges that market conditions are dynamic and that long-running MT initiatives such as LLLC must remain responsive to new evidence to preserve credibility and alignment with policy intent for utility investment in energy efficiency opportunities. The extended development period illustrates the complexity of MT efforts, particularly those that rely on evolving technology adoption, supply-chain behavior, and changes in market norms, as opposed to the direct incentives used as the primary strategy in RA programs. The barriers that the MT efforts seek to address through the initiative are:

- High cost of controls compared to simple luminaire replacement
- Lack of product awareness from installers and facility owners/operators
- Lack of installation and operation awareness by lighting installers

As Ameren Illinois's LLLC MT initiative enters its third year of official operation, the utility continues to meet monthly with evaluators to discuss market progress, survey design and findings, intervention activity, and impact reporting. As a strong RA program targeting LLLCs is also in place, savings from that initiative must be removed from savings attributed to the MT initiative to avoid double-counting. Stakeholders agree that MT efforts will drive higher RA participation, but to date the market volume measured in MT evaluations has been equivalent to RA participation, so no savings have yet been attributed to the market transformation effort. Note that this does not mean the MT program isn't generating savings; rather, it indicates that those savings are being captured in the evaluation of the RA program.

While Ameren Illinois has led the state's LLLC MT efforts, ComEd has been observing work done by Ameren Illinois and others and is considering adding LLLC to its suite of MT initiatives.

Lessons Learned and Additional Topics of Interest

The Illinois utilities have made significant progress in integrating MT initiatives into their energy efficiency portfolios since first piloting an MT approach with the Retail Products Platform in 2020. Some of the challenges to progress, such overcoming a lack of market awareness among customers/contractors and uncertainty about eventual savings, are not unique to Illinois. However, the need for direct evaluation of utility MT efforts is something that is not encountered elsewhere. Other jurisdictions leading the way on MT, such as the Pacific Northwest, Minnesota, New York, and California, all have EE programs that are administered by someone other than the regulated utility. In Illinois, the challenge of having MT programs evaluated within the framework of existing EE programs will likely result in a greater burden of proof and quicker turnaround timelines, highlighting the value of extensive collaboration with program evaluators as well as support from experts in other jurisdictions.

As efforts continue to incorporate MT into Illinois utility EE programs, the utilities must determine what portion of the program portfolio budget and savings target should be devoted to MT. As described above, in at least one situation (incentives for efficient refrigerators), it was determined that a MT approach was preferable to the traditional RA program. A counterexample is offered by the Illinois Midstream Commercial Food Service Program, which was started as an MT pilot in 2018 but is now a successful (based on savings and $/kWh) mainstream RA program and an example of a statewide collaboration between all IL utilities. Each utility will need to

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continue to balance the differing budget and savings timelines for MT vs. RA programs in its portfolio planning processes going forward.

Market Transformation vs. Market Effects

Some program efforts that influence the broader market can generate savings not currently captured in existing evaluations. These market effects (ME) represent a class of savings distinct from those captured by either MT or RA. For example, installation of an efficient heat pump might be completed by a contractor who participated in a utility-sponsored training activity. The trained contractor could perform a higher quality installation, leading to better equipment performance than if the contractor had not been trained.

If that project received program incentives, the savings would be captured in existing evaluations. If the project did not receive program incentives, potential savings may not be captured as spillover; in those cases, utilities, evaluators, and stakeholders need to come up with evaluation strategies to capture the savings.

Ameren Illinois has leveraged this market effects approach for technologies where near-term market response is the primary objective. The Residential HVAC Heat Pump Market Effects Initiative (HPME) launched in 2024 illustrates this distinction. Ameren Illinois engaged early with evaluators to establish a ME Plan and associated evaluation methodologies consistent with the definitions and guidelines in the Illinois TRM. As with LLLC, it took several years to establish all component parts of the initiative, meet with the broader Illinois stakeholder group, and create a HPME measure list in a way that supported both implementation and evaluation. The result is a ME effort that captures indirect outcomes, specifically at distributor sites where, and when, the utility is engaged in ME efforts. This site-specific and time-specific measurement of market impact is what distinguishes ME from MT.

A key design consideration for the residential HVAC Heat Pump ME initiative has been minimizing overlap with Resource Acquisition programs while maintaining clear attribution to the energy efficiency portfolio. To address this, market and sales data are collected across the full set of heat pump measures and then filtered to identify installations that received utility incentives through the midstream RA channel, while also accounting for equipment sales that ultimately move out of Ameren Illinois' service territory. Consistent with the ME plan, the utility's role emphasizes educational marketing collateral and active engagement with market actors, including providing venues for discussion and roundtables among manufacturers, distributors, installers, and the utility. These activities are intended to address market barriers, reinforce consistent messaging, and support adoption of HP equipment at the distributor level.

Ameren Illinois has now been operating a full residential HVAC Heat Pump Market Effects initiative for the past two years, with savings attributable to the energy efficiency portfolio during the intervention period. Together, the LLLC MT initiative and the residential HVAC heat pump ME initiative illustrate how Ameren Illinois is applying different but complementary market-based approaches depending on technology maturity, market structure, and policy objectives. The LLLC MT attribution is territory-wide and will be measured in coming years, while the HP ME is site specific and only measured as long as engagement continues. As utilities, stakeholders, evaluators, and TRM administrators continue to refine where firm distinctions exist between MT and ME, these initiatives provide practical examples of how market-based strategies can be designed, governed, and evaluated within the Illinois energy efficiency framework.

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Conclusions

Since first being given the option to pursue MT programs as part of their EE portfolios, Illinois utilities have worked both independently and jointly on a range of initiatives that have begun to generate energy savings. Long-term, ongoing collaboration between the utilities, stakeholders, and the evaluation community has been invaluable in identifying and overcoming obstacles to establishment of MT as a viable option, as has incorporating best practices from MT efforts outside of Illinois. Identification and targeting of early-stage markets with opportunities for substantial influence on supply chain actors and technology/policy development is another factor critical to success.

The next few years will provide a great deal of visibility into the potential scale of MT in Illinois as ongoing efforts have increasingly tangible impacts on their target markets. With traditional energy efficiency resource acquisition programs becoming more difficult and costly to execute due to evolving technologies and market saturation, market transformation offers an increasingly important pathway to generating cost-effective, long-lasting savings from EE programs in Illinois and nationwide.

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