

3.3 PRESENTATION OF CASE STUDY RESULTS

Each of the 12 case studies presented in Sections 4 and Section 5 includes background information concerning the technology, a summary of the steps in its development and deployment, and an assessment of the importance of the DOE role. Estimates of the market penetration and energy savings of the innovation also are presented whenever possible. For several of the case studies we are able to offer recommendations for future technology transfer activities to promote their further commercialization and use.

3.4 FOOTNOTES TO SECTION 3

¹Another measure of concentration called the Herfindahl Index is obtained by summing the square of market share of each producer in an industry. For example, if there are two producers in the market with 50% market share each, then the Herfindahl Index is $(50)^2 + (50)^2 = 5,000$. Note that the highest value that the Herfindahl Index can take is 100,000. The Herfindahl index is inversely related to the number of firms.

Under recent Reagan administration guidelines, the Justice Department will not challenge any merger that does not raise the Herfindahl Index above 1,000 (Business Week, 1982).

There is no direct one-to-one correspondence between the concentration ratios and Herfindahl indices. One major drawback of the Herfindahl Index is that in industries with a large number of firms it is very difficult to obtain market shares of all. Also, an error in allocating market shares to the largest and smallest firms can lead to large variations in Herfindahl Indices (Pautler, 1982).