

1 **Q. Reference Section IV: Other Issues Related to Cost Allocation and Rate**
2 **Design, Conservation and Demand Management (CDM), Pages 31 – 34.**

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4 **Mr. Wilson proposes exempting NP from paying a portion of the CDM**
5 **program because NP has their own CDM costs. At the time of construction,**
6 **new industrial customers incorporate energy saving designs at their own**
7 **cost, even though all customers benefit from the reduced fuel consumption at**
8 **Holyrood resulting from these designs. In view of this, does Mr. Wilson**
9 **likewise support industrial customers being exempt from paying their**
10 **portion of the CDM costs?**

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13 **A. No. All customers make economic decisions regarding investments that may save**
14 **energy costs. Residential customers do this in choosing to purchase energy-**
15 **efficient appliances and lighting or in insulating or weather stripping. Likewise,**
16 **industrial customers make these decisions in their own economic interest in plant**
17 **design and in equipment and technology selection. That is why it is important to**
18 **have efficient energy price signals (equal to marginal cost) so as to encourage**
19 **optimal economic choices by all customers.**