

1 Q. (GRA, Volume II, Exhibit 9 – Cost of Service Study/Utility and Industrial Rate Design
2 Report, page 17)

3 The Lummus report states “This program has effectively addressed concerns over
4 incentives being available to the IC for CDM, thereby mitigating the need for a two
5 block rate structure”. On page 19 of the Lummus report, it is stated “The IC
6 program has resulted in minimal energy savings to date”. Would a two-block rate
7 structure as agreed to by Hydro and the ICs in the Review of the IC Rate Design
8 study with the second block reflecting marginal energy costs be expected to
9 increase incentives for energy savings?

10

11

12 A. While a two block rate structure may increase incentives for energy efficiency,
13 Hydro believes that implementing such a rate structure at this time would not be
14 prudent as outlined in the response to NP-NLH-122.