

1    Q. Page 55, Lines 14 to 16: Would the implementation of an inclining block energy  
2    rate design for Industrial Customers encourage greater participation in CDM  
3    programs by the Industrial Customers? Please explain your response.

4    A. InterGroup cannot provide any firm answer about the specific future behavior of  
5    industrial customers. However, the general concept that was reviewed between  
6    the IC and NLH during discussions about a possible two-block, or inclining-block  
7    industrial rate was that, among other attributes, it could incent added CDM. The  
8    degree of incentive varies however depending on how frequently the first block  
9    energy cutoff is reset. If the reset happens quickly, the customer could lose  
10   almost all price signal tied to the second (higher priced) block. This was one of  
11   the long list of complexities that was not resolved as part of the IC/NLH working  
12   group on Industrial Customer Rate Design (See Hydro's GRA Exhibit 12 for a  
13   more complete discussion).