

1 Q. **Reference: Volume II, Exhibit 9: Cost of Service Study / Utility and Industrial**
2 **Rate Design Report**

3 Page 17 of Exhibit 9: *Cost of Service Study/Utility and Industrial Rate Design Report*
4 includes the statement:

5 ***"This [CDM] program has effectively addressed concerns over incentives being***
6 ***available to the IC for CDM, thereby mitigating the need for a two-block rate***
7 ***structure."***

8 Please indicate how Lummus Consultants considered existing and proposed retail
9 CDM programs in the wholesale rate design for Newfoundland Power. (Volume II,
10 Exhibit 9, Page 17)

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13 A. The nature of the CDM programs offered by NP, like those offered by Hydro, are
14 directed towards fuel savings. Hydro therefore considers a marginal fuel price
15 signal to be fitting, and on balance, the proposed rate structure to be appropriate.

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17 Lummus Consultants did not explicitly consider retail CDM programs in the
18 wholesale rate design for Newfoundland Power other than the ability of the rate to
19 convey appropriate price signals.