

SEC INTERROGATORY #65

INTERROGATORY

[B/6/4, p. 82] Please explain why “as the program matures (all else equal), observed free-ridership will increase during the study period, but so will spillover and market effects”.

RESPONSE

In general, the existence of free ridership and even increasing free ridership over program years does not necessarily indicate that the program is unsuccessful or not cost-effective. As a program matures over time and is in place for a number of years, the measures offered by the program become better known to all market actors (customers and trade allies) and free ridership is likely to increase, but these program influences over time should also increase spillover and market effects.

Witnesses: S. Dimetrosky  
L. Gage  
D. Violette