

SEC INTERROGATORY #78

INTERROGATORY

[B/6/1, p. 24] Please discuss the extent, if any, to which applying NTG results prospectively as opposed to retrospectively reduces the incentive on program administrators to design and implement programs with a view to improving NTG.

RESPONSE

The extent to which the timing of NTG results application influences program administrators' behavior is influenced by multiple factors, including savings goals, incentive calculations, and frequency of updates.

As noted on page 24, in Illinois there were early concerns that utilities would have less incentive to monitor NTG under a prospective framework, but interviewees noted that the annual update of the NTG values provides incentive to utilities to try to reduce free ridership.

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