Q. Exhibit 2, Appendix A – NPV Analysis

How would a lower NPV, for example, breakeven, and the elimination of the rate mitigation benefit impact Newfoundland Power's position on implementation of EV electrification programs?

A. Newfoundland Power's position is that implementation of EV electrification programs is justified based on the delivery of reliable service to customers at least cost.[1]

A net present value ("NPV") analysis determined that implementation of planned EV electrification programs will provide rate mitigating benefits to customers over the long term.[2] This is consistent with the Board's findings and recommendations as part of the *Reference on Rate Mitigation Options and Impacts*.[3]

Additionally, a modified Total Resource Cost ("mTRC") test determined that each planned EV electrification program is cost-effective from both a customer and a utility perspective.[4] Use of the mTRC is consistent with sound utility practice.[5]

Should subsequent analyses determine that EV electrification programs are no longer cost-effective or providing rate mitigating benefits to customers, the Company would adjust its programming accordingly to ensure consistency with least-cost service delivery.

1 See Section 3(b)(iii) of the *Electrical Power Control Act, 1994*.
2 See the *2021 Electrification, Conservation and Demand Management Application,* Volume 1, Exhibit 2, Appendix A.
3 See the *2021 Electrification, Conservation and Demand Management Application,* Volume 1, Evidence, page 6, section 2.3 Customer Rate Mitigation.
4 Ibid., page 17, Table 6.
5 Ibid., page 18, footnote 43.