

1 Q. **Reference: Study, Sections 5 and 6 – Projects valuation**

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3 Define the concept of “Cumulative Net Present Value (“CPV”)” used in the study. Please
4 compare this concept to the generally accepted concepts of Net Present Value (“NPV”) or
5 Net Present Cost (“NPC”).

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8 A. Cumulative Net Present Value (“CPV”) is the summation of the Net Present Value (“NPV”)

9 of a series of future cash flows over an extended period of time. The concept of NPV is

10 applied to one project cost, while CPV accounts for the total life cycle costs for a given

11 project. Therefore, CPV is a useful metric for comparing projects with varying life cycle

12 costs over an extended period of time.