Q. Reference: "2027 Capital Budget Application," Newfoundland Power Inc., May 29, 2026, Supporting Materials, Distribution: 1.2, Feeder Additions for Load Growth, p. 5.

Newfoundland Power states that a preliminary cost estimate for the procurement of a battery storage solution for the BLK-02 application is approximately $557,000 and would have an expected lifetime of 15 years, corresponding to $1,029,000 on a net-present value basis.

Please provide the basis for the assumed 15-year expected lifetime of the battery storage solution, including any manufacturer information, industry studies, degradation assumptions, cycling assumptions, warranty assumptions, and replacement assumptions.

A. The basis for the 15-year expected lifetime of the battery storage solution was drawn from the National Renewable Energy Laboratory's ("NREL") report *Cost Projections for Utility-Scale Battery Storage: 2025 Update* ("Cole et al."). Cole et al. surveyed assumptions from a broad range of industry sources and selected a 15-year battery life.

Cole et al. states:

> "*The lifetime we selected is 15 years, which is on the lower end of published values. This is a conservative choice, which we make because of the uncertainty in battery lifetimes (existing 4-hour batteries are all new, so no system has yet reached 15 or more years)*."

The preliminary evaluation did not rely on a specific manufacturer's lifetime specification, degradation model, cycling profile, or warranty. For replacement assumptions, projected battery system costs from Cole et al. were applied as future cash flows at 15-year intervals in the net-present value analysis to provide a comparable evaluation period to the three-phase upgrade alternative.