







# Analysis of changes

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- The IPR Team provides the following findings and observations recommendations concerning the use of Management Reserve and Schedule Reserve to account for the strategic project risks associated with mega-projects such as LCP.
  - The extensive and very public track record of large infrastructure projects provides many examples of substantial cost overruns and schedule delays. The size of these mega-projects increases their exposure to strategic risks such as regional and global economic conditions, market trends, changing governmental regulations, limits on resource availability, and declining global construction productivity.
  - Nalcor LCP management team has long recognized these risks and the need to account their potential impact on project cost and schedule. The LCP Project Execution and Project Risk Management Plans describe the use of Management Reserve and Schedule Reserve for this purpose.
  - Nalcor LCP management team has long recognized the extensive and very public track record of large infrastructure mega-project risks and the need to account their potential impact on project cost and schedule.
  - Front End Loading and pro active risk management has been a key feature of Nalcor's work leading up to DG3.
  - The size of these mega-projects increases their potential exposure to external risks such as regional and global economic conditions, market trends, changing governmental regulations, limits on resource availability, and declining global construction productivity. The LCP Project Execution and Project Risk Management Plans consider the appropriate use of Management Reserve and Schedule Reserve for this purpose.
  - Nalcor's decision gate process defines DG3 deliverables that include both Tactical and Strategic Risk Analyses; and the Nalcor team has invested considerable effort in these analyses which provide the required quantification of Estimate Contingency, Management Reserve, and Schedule Reserve.
  - Nalcor's decision gate process defines DG3 deliverables that include appropriate Risk Analyses; and the Nalcor team has invested considerable effort in these analyses which have included the quantification of ranges of Project and other cost and schedule contingency and reserves.
  - The Nalcor team has been careful to align the project cost estimate and detailed schedule; the IPR Team recommends that this consistency be maintained in the use of risk analysis results.
  - The Nalcor team has been careful to align the project cost estimate and detailed schedule; the IPR Team recommends that this consistency be maintained in the use of risk analysis results.
  - The IPR Team concurs with the expectations set by the LCP Project Execution and Risk Management Plans that adequate provisions for Management Reserve and Schedule Reserve be included in the Project Sanction costs and schedules.
  - The IPR Team concurs with the expectations set by the LCP Project Execution and Risk Management Plans that adequate provisions for Management Reserve and Schedule Reserve be recognized in the Project Sanction decision making process.