

LCP “Task Force” Initiative

24-April-2012

Boundless Energy



Background

- SLI EPCM contract awarded in February 2011
- Award to SLI based on estimate of cost for the EPCM Services ~ 2.5 million person-hours
- Package received in December 2011 ~ 5.5 million person-hours
- Misalignment with SLI proposal (essentially same scope)
- **Not approved by Nalcor**

EPCM Person-hours (15-Dec-2011)

EPCM Services Person-Hours		
	NEW ESTIMATE	PROPOSAL
EPCM Hrs. expended to 31 Dec. 2011 (approx.)	215,800	
STAGE 3 Estimate		
Office St. John's	2,221,281	
Site (All Locations)	3,021,865	
Total	5,458,946	2,486,940
Increase	2,972,006	

Financial Impact ~ \$350M +

Major Issues

1. Unacceptable expectations for EPCM resource requirements
 - The Project will not pass through DG3

2. Organizational readiness for DG3 is lagging
 - Validated by pre-IPR review in February

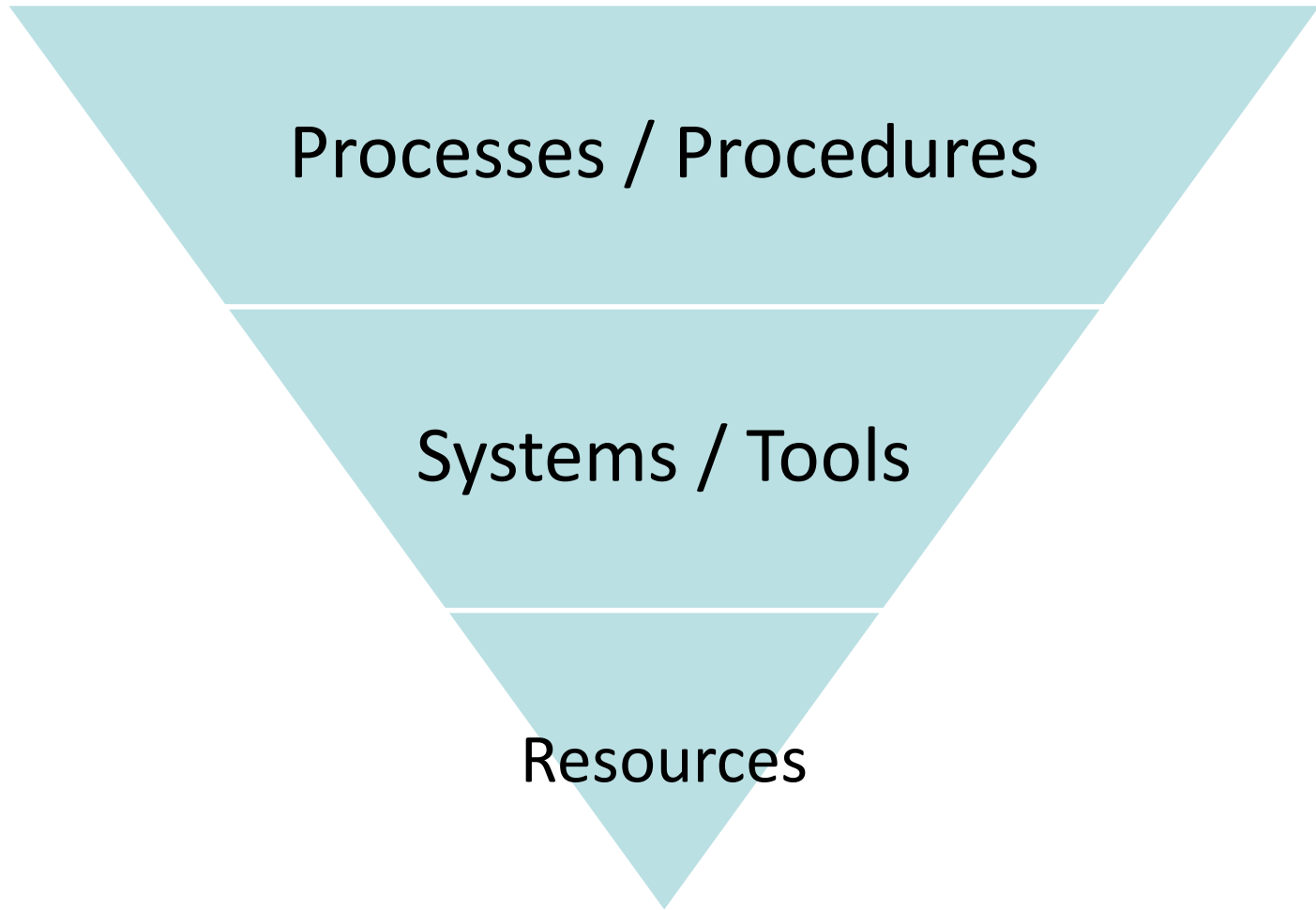
Follow Discussions

- Session held 01 Feb. 2011 with senior SLI personnel
- No resolution on person-hour misalignment between SLI's proposal and new viewpoint
- Resulting action that “Task Force” approach will be used to move forward
- Build from the “**bottom-up**”
 - Our Management Approach, Process and Tools must drive organizational resource requirements

Moving Forward

- Task Force Charter issued in order to bring resolution to both items
- We need to get our Management Plans, Processes/ Procedures, Systems/Tools in order to define “optimal” organization
 - Our Management Philosophy is “lean and mean”

Management Plans



Task Force: Objectives / Deliverables

<p>Objectives</p>	<p>Anchoring back to contract principles:</p> <ul style="list-style-type: none"> • Ensure Nalcor functional requirements are defined, documented and if required, clarified • Confirm functional scope & execution strategy • Agree functional Management Plan • Agree functional processes & procedures • Agree organization charts and manpower plans, by phase • Complete all required Phase 3 deliverables to a high quality standard • Identify risks/issues/ potential for improvement • Ensure preparedness for Gate 3 IPR (see attached Gate 2 IPR scope & focus)
<p>Deliverables (for each functional area)</p>	<ul style="list-style-type: none"> • Management Plan • All required processes, procedures, and tools agreed and in place • Updated Responsibility Assignment Matrix • Fully developed organization charts by phase • Fully developed Manpower Plans • Other deliverables related specifically to the function (see table herein) • Table of risks, issues, potential for improvement, all with • Accompanying mitigating or supporting actions • Any Gate 3 Deliverables not covered above