



Re: Contingency 
Jason Kean to: Paul Harrington
Cc: Gilbert Bennett

2012-08-13 09:44 PM

Paul,

In an endeavour to help clarify the contingency assessment, please consider the following:

- Regarding the estimate accuracy it is very important we anchor back to the analysis that was undertaken with Westney (Estimate Accuracy Analysis). Using the P90 and P10 information concluded from this analysis indicates the estimate is within an acceptable range for a Class 3 estimate. I don't have my notes in front of me, however it is somewhere around +13%/-8%.
- At the time of lockdown of the estimate, overall % complete of engineering was 40%, with HVdc specialities lagging and overland transmission well progressed.
- TG and SOBI cable bids formed the basis of the estimates. All upside potential was included in the risk analysis. Similarly camp estimate did not include benefit of RFP responses, while forecasted cost growth did shape the estimate accuracy analysis.
- Please reaffirm with Ed et al. that the Estimate Contingency recommendation excludes "external uncertainties" as noted on Slide 17 of the 16-July presentation. In particular it excludes labor available and performance. This will have to be covered by other means (e.g. contingency equity, reserves, etc.)

Regards,

Jason



DG3 Estimate Update - 16-July-2012.pptx



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You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?

Paul Harrington

Ed 1. I will put a deck together on contingency to...

08/12/2012 12:26:55 PM

From: Paul Harrington/NLHydro
 To: Ed Martin/NLHydro@NLHydro
 Cc: Dawn Dalley/NLHydro@NLHydro, "Gilbert Bennett" <gbennett@nlh.nl.ca>, Jason Kean/NLHydro@NLHydro
 Date: 08/12/2012 12:26 PM
 Subject: Re: Contingency

Ed

1. I will put a deck together on contingency today and send that around
- 2 This will include contingency key messages
- 3 I will get some facts on the bids received- i.e estimate versus actual - some are higher (eg Camp) and some on or below the estimate (TG sets, SOBI Cable)
- 4 A Class Three estimate according to AACEI reflects Project Engineering progress of 10% to 40%. With a 10% Engineering Progress the estimate accuracy range is between +30% and -20% . With a 40% Engineering Progress the estimate accuracy range is between +10% to -10%. LCP is currently close to 50% Engineering progress, therefore we should be in the +10% to -10% range.



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Ed Martin

Gilbert and Paul, 1. Contingency will be a huge f...

08/12/2012 10:33:21 AM

From: Ed Martin/NLHydro
 To: "Gilbert Bennett" <gbennett@nlh.nl.ca>, "Paul Harrington" <pharrington@nalcorenergy.com>, Dawn Dalley/NLHydro
 Date: 08/12/2012 10:33 AM
 Subject: Contingency

Gilbert and Paul,

1. Contingency will be a huge focus over the coming weeks. Please prepare a summary for me explaining and strongly supporting the contingency amounts. We'll have to be clear why the contingency level is appropriate. I need this by Tuesday evening. Air tight.
2. Also key messages for contingency.
3. Separate question - did the transformer and gen bids come in below budget? If so, how much?
4. What is the range on a class 2 estimate?

Ed

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