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**Subject:** Draft Presentation for meetings next week  
**Date:** Friday, January 27, 2006 8:48:56 AM  
**Attachments:** [.png](#)  
[NLH meeting.ppt](#)

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Gilbert/Derek

Please find attached some thoughts for the meeting on Monday, the first 10 slides will help Derek to find out where we current are and the next 6 slides where we need to get to. Slide 12 best illustrates the priority tasks we need to get after in the next 4 to 6 months and it is this area that I believe Derek can provide some solid advice. We will need to quickly ramp up and get after the critical few things which will allow us to move to the next stage of the Project.

There a few missing blanks that I will fillin over the weekend but I am sending it out now in it's rough form so that Derek has some time to go through the material before Monday.

Regards Paul

Paul Harrington

Acceptance and Startup Manager

Cell 709 682 1460

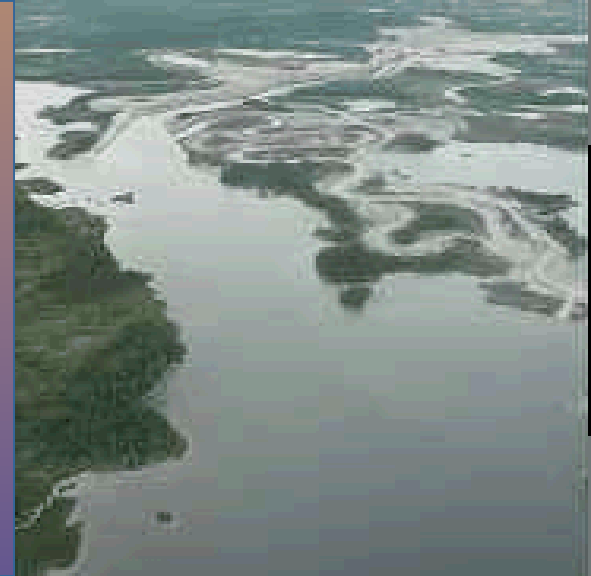
Office 709 724 4038



# Newfoundland & Labrador Hydro



Project Implementation Discussion  
January 2006

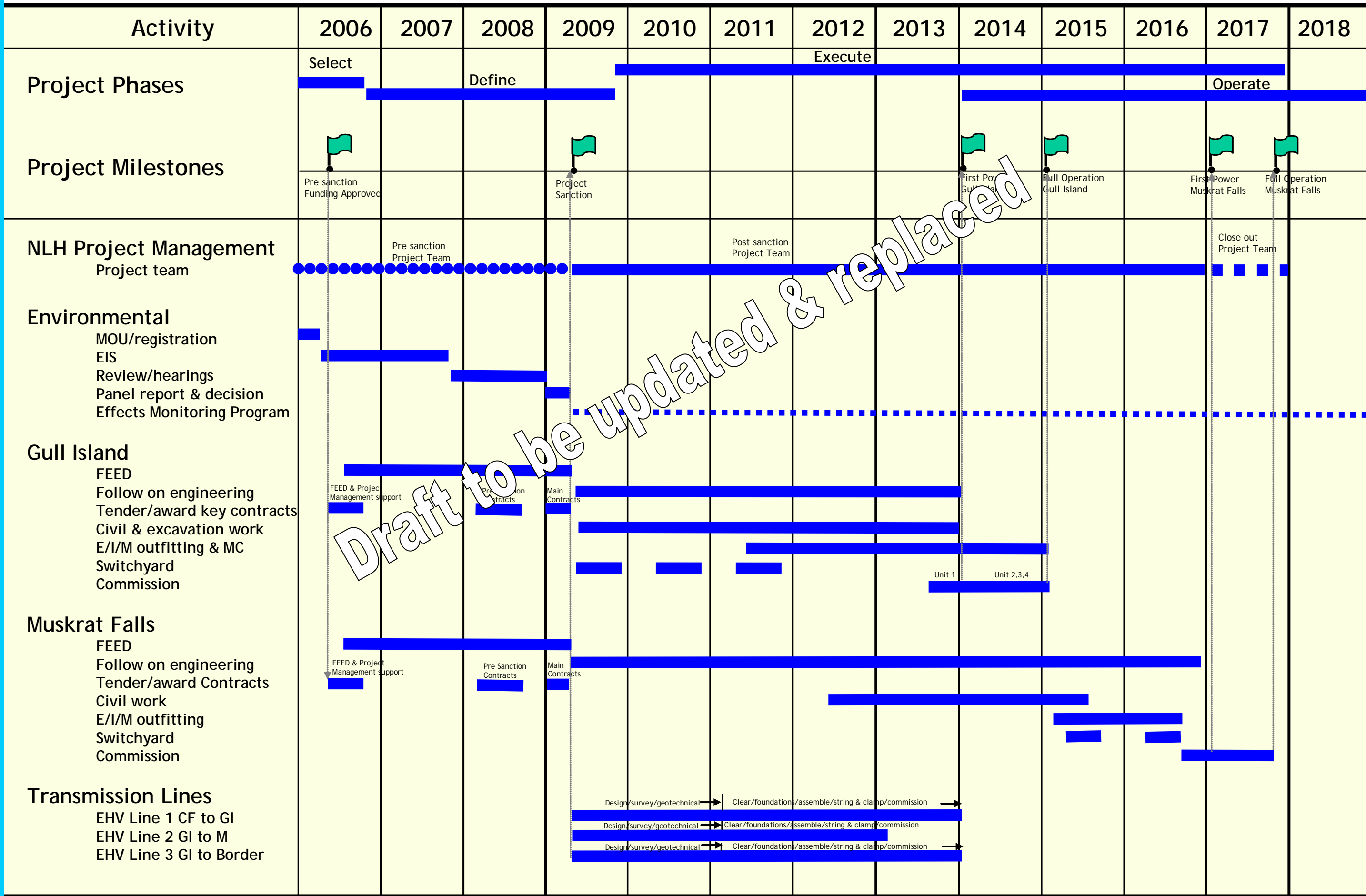




# Contract Scope

- Total Scope with NL is:
  - ✧ Dam & Powerhouse
    - Gull Island 4 units
    - Muskrat Falls 4 Units (lag of three years after Gull)
  - ✧ Transmission
    - 1 Upper Churchill to Gull
    - 2 Gull to Montagnais
    - 3 Gull to Muskrat
    - 4 Labrador to Island
  - ✧ Phase 1 is Gull Island plus associated transmission 1 & 2 above.

## Lower Churchill Level 0 Plan



# Current Status Contractors



- Following EOI round there are 3 proponents under active consideration in addition to the NLH option
- The Premier has stated a strong preference for the NLH option of delivering the Project
- There have been no clarification meetings held with the proponents
- The leading EOI proponent is HQ/OH/SNC however there are concerns on how this JV is being put forward and lack of EPC bidding
- The other two proponents are considered fall backs if the NLH option or the HQ/OH/SNC options pursued

# Current Status Technical



- Numerous concept studies conducted earlier with reports issued- the technological risk is considered very low.
- The geology, hydrology and design concepts are well founded but design is not at a FEED standard suitable for fixed price lump sum bidding.
- The project cost estimate and schedule was provided by SNC (most likely prepared by SNC in contemplation as a lump sum contract bidder in the future, so could well be padded accordingly)
- The cost/schedule was updated by applying multipliers to line items ( i.e not from scratch so any initial padding will be rolled forward and compounded)

# Current Status

## Economics



### -Cost risks

- Economic model developed and various scenarios ran
  - the NLH option is considered viable based on this model as a staged approach
- Financing has been evaluated and the NLH option is considered viable based on a staged approach
- Cost risks identified and deterministic ranges entered into cost model, but delay effect not considered in any detail
- Full cost and schedule risk analysis will be carried out when scope is firmer

# Current Status Environmental



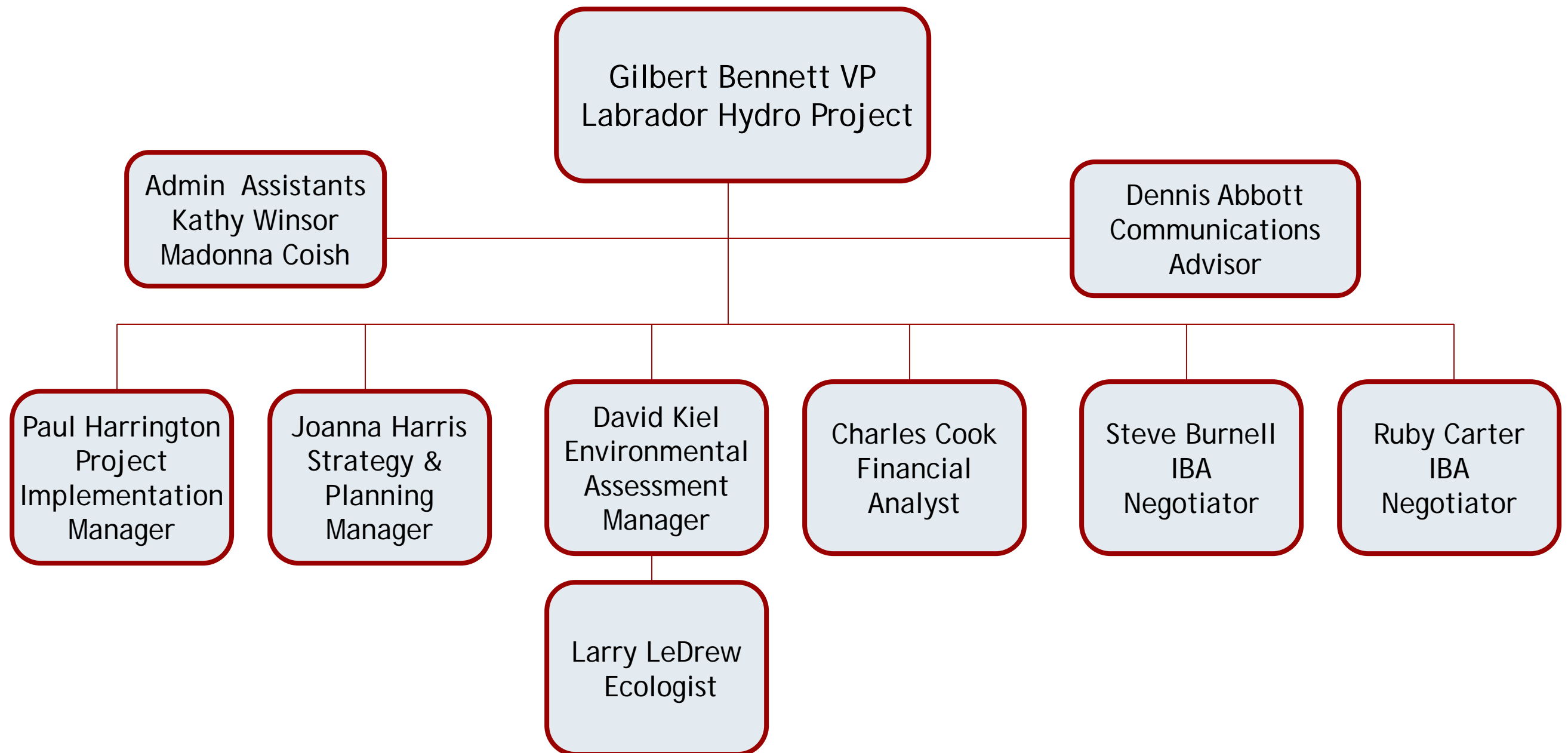
- Environmental Impact Study (EIS) team established, led by David Kiel.
- Schedule developed for EIS.
- EIS shall reflect the total Project scope
- EIS approvals will take ~ 3 years

# Current Status Aboriginal



- Impact Benefits Assessment (IBA) negotiations underway however some obstacles exist:
  - ✧ Scope of Project for IBA purposes not landed on
  - ✧ IBA basically two parts
    - Jobs and associated benefits- this can be worked out without knowing the PPA agreements
    - Financial deal- this cannot be worked out without the PPA agreements being finalized
  - ✧ Expectations are high for a fast track IBA based on last go-around but the negotiators do not feel that is likely to be the case.
  - ✧ Recent legal rulings may extend obligations of NLH to consult with Metis and Innuit whilst negotiating IBA with Innu. This consultation may be misinterpreted as some kind of acknowledgement of certain rights that do not legally or officially exist

# Current Organization- LHP



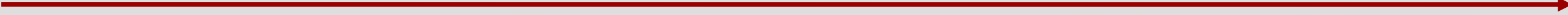

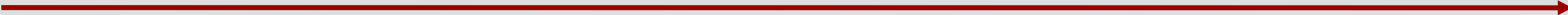

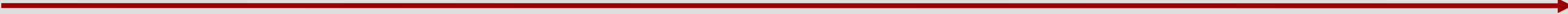

# Current Status Legal



- In house legal counsel- Wayne Chamberlin
- Legal Counsel - currently in bid clarifications with 3 national law firms- award expected in 3 weeks
- Montreal company Faskens Martineau currently advising NLH regarding OATT and HQ related matters.




# Overview of Project Parallel Paths, through 2006



Q1 2006	Q2	Q3	Q4
<b>Strategic and Political</b> Meet with Feds & proponents, keep all options, pursue OATT submission, maximize leverage and advantages, mitigate where necessary 			
<b>Project Implementation</b> Develop and implement key processes/systems, organization plan, Project execution plan, Contracting Strategy and hire PM support 			
<b>Environmental</b> Develop and implement EIS plan, place contracts for field work and environmental specialist support 			
<b>Aboriginal</b> Develop and implement AIB plan, establish project scope and level of negotiating & consultations required 			
<b>Finance &amp; Cost</b> Refine economic models as variables and ranges become more defined, Develop budget for pre sanction phase, cost reporting 			
<b>Communications</b> Develop & implement communications plan to fit political strategy, ensure consistency of message 			

# Project Implementation Priority Tasks



	Status Today	Mechanisms to achieve change	Where we want to be in 4 to 6 Months
 <p><b>People</b></p>	Small team in place with no organization chart, clear functional responsibilities or role descriptions	Develop and implement Organization Design Plan	Organization chart issued, roles and responsibilities defined, key positions filled and mobilization plan in well underway
 <p><b>Process</b></p>	Some processes and procedures in place but more appropriate for current operational needs and smaller project modifications	Develop and implement Project Management System Plan	<p>Key processes &amp; procedures issued and in use, including:</p> <ul style="list-style-type: none"> <li>• Proj Management System defined</li> <li>• Contracting Strategy</li> <li>• Organization Plan</li> <li>• Pre sanction Project Execution Plan</li> <li>• Filing, document control procedures</li> <li>• Contract evaluation procedures</li> <li>• Gateway Process</li> <li>• Numbering &amp; coding manual</li> </ul>
 <p><b>Systems</b></p>	Network system in place but few PM systems available	Develop and implement System Development Plan	<p>Critical PM software packages identified and installed as required including:</p> <ul style="list-style-type: none"> <li>• Doc Control &amp; Management</li> <li>• Planning</li> <li>• Cost</li> </ul>

# Organization

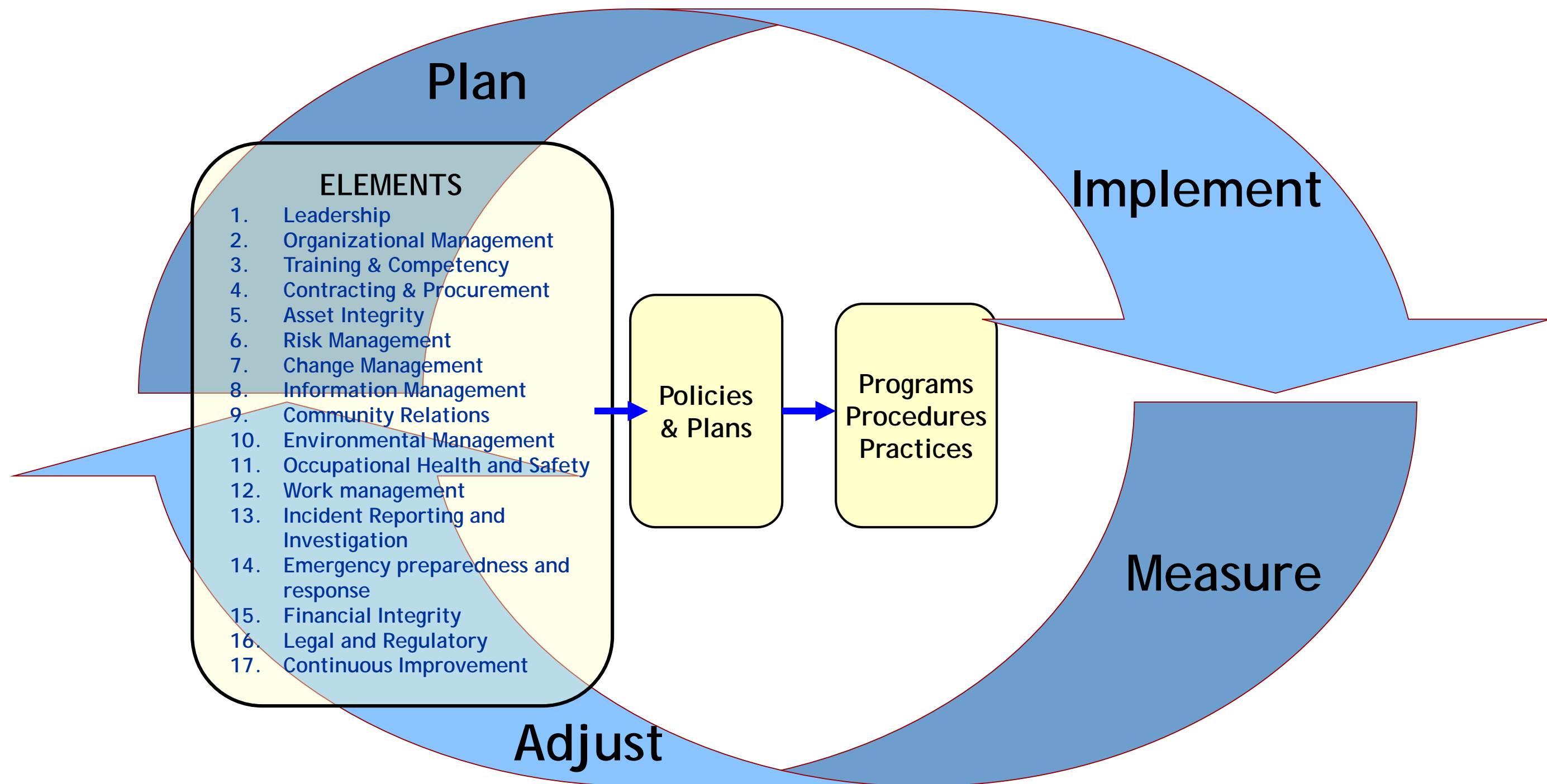


Add The Functional slide and  
Proposed org chart slides here



# Management System

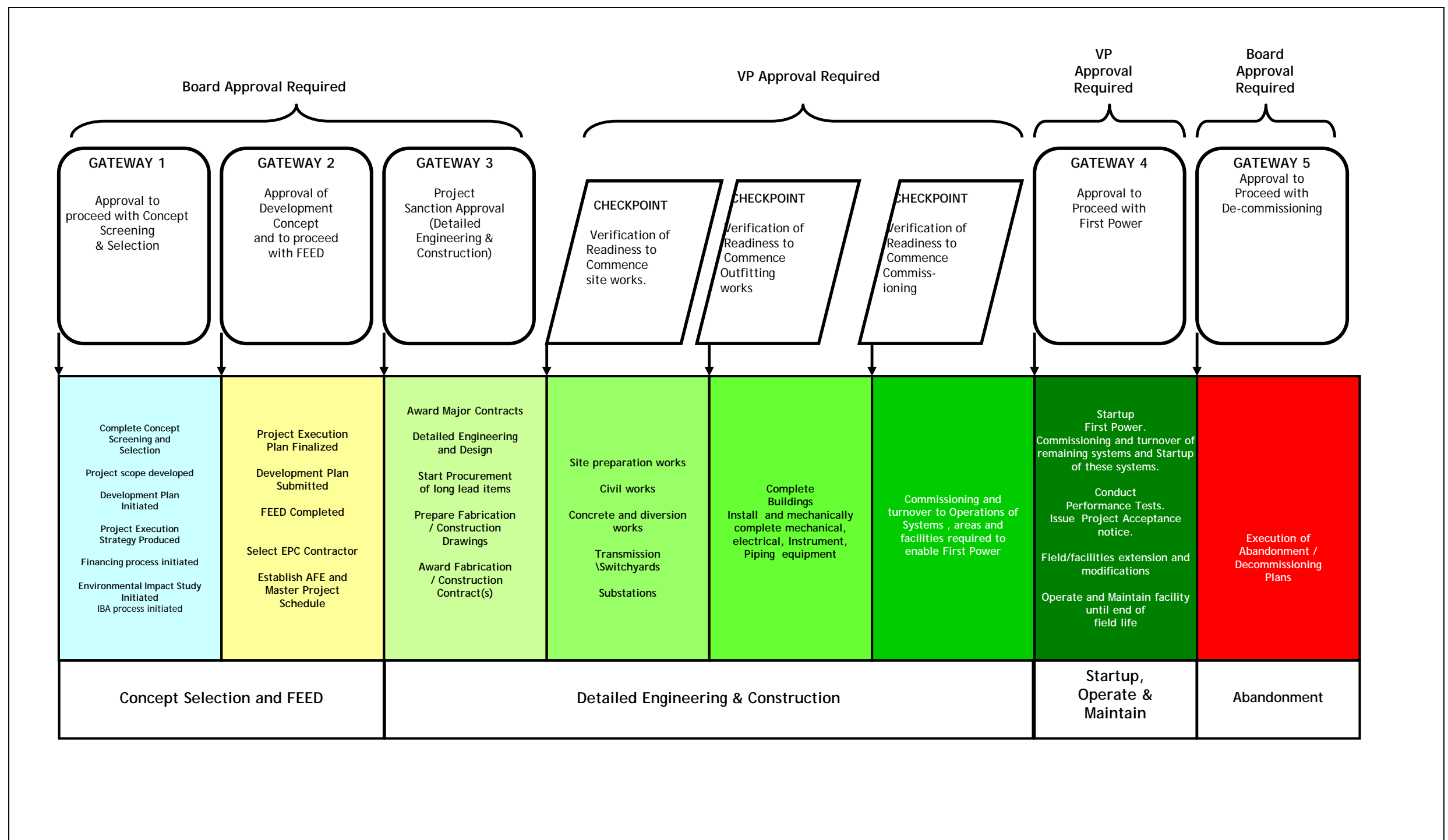
- The NLH Project Management System shall be the primary means of integrating the activities of the Labrador Hydro Project by providing a structure for policies, plans and more detailed programs, procedures and practices to deliver business results





# Project Gateway Process

- A key process to put in place is the Project Gateway Process which establishes the checks and balances and due diligence measures that demonstrate best Project Management practice





# Systems Required

- Project Management Systems and Software to be considered
  - ✧ Planning software - Primavera or similar
  - ✧ JD Edwards for cost control
  - ✧ Document Management system for document control, scanning and retrieval
  - ✧ Correspondence tracking and imaging
  - ✧ Contract Management system- variations and claims
  - ✧ Action Tracking system
  - ✧ Risk analysis software