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Dawn... most, if not all, of this work was done by Gerard and Catherine before I came on board. We had a couple of discussions at the ExComm about the terms of reference and a number of meetings were booked with Ed but it was never finalized. A key outstanding item was the level of decision making of the committee. Ed has made it clear since these early discussions that he will not make a decision on an issue that has been brought to him without it first going through the ExComm. Hope that helps.

Brian



LCECCharterandTOR_Ver1.1.docx

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COMMITTEE CHARTER AND TERMS OF REFERENCE

LOWER CHURCHILL EXECUTIVE COMMITTEE

GENERAL PURPOSE

The general purpose of the Lower Churchill Executive Committee (LCEC) is to monitor and facilitate progress relative to the planning and successful execution of both Phase I (Muskrat Falls, Labrador-Island Link, Maritime Link) and Phase II (Gull Island and associated transmission for export to markets) of the Lower Churchill project, and to ensure that Lower Churchill plans and activities are integrated and aligned with other Nalcor lines of business and corporate functional areas as appropriate.

KEY OBJECTIVES

The key objectives of the LCEC are as follows:

1. To oversee the management of change in relation to any proposed revisions to project scope, including budget; project design/configuration; contracting strategy; and organizational/governance structures.
2. To ensure awareness and alignment on key issues that involve or affect other lines of business and/or corporate functional areas, and to resolve conflicts where they arise.
3. To act as a sounding board/advisory group to the Vice-President, Lower Churchill Project and other executive members of the LCEC in relation to key decisions in their respective areas, including decisions that require escalation to the President/CEO.
4. To generally oversee the status and progress of Phase I project execution and Phase II planning and development; the negotiation and execution of commercial, joint development, financing and other legal agreements; and the integration and alignment of system planning and system operations activities between the Lower Churchill Project and other Nalcor electricity lines of business.
5. To provide advice and input to the President and CEO.

EXECUTIVE SPONSOR

President and CEO, Nalcor Energy

BACKGROUND AND GUIDING PRINCIPLES

The Lower Churchill Project (LCP) is a complex undertaking that touches many parts of the company with a significant number and diversity of stakeholders. The need for alignment and effective interaction between and among these different organizational groups is essential to the success of the LCP, and the ability of the company to optimize its operations from an overall, integrated power systems perspective within the province.

The rapidly increasing level and pace of activity related to Phase I execution is occurring in the context of other ongoing and critical organizational priorities, as well as a demand for highly specialized technical and functional input from a limited pool of senior people within the company. This has necessitated a priority focus on creating an organization design that will enable the company to adjust quickly and make the most of its available human resources, while maintaining focus in the right areas. In this context, the Company has consciously taken the approach of using cross-representational teams and working groups in the short term. This will allow the company to mobilize quickly around its 2011 priorities, as well as provide time to evaluate the Company's longer term organizational requirements.

The following are the key reference points and guiding principles for the Company in adopting the Executive Committee/Working Group approach outlined in this Charter.

- a) We are always guided by our company's vision, values and goals.
- b) We remain committed to our matrix organization design, allowing us to optimize our available resources across all lines of business, and achieve functional excellence and consistency through strong, best practice corporate standards.
- c) We must ensure the "ball is not dropped" in any area of the corporate plan, and that a clear focus is maintained in all lines of business.
- d) We must ensure a clear, continuing focus on Phase II development.
- e) We must ensure clear focus on the 2012 General Rate Application (GRA).
- f) We must ensure a clear focus on the company's six year rate management plan.

- g) Time and resource constraints, as well as uncertainties regarding future state organizational requirements, dictate we should leverage existing people and relationships, through consultation and cross-representational teams. Emphasize the “white space” across the organization.
- h) Optimization on a total systems level is critical for both the success of the project and the company’s overall energy system performance. Internal integration and alignment among all key stakeholders is key.

EXECUTIVE COMMITTEE COMPOSITION

The Executive Committee is comprised of the senior executives and managers identified below. When a regular member of the Committee is unable to attend a meeting, their named delegate will be empowered to act on their behalf.

		Delegate(s)
Vice-President, Lower Churchill (<i>chairperson</i>)	Gilbert Bennett	TBD
Project Director, LCP Phase I	Paul Harrington	Lance Clarke
Vice-President, Finance and CFO	Derrick Sturge	Rob Hull
General Manager, Commercial and Financing	Rob Hull	TBD
Vice-President, Project Execution & Technical Services	John MacIsaac	TBD
System Integration Lead	Paul Humphries	
Manager, Corporate Communications and Shareholder Relations	Dawn Dalley	
Manager, System Operations	Rob Henderson	
Manager, LCP Integration	Brian Crawley	

AUTHORITIES AND DECISION MAKING

The Committee’s primary mandate is to function as a forum for facilitating alignment between the project team and other Nalcor lines of business and corporate areas, and to ensure that decision issues brought forward for the approval of the President/CEO or Gatekeeper have benefitted from a robust review involving all affected internal stakeholders, and reflect a consensus of those stakeholders wherever possible.

In this context the LCEC is not a decision making body, except to the extent it may facilitate consensus on significant project-related issues which do not require the involvement or approval of the President/CEO or Gatekeeper. Several existing processes and accountability frameworks external to the Committee itself outline various decision making authorities on matters related to the Lower Churchill Project, and it is not intended that the LCEC would interfere with these. They include the following:

- a) The company's Decision Gate Process for major project approvals and decisions, and the authority of the Gatekeeper (President/CEO) and the Vice-President, Lower Churchill Development within that process.
- b) The accountabilities and related decision-making authorities of the members of the LCEC in their individual roles, in particular the VP, LCP; VP Finance and CFO; and the Project Manager, LCP.
- c) The Project's financial authority matrix.
- d) Decisions which are identified as requiring the approval of the President and CEO.

The Committee may use its discretion in identifying other project matters it feels it should address or discuss. However, project-related issues which shall require review and discussion by the LCEC before they are referred to the President/CEO or Gatekeeper for decision/approval will include the following:

- a) any proposed change to project scope, including budget; project design/configuration; contracting strategy; and organizational/governance structures.
- b) any issue or decision that has a potential impact on safety; the environment; project cost, quality, and/or schedule; corporate policies/standards; or shareholder relations.
- c) any unresolved conflict on an issue requiring alignment/agreement with another line of business and/or corporate functional area.
- d) any decision items originating from a working group which are outside the authority of both the working group and the relevant Vice-President.

COMMITTEE OPERATIONS

The Committee shall operate in accordance with the following procedures and guidelines:

- a) The Committee will meet on a regularly scheduled basis, initially bi-weekly.
- b) A quorum for any meeting of the Executive Committee shall consist of five members, which shall include the Chairperson or his delegated alternate, and at least one other executive member of the Committee. Meeting participation through video or teleconference facilities is acceptable and encouraged whenever necessary to ensure that meetings are held when scheduled.
- c) In order to ensure continuity of the Committee's operations and facilitate adherence to a regular meeting schedule, the Chairperson will designate a first alternate and a second alternate who will be available to function as the Chairperson in his absence.
- d) Subject to b) and c) above, each member of the LCEC is entitled to designate an alternate, and member substitutions at regular meetings of the Committee are permitted.
- e) Minutes of each meeting of the Committee will include a record of any decisions/approvals; follow-up actions; and other general discussion, and shall be maintained by the Manager, LCP Integration or some other person designated by the Chairperson.
- f) An Agenda for each meeting of the Committee, along with copies of related materials if at all possible, will be circulated to Committee members at least two days in advance.
- g) The Committee may invite other company representatives to a regular meeting as and when required.
- h) The Committee may adopt other operating procedures it feels are necessary and appropriate for the efficient operation of the Committee.

WORKING GROUPS

Outside the Phase I execution team itself, a number of cross-functional working groups have been established within two other teams to progress various commercial, financing and system integration aspects of Phase I execution and Phase II development.

Commercial and Financing Team (Rob Hull, Team Lead; LCEC Sponsor, Derrick Sturge)

A Commercial and Financing Team has been established to address the various commercial, legal and financing aspects of Phase I execution and the completion of all necessary joint development agreements with Emera Energy. Cross-representational working groups have been established in each of the following key areas:

- NLH/Provincial Agreements
- Emera Energy Agreements
- Commercial Structure/Opinions
- Provincial Government Undertakings
- Federal Government Undertakings
- Financial Modeling
- Project Documentation
- Due Diligence and Data Room
- Financing Process
- Regulatory Structure
- Insurance and Bonding
- Presentations

System Integration Team (Paul Humphries, Team Lead; LCEC Sponsor, John MacIsaac)

A system Integration Team has been established within the LCEC structure with the general mandate of ensuring that the design of the LCP from an end-use operations and maintenance perspective is optimized within the company's asset management framework and within the context of the company's overall integrated power systems within the province. Support resources have been established in each of the following key areas:

- Technical support
- Reliability support
- Hydrology support
- Regulatory support
- Energy marketing support

The chart shown in Schedule 1 presents an overall organization design for the LCEC.