

Date : 2/25/2014 2:02:55 PM

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Subject : Re: Some edits to Letter to the Editor and KM from Nalcor for consideration for insertion into the letter

Attachment : KM Accountability and Reporting\_Feb 25 2014\_Final.docx;Letter to Editor, February 25, 852 am\_Nalcor edits 110 pm.docx;ATT00001.jpg;

I think we could beef up the oversight paragraphs of the letter, based on the info included in the key messages document below.  
Ed

From: Karen O'Neill/NLHydro

To: "Diana Quinton" <DianaQuinton@gov.nl.ca>, "Bown, Charles W" <cbown@gov.nl.ca>

Cc: Ed Martin/NLHydro@NLHydro, Derrick Sturge/NLHydro, Gilbert Bennett/NLHydro@NLHydro, Gerard McDonald/NLHydro@NLHydro, Paul Harrington/NLHydro, James Meaney/NLHydro@NLHYDRO

Date: 02/25/2014 01:19 PM

Subject: Some edits to Letter to the Editor and KM from Nalcor for consideration for insertion into the letter

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I've circulated the Letter and we have a few minor comments/additions. I've also attached the KM doc that provides great detail on the level of reporting from Nalcor to Gov't and to the public as well as oversight activities of Gov't. Can you consider where some of these reporting activities can be incorporated into the letter from the Minister? It would help add more information to the public on the extend of the oversight and public reporting already going on by the crown corporation.

Let me know if you need any additional information.

Thanks

Karen



Karen O'Neill

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## CLICK HERE FOR THE FULL STORY ON MUSKRAT FALLS OVERSIGHT

After repeated attempts to get the story right, reporter James McLeod still has not satisfactorily explained the work that is being done to ensure prudent oversight of the Muskrat Falls Project. I therefore felt compelled to write and to set the record straight for readers. I will start first with the role of the independent engineer.

Before approving the federal loan guarantee for the nation-building Muskrat Falls Project, the Government of Canada ensured that a number of conditions precedent were met. To assess the engineering and technical aspects of the project, ~~they hired~~ MWH Canada was hired as independent engineer. By November 2013, the work of ~~MWH~~ had progressed to a point that met the stringent requirements of the Government of Canada.

**Comment [JM1]:** Language from FLG Agreement Nov 2012

The work of the independent engineer, while important, is only one of the checks and balances on this project. The Provincial Government has now received a copy of the interim report which will be reviewed. We will consider releasing to the public parts of the interim report that are not deemed to be commercially sensitive.

**Comment [K02]:** Defer to what is approved in Nalcor's response to James McLeod

We understand that MWH Canada will continue to be retained by the Government of Canada throughout the construction of the project and will be providing regular progress reports. These reports will form part of the Provincial Government's oversight of the project. We have a team that reviews project data, including external reports, and authorizes equity payments to the project.

As shareholder, the Provincial Government has a close relationship with Nalcor and has processes in place to ensure the corporation remains accountable to the people of the province.

**Comment [K03]:** See our attached KM on ways Nalcor is accountable and reports to gov't and the public and regulator.

At each phase of the Muskrat Falls Project, from sanction, to financing, construction and finally operation, the Provincial Government has had direct oversight of Nalcor. The Departments of Finance and Natural Resources work in close collaboration with Nalcor Energy and have regular meetings and exchanges of information; and cabinet is updated regularly by the CEO of Nalcor on its business operations. The Provincial Government is provided with all the information it requests, including project expenditures and equity investments.

In a broader context, the Minister of Natural Resource's roles and responsibilities are very clear under legislation. The Provincial Government undertakes a strategic planning process every three years which provides the overall direction for all entities, including Nalcor. Annually, entities provide reports on the progress of their strategic plans and also provide financial information. These annual reports are reviewed by the Minister, presented to the House of Assembly, and made public. In addition, the Minister has the right to seek additional information on the activities of the entities if required.

In addition, the Provincial Government can audit Nalcor and its processes; and the Auditor General has open access to Nalcor's operations at any time.

| Nalcor Energy provides monthly ~~benefit~~ reports on the Muskrat Falls Project which includes details on construction and procurement activities, construction costs, safety and environmental activities and details on stakeholder and community consultation and engagement initiatives during each reporting period. These reports are publically available at <https://muskratfalls.nalcorenergy.com/newsroom/reports/>

There has been more information made public about this project than any in the province's history, providing the opportunity for oversight not only by the government, but by the people of the province. This continues to be a dynamic process that will evolve throughout the life of the project.

The Honourable Derrick Dalley  
Minister of Natural Resources