

Muskrat Falls Oversight Committee Terms of Reference

July 29, 2014

Mandate:

The Oversight Committee (the “Committee”) of the Government of Newfoundland and Labrador has been established to provide reliable and transparent oversight on the following key issues associated with the Muskrat Falls Project (the “Project”):

1. The Project cost and schedule is well managed – the Committee will examine issues such as whether management processes and controls are well-designed and followed, contracts are being managed diligently and financial drawdowns comply with the established processes;
2. The Project is meeting the cost and schedule objectives – the Committee will examine issues such as how schedule performance and forecast compare to the plan, how cost performance and forecast compare with the budget, how cost and schedule forecasts compare with current performance, and how cash flow forecasts reflect the project’s funding requirements; and
3. The cost and schedule risks are being reasonably anticipated and managed – the Committee will examine issues such as whether risks are being sufficiently identified and addressed and whether Nalcor has established adequate contingency to address outstanding Project risks.

The Committee’s mandate does not include participation in the management of the Project. Oversight of health, safety and environment, quality, regulatory compliance and benefits tracking are specifically excluded from the Committee’s scope.

Objectives:

The objectives are to provide reliable and transparent oversight on the cost and schedule performance of the Project and to establish a direct and effective communication channel to Cabinet and the general public.

Members:

The Committee will consist of the following members:

- Clerk of the Executive Council (Chair)
- Deputy Minister of Natural Resources
- Associate Deputy Minister of Natural Resources
- Assistant Deputy Minister of Natural Resources - Energy Policy
- Deputy Minister of Finance
- Assistant Deputy Minister of Finance - Taxation and Fiscal Policy
- Director of Debt Management – Department of Finance
- Deputy Minister of Justice or their designated Solicitor
- Assistant Secretary to Cabinet for Economic Policy

A quorum will be decided by the Chair.

Accountability:

The Committee is accountable to Cabinet for Project oversight and periodic reporting on the Project's:
a) cost and budget performance, b) schedule performance and c) cashflow requirements.

Responsibility:

Responsibilities include:

- Establish the information requirements for regular monthly reporting.
- Confirm frequency and scope of reporting protocol.
- Review and analyze the information provided by the Nalcor Lower Churchill Project Team ('Project Team') and other related parties.
- Liaise with Nalcor Corporate and the Project Team throughout analysis and reporting to confirm and validate facts.
- Formulate conclusions on the cost and budget performance, schedule performance and cashflow requirements and provide recommendations as necessary.

Meetings:

- Meetings will be chaired by the Clerk of the Executive Council.
- Meetings of the Committee will be held monthly and more frequently if required.
- The Committee will meet with Nalcor officials on a quarterly basis and as required.
- The Executive Director will act as the Secretary to the Committee.

Reports:

- The Committee will produce quarterly reports for Cabinet and for distribution to the general public.
- The Committee may produce additional reports for Cabinet and the General Public as determined necessary by the Committee or as directed by Cabinet.