

**The Honourable Derrick Dalley  
Minister of Natural Resources  
Speaking Notes for Oversight Announcement  
Thursday, July 31, 2014  
11:00 a.m.**

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- Thank you, Premier. Good morning everyone.
- It's a pleasure to join Premier Marshall here today to announce the release of the oversight committee's first report on the Muskrat Falls Project.
- As the Premier has noted, the Muskrat Falls Project belongs to all Newfoundlanders and Labradorians and a project of this magnitude and importance requires our oversight.
- Muskrat Falls has been determined time and time again to be the project that will provide least-cost reliable electricity to meet our province's increasing energy needs today and for generations to come.
- I would like to note at that outset that there has been more information made public about this project than any in the history of our province, providing the opportunity for review by the public, government and independent experts including Manitoba Hydro International, Navigant Consulting, the Board of Commissioners of Public Utilities, Dr. Wade Locke and Ziff Energy Group of Calgary.
- The release of the oversight committee's first report today builds on this information and analysis and is intended to provide additional assurance to the people of the province with regard to project cost, schedule and risk management.
- The Premier has already detailed the work that has been undertaken by the oversight committee, including the development of a Terms of Reference and the establishment of robust protocols, processes and systems.

- The work of the oversight committee; however, is just one of the many sources of oversight on the Muskrat Falls Project.
- From the outset, many senior departmental officials throughout government have been involved in oversight from initial planning, to early engineering, to our agreements with Emera, and most importantly to project sanction and financing.
- Primary oversight of the project is provided by the Nalcor Board of Directors who are accountable to the Government on behalf of the people of the province. These are qualified individuals who have a legal fiduciary responsibility to ensure the project is developed as planned.
- The Board of Directors is supported by Nalcor's the Internal Audit group who determine whether the projects risk management, controls, and governance processes are adequate and functioning as intended. This group reports directly to the Board and the Board's Audit Committee.
- Nalcor's management team has established management systems that are consistent with best practice for major capital projects. These systems have been set to KPMG Construction Controls Framework and ISO 9001:2008 standards.
- Nalcor has also established Quality Assurance Processes and Objectives to ensure that construction complies with all drawings and specifications.
- These management systems and Quality Assurance Processes have been reviewed by the Independent Engineer and our own project management consultant Ernst and Young.
- Finally, as part of its regular business operations, Nalcor issues its annual financial statements for Nalcor and each subsidiary.
- These statements are audited by Nalcor's external independent auditor; Deloitte & Touche .In the coming year, Deloitte will be conducting additional auditing with respect to the validity of costs charged to the Project.

- It also important to point out that, Nalcor holds a public annual general meeting where the previous year's performance is discussed.
- Each year this provides an opportunity for the general public to receive updates and presentations on the company's performance and to ask specific questions about the Muskrat Falls and other activities.
- In addition to our government's level of oversight, due diligence is being undertaken by the Government of Canada as provider of the Federal Loan Guarantee. The Government of Canada is supported by experienced legal advisors, independent financial advisors, and the Independent Engineer.
- Oversight of the Muskrat Falls Project is important to this government and we continue to ensure prudent oversight on a number of levels through the construction and operation phases.
- As we move forward, we will continue to fulfill our commitment to openness and transparency.
- We will ensure the people of the province have ready access to information on the Muskrat Falls Project.
- I encourage you to visit the Provincial Government's website and review the documents related to the work of the oversight committee.
- I would also encourage you to visit the Muskrat Falls Project website which has a significant amount of information including monthly reporting on employment, costs and expenditures.
- I'll now turn it over to the floor for questions. Thank you.