

**From:** [jamesmeaney@lowerchurchillproject.ca](mailto:jamesmeaney@lowerchurchillproject.ca)  
**To:** [Auburn Warren](#)  
**Subject:** Re: Contingent Risk - Management Change to LCP  
**Date:** Tuesday, June 7, 2016 12:18:04 PM

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Where Anoop officially sent this to me, I felt that I had to at least pass it on to Stan so he was aware. Had a quick chat with Gilbert and then Derrick about it.

Nik knows of him and his background....hasn't actually met him

Sent from my iPhone

On Jun 7, 2016, at 10:43 AM, Auburn Warren  
<[AuburnWarren@nalcenergy.com](mailto:AuburnWarren@nalcenergy.com)> wrote:

Gulp! Interesting to see how this pans out

Especially as ie knows PD

Sent from my iPhone

On Jun 7, 2016, at 10:29 AM, James Meaney  
<[JamesMeaney@lowerchurchillproject.ca](mailto:JamesMeaney@lowerchurchillproject.ca)> wrote:

FYI...I sent this along to Stan so he was aware and could address in an appropriate manner to support Canada/IE recommendation for FLG2. Having this on the record from IE going unaddressed in some form would not be helpful for NRCan.

Sent from my iPhone

Begin forwarded message:

**From:** "James Meaney" <[JamesMeaney@lowerchurchillproject.ca](mailto:JamesMeaney@lowerchurchillproject.ca)>

**Date:** June 7, 2016 at 9:04:26 AM EDT

**To:** "Stan Marshall" <[smarshall@nalcoreenergy.com](mailto:smarshall@nalcoreenergy.com)>

**Cc:** "John MacIsaac" <[JohnMacIsaac@nlh.nl.ca](mailto:JohnMacIsaac@nlh.nl.ca)>, "Derrick Sturge" <[DSturge@nalcoreenergy.com](mailto:DSturge@nalcoreenergy.com)>, "Gilbert Bennett" <[GBennett@nalcoreenergy.com](mailto:GBennett@nalcoreenergy.com)>

**Subject: Fwd: Contingent Risk - Management Change to LCP**

Hi Stan

I received the note below from Canada last night. This is the matter I mentioned to you in our prep session last Thursday.

Regards

Jim

Sent from my iPhone

Begin forwarded message:

**From:** "Kapoor, Anoop (NRCan/RNCan)" <[anoop.kapoor@canada.ca](mailto:anoop.kapoor@canada.ca)>

**Date:** June 6, 2016 at 7:12:17 PM EDT

**To:** "[JamesMeaney@lowerchurchillproject.ca](mailto:JamesMeaney@lowerchurchillproject.ca)" <[JamesMeaney@lowerchurchillproject.ca](mailto:JamesMeaney@lowerchurchillproject.ca)>

**Cc:** "Manzer, Alison" <[amanzer@casselsbrock.com](mailto:amanzer@casselsbrock.com)>, "Krupski, Joseph (NRCan/RNCan)" <[joseph.krupski@canada.ca](mailto:joseph.krupski@canada.ca)>, "John Medland ([jmedland@blairfranklin.com](mailto:jmedland@blairfranklin.com))" <[jmedland@blairfranklin.com](mailto:jmedland@blairfranklin.com)>, "McHattie, Joseph (NRCan/RNCan)" <[joseph.mchattie@canada.ca](mailto:joseph.mchattie@canada.ca)>, "[nik@argirovglobal.com](mailto:nik@argirovglobal.com)" <[nik@argirovglobal.com](mailto:nik@argirovglobal.com)>

**Subject: FW: Contingent Risk - Management Change to LCP**

Contingent Risk - Management Change to LCP

Jim

Please see below, IE's opinion regarding risk stemming from contemplated changes to the senior project team. I expect Nik

to discuss this aspect tomorrow.

Anoop

**Subject:** Contingent Risk - Management Change to LCP

The role of the Independent Engineer includes providing commentary on perceived risks identified to the on budget, schedule and specification performance of the project. When considering the necessity to report on an identified risk, the Independent Engineer takes account of not only the direct reporting and observations, but also the information obtained from other available sources. The recent press coverage and purported senior management announcements of Nalcor regarding the Lower Churchill project has given rise to an identified risk. That risk being the ability of the project to be completed on the current time schedule and budget.

The risk identified has caused consideration to be given to making management changes that in turn would significantly impact the project. In my experience, the stated intention to change management at this late project stage creates uncertainty and aggravation to the project team's moral. The speculation that follows creates performance issues in the management, and the production team. While this has not manifested significantly to date, the uncertainty around management change gives rise to an engineering concern as to the three primary project execution objectives - on time, budget, and quality performance.

While the project has encountered challenges, largely due to production issues arising from the weak start of Astaldi on the power house and terrain issues for the transmission lines, the management team has been effective in reaching a circumstance suitable response. The experience gained, and the management expertise developed over the course of this project, should not

be lost. Significant change would, in my experience, lose the value of the particular expertise that has been developed over time in this mega project. It is imperative to not enact changes in management that in turn would hamper the primary goals of on time and on budget (albeit the currently modified time and budget). A hydro electric development of the size and scope of the Lower Churchill is a rare and complex engineering and project management challenge, and the experience gained by the management team should not be lost or overridden. In my view, such changes would add contingent risk and likely lead to a slower and more costly process to completion. The skill complement of the existing team, is not readily replaced, and certainly not by persons from other industry backgrounds.

The press and related announcements as to management review and possible replacement leads me to conclude there is contingent project risk for the Lower Churchill project. This risk in my view could lead to reduced ability to complete the project on the current adjusted time schedule and budget.

Regards,

Nik Argirov