

# LCP “Task Force” Initiative

24-April-2012

Boundless Energy



# Background

- SLI EPCM contract awarded in February 2011
- Award to SLI based on estimate of cost for the EPCM Services ~ 2.5 million person-hours
- Package received in December 2011 ~ 5.5 million person-hours
- Misalignment with SLI proposal (essentially same scope)
- **Not approved by Nalcor**

# EPCM Person-hours (15-Dec-2011)

EPCM Services Person-Hours		
	NEW ESTIMATE	PROPOSAL
EPCM Hrs. expended to 31 Dec. 2011 (approx.)	215,800	
<b>STAGE 3 Estimate</b>		
Office St. John's	2,221,281	
Site (All Locations)	3,021,865	
<b>Total</b>	<b>5,458,946</b>	<b>2,486,940</b>
<b>Increase</b>	<b>2,972,006</b>	

**Financial Impact ~ \$350M +**

# Major Issues

1. Unacceptable expectations for EPCM resource requirements
  - The Project will not pass through DG3
  
2. Organizational readiness for DG3 is lagging
  - Validated by pre-IPR review in February

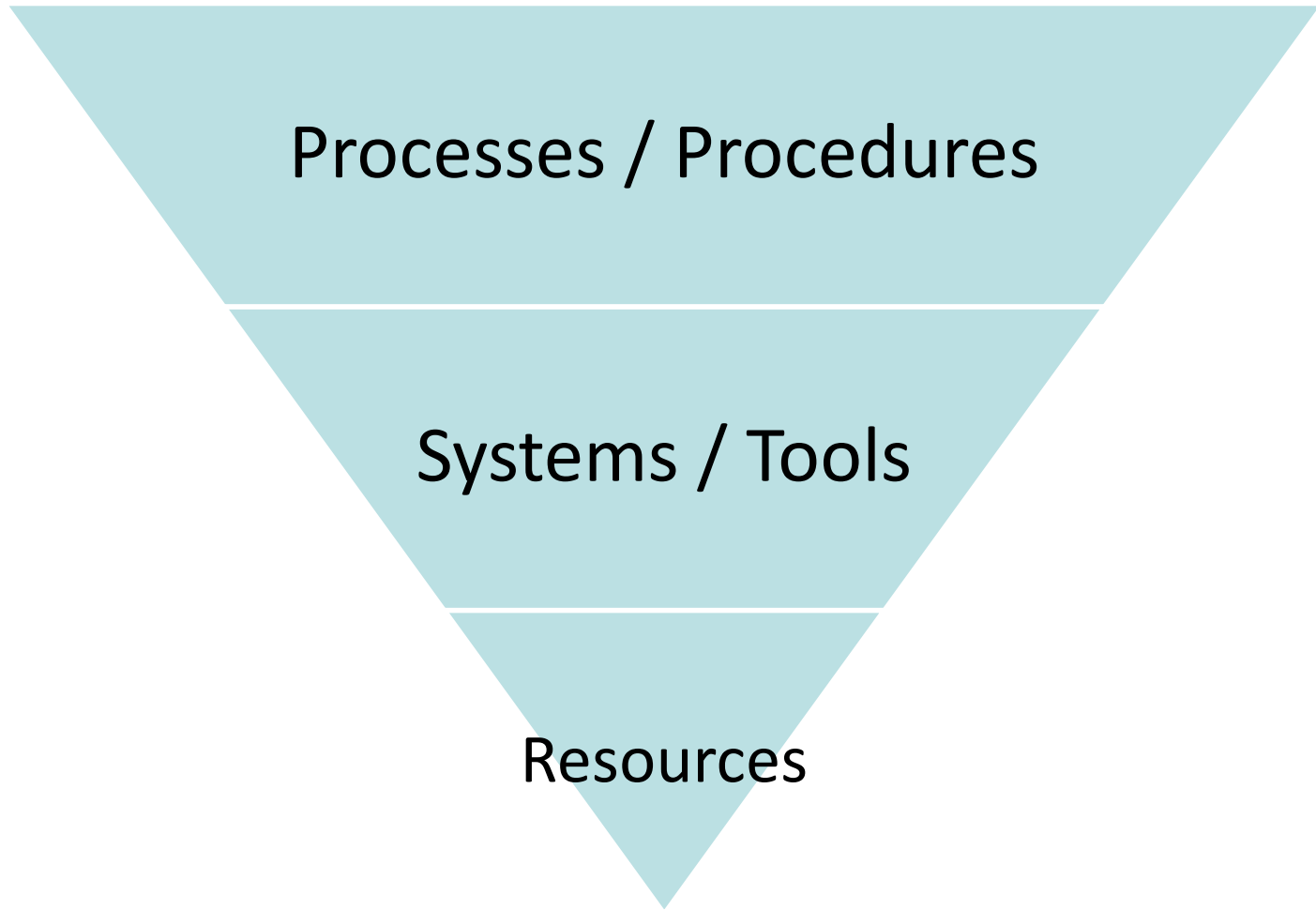
# Follow Discussions

- Session held 01 Feb. 2011 with senior SLI personnel
- No resolution on person-hour misalignment between SLI's proposal and new viewpoint
- Resulting action that "Task Force" approach will be used to move forward
- Build from the "**bottom-up**"
  - Our Management Approach, Process and Tools must drive organizational resource requirements

# Moving Forward

- Task Force Charter issued in order to bring resolution to both items
- We need to get our Management Plans, Processes/ Procedures, Systems/Tools in order to define “optimal” organization
  - Our Management Philosophy is “lean and mean”

# Management Plans



# Task Force: Objectives / Deliverables

<p><b>Objectives</b></p>	<p>Anchoring back to contract principles:</p> <ul style="list-style-type: none"> <li>• Ensure Nalcor functional requirements are defined, documented and if required, clarified</li> <li>• Confirm functional scope &amp; execution strategy</li> <li>• Agree functional Management Plan</li> <li>• Agree functional processes &amp; procedures</li> <li>• Agree organization charts and manpower plans, by phase</li> <li>• Complete all required Phase 3 deliverables to a high quality standard</li> <li>• Identify risks/issues/ potential for improvement</li> <li>• Ensure preparedness for Gate 3 IPR (see attached Gate 2 IPR scope &amp; focus)</li> </ul>
<p><b>Deliverables</b> (for each functional area)</p>	<ul style="list-style-type: none"> <li>• Management Plan</li> <li>• All required processes, procedures, and tools agreed and in place</li> <li>• Updated Responsibility Assignment Matrix</li> <li>• Fully developed organization charts by phase</li> <li>• Fully developed Manpower Plans</li> <li>• Other deliverables related specifically to the function (see table herein)</li> <li>• Table of risks, issues, potential for improvement, all with</li> <li>• Accompanying mitigating or supporting actions</li> <li>• Any Gate 3 Deliverables not covered above</li> </ul>