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**Subject:** CH0032 Andritz Gates Package Performance Presentation  
**Date:** Monday, May 16, 2016 4:26:20 PM  
**Attachments:** [.png](#)  
[2016 05 16 Gates Package - Info for PH meeting with LINZ.pptx](#)

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Paul,

As per your request we have compiled a summary presentation for your discussions with Andritz Hydro Linz senior management.



2016 05 16 Gates Package - Info for PH meeting with LINZ.pptx

If you have any questions regarding the content or require further information please let me know.

Regards,

**Bruce Drover**

**Package Leader - Hydro Mechanical Equipment**

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# Lower Churchill Project

## Andritz - Gates Package - Performance

16-May-2016

Boundless Energy



Take a  
**MOMENT**  
for Safety

# Purpose

- Project Commitment to River Diversion in 2016
  - What is at stake?
- Review current status on site – Andritz Performance
- Essential requirements for River Diversion 2016

# Key Messages

Message	Supporting Information
<p><b>1</b> Project is fully committed to diversion in 2016</p>	<ul style="list-style-type: none"> <li>• Dams contractor is fully mobilized and committed to river diversion in 2016</li> <li>• All parties have a stake in achieving river diversion in 2016</li> </ul>
<p><b>2</b> LCP issued change order 10 on 12-Nov-2016 to Andritz to complete the work to meet the requirements for ready for river diversion date of 15-June-2016</p>	<ul style="list-style-type: none"> <li>• Negotiations began in July of 2015 with Andritz for ready for river diversion 2016 work</li> <li>• Andritz disputes the cost of the change order but is contractually obliged to proceed with the work</li> </ul>
<p><b>3</b> Andritz performance on site has been unacceptable since mobilization in Sep 2015.</p>	<ul style="list-style-type: none"> <li>• Poor safety performance</li> <li>• Organizational deficiencies</li> <li>• Lack of Cooperation</li> <li>• Ineffective Planning</li> </ul>
<p><b>4</b> River diversion is still achievable in 2016.</p>	<ul style="list-style-type: none"> <li>• Andritz is committed contractually to achieve ready for river diversion in 2016</li> </ul>

**1**

# Commitment to River Diversion 2016

- Project is fully committed to river diversion in 2016
- What is at stake:
  - Overall project schedule requires river diversion in 2016
  - Significant financial damages will be incurred if river diversion is not achieved in 2016
  - Andritz Reputation: success or failure of first major Gate installation in Canada

## 2 Change Order 10

- LCP issued Change Order 10 on 12-Nov-2016 for:
  - Completion of the ready for river diversion scope on or before 15-Jun-2016
  - Lump sum of \$3,370,314 + \$2,000,000 completion bonus
- The work must continue to proceed irrespective of disagreement of commercial terms.
- Andritz provided a schedule on 18-Dec-2016 conforming to the Change Order 10 ready for river diversion delivery requirements.

## 3 Performance - Safety

- 10 safety absolutes have occurred since September 2015.
- Site manager removed for, inter alia, an attitude inconsistent with core values.
- Audit by LCP in February 2016 showed Andritz has good corporate safety processes but Andritz site team has failed to consistently comply with them.
- As an example, concrete trunk failure incident exposed gaps in safety analysis and issues with leadership, communication and accountability when dealing with investigation and return to work.
- Current performance level is marginally improved.



## 3 Performance - Organization

- Andritz site team has failed to manage the work. Lack of control over subcontractors is evident in execution at the work site in safety, quality and schedule.
- Andritz has failed to supply sufficient qualified resources to meet project execution needs
  - Allowing subcontractors to self manage,
  - significant gaps in key personnel
  - gaps in off shift coverage
  - multiple roles covered by a single person

## 3 Performance - Organization

- Andritz focus is on commercial issues instead of the priority of project execution. Andritz has failed to respond to LCP concerns in this regard.
- Org Chart has been revised by Andritz eight times so far this year and is still unacceptable. (Current Rev 11)

## 3 Performance - Organization

- LCP has had no choice but to provide a unanticipated high level of support to Andritz for a design, supply and install contract:
  - LCP Engineering review requiring an unusually high level of prescriptive comments and multiple revisions to achieve compliance. This is still ongoing.
  - LCP forced to continuously track and expedite late Andritz deliverables.
  - LCP completions and commissioning team are providing detailed work breakdowns and drafting deliverables to assist an unprepared Andritz completions and commissioning team.
  - LCP Site Management has been left with no alternative but to take the lead and implement initiatives to solve Andritz problems, identify Andritz opportunities and progress Andritz work.

## 3 Performance - Cooperation

- Andritz has been uncooperative with LCP in their requirements for achieving ready for river diversion 2016.
  - Upon mobilization in September 2016, Andritz subcontractor Canmec refused to start work as planned. Andritz failed to manage Canmec and wasted the opportunity to complete downstream work. This work remains incomplete and is impacting critical path to river diversion 2016.
  - Andritz has failed to ramp up to resource levels needed to execute the ready for river diversion in 2016 schedule.

## 3 Performance - Planning

- Andritz has not shown an ability to hit weekly progress targets and is in constant recovery mode.
- No significant acceleration has been achieved. This is based on a comparison of:
  - Baseline schedule in the agreement with Andritz self performing the work
  - July 2015 revision that shifted the baseline and added detail for subcontractor execution
  - The current acceleration schedule

# 4

## River Diversion is Achievable in 2016

- On 9-May-2016 Andritz introduced a schedule to complete the Ready for river diversion scope by [REDACTED]
  - LCP and Andritz completed a two day workshop on 10-11-May-2016 to evaluate and develop monitoring strategies in accordance with this schedule. Both parties agree it can and must be achieved.
  - All progress up to the 8-May-2016 data date was included in the above schedule.
  - [REDACTED]

# Closing

- Following the joint workshop on 11-May-2016 it is vital that both LCP and Andritz continue to build upon the renewed impetus and work together to achieve Ready for River Diversion in 2016. Failure is not an option for LCP or Andritz.

Sharing our ideas in an open and supportive manner to achieve excellence.

# Teamwork

# Open Communication

Fostering an environment where information moves freely in a timely manner.

# Honesty and Trust

Being sincere in everything we say and do.

Relentless commitment to protecting ourselves, our colleagues, and our community.

# Safety

# Respect and Dignity

Appreciating the individuality of others by our words and actions.

# Leadership

Empowering individuals to help, guide and inspire others.

Holding ourselves responsible for our actions and performance.

# Accountability