

TL Update

Presentation to Oversight Committee

29-Jan-2016

Boundless Energy



Presented to GNL MF Oversight Committee by J. Kean on
29-Jan-2016 - Meeting occurred from 12-2:30pm at
Confederation Building



Purpose

- Provide a high-level update on the construction status of the Transmission Line
- Review on-going issues being managed

Snapshot

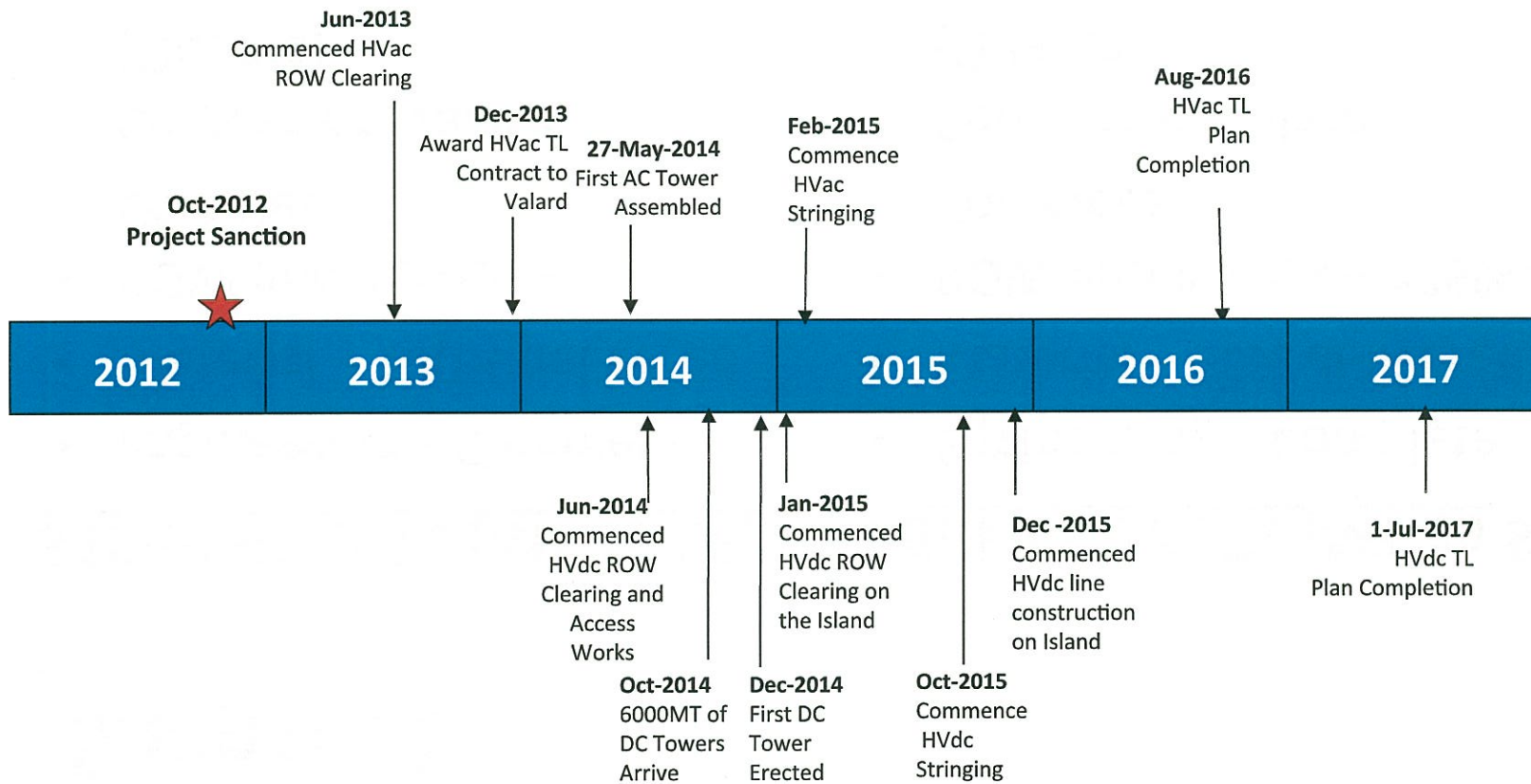
315kV HVac TL (MF to CF)

- Engineering – Complete
- Material – 100% delivered
- ROW and Access – Complete
- Contractor: Valard (Quanta)
- Line Construction – Ahead of Plan

350kV HVdc TL (MF to SP)

- Engineering – Complete
- Material – 90% delivered
- ROW and Access – ~75% Complete
- Contractor: Valard (Quanta)
- Line Construction – Behind Plan, but recoverable

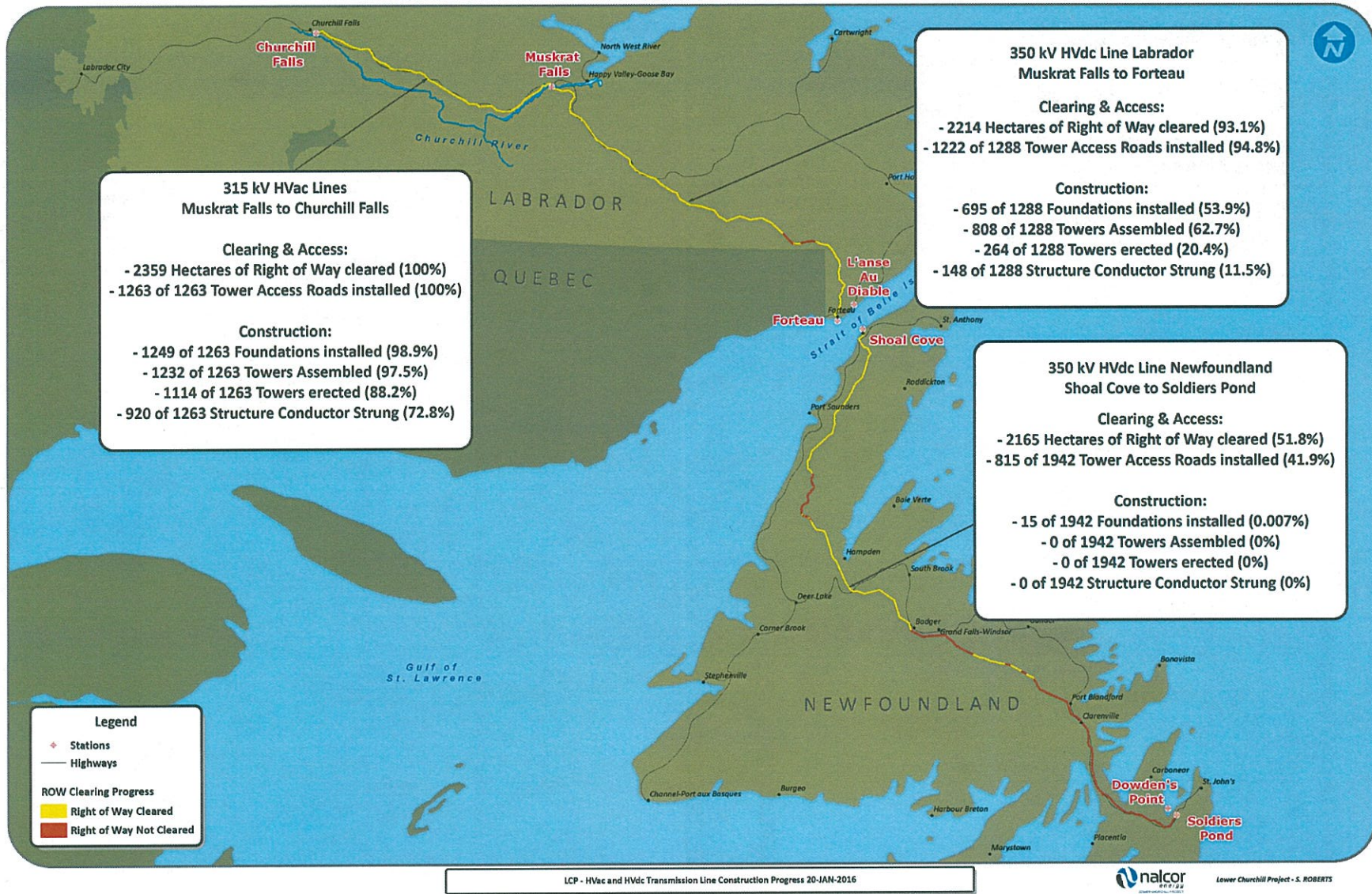
Schedule Milestones



Quanta is ...



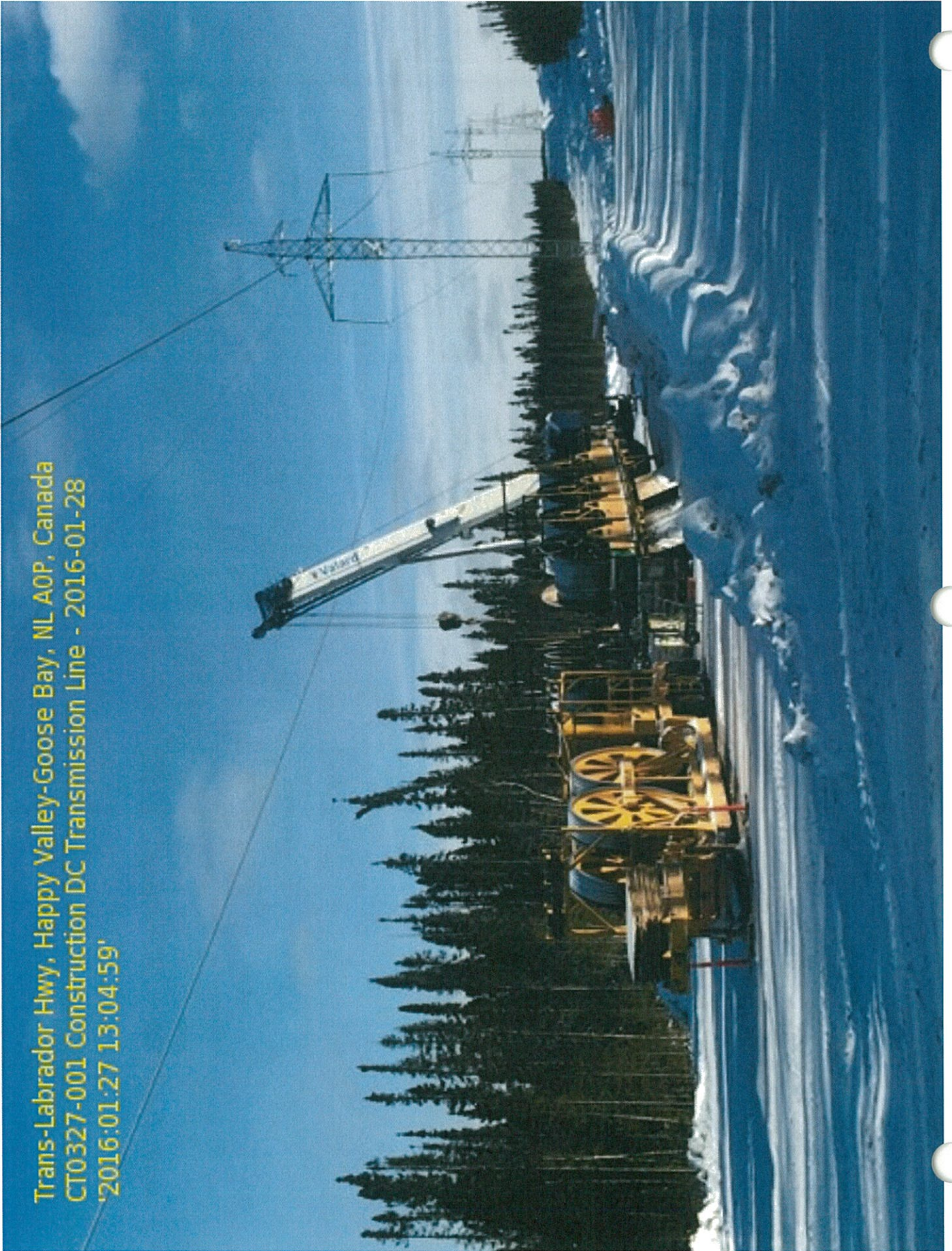
- Built on the collective strengths of industry-leading contractors
 - More than 45 local and regional operating units
 - More than half are active in the Electric Power Sector



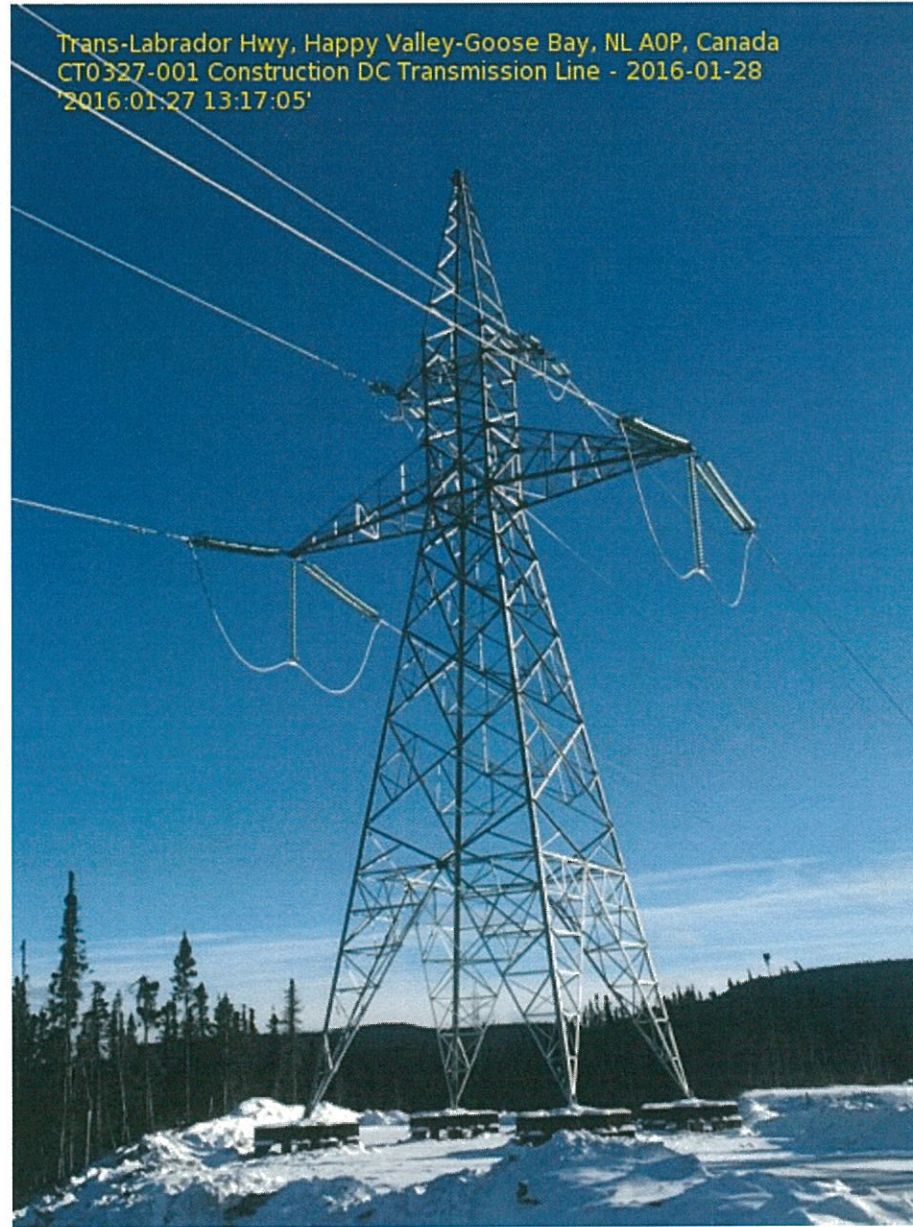
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Trans-Labrador Hwy, Happy Valley-Goose Bay, NL AOP, Canada
CT0327-001 Construction DC Transmission Line - 2016-01-28
'2016:01:27 13:04:59'









Deeper Dive – HVac Contract (CT0319-001)

Progress

- Plan=79%; Actual = 84%
- Expect completion of Stringing activity by in April 2016, clean-up by end of summer

Cost Performance

- Contract Value of \$280 M
- Incurred to date \$220 M

Claims or Disputes

- No open disputes
- No claims to date

Key Issues

- Concrete Records: Gap in Valard concrete records for ~300 foundations. Concrete quality suspect and under investigation. Some foundations being replaced or repaired at Valard's cost. Extent of issue under study.
- Confirmation of timing for Powerhouse Interconnect

Key Risks

- None

Deeper Dive – HVdc Contract (CT0327-001)

Progress

- Labrador: Plan = 42.5%; Actual **40%**
- Island: Plan = 11.4%; Actual = **7.6%**
- Targeting Completion of Labrador by end of 2016
- Plan end date for entire line is 1-Jul-2017; however under significant threat. Recovery plan pending this week. Contractor has significant capability to bring to the table, incl. from AC line

Cost Performance

- Contract Value of \$880 M
- Incurred to date ~\$190 M

(Note: These numbers exclude access works by Company's Other Contractors)

Claims or Disputes

- Potential claims for (1) geotechnical conditions and (2) and potential access conditions. LCMC consider its position very strong.

Key Issues

- Valard must demonstrate sound recovery plan; missing 1-Jul-2017 would trigger significant LDs
- Project has cost grossly exceeded plan for ROW and access – many contributing factors
- Geotechnical conditions south of Muskrat Falls has hampered foundation progress
- Learning Curve for crews on HVdc
- Quality Rework – Has hamper forward momentum

Key Risks

- Valard's ability to recover and retain 1-Jul-2017 date
- Early Spring Break-up – Two significant winter zones – could result in cost exposure for all-season access
- Construction duration for Long Range Mountains is weather dependent – critical path
- Valard's ability to successful position a geotechnical claim