

From: [David Steele](#)
To: [Tim Calver](#)
Subject: The Story.pptx
Date: Tuesday, March 1, 2016 2:33:00 PM
Attachments: [The Story.pptx](#)

Tim,

Please let me know when you finish with the Nalcor comments. You, Mike and Paul and I need to consider this point.

Dave

A definitive Nalcor forecast position, which is a 'Condition for Success' for the EY review, were not available within current EY delivery timelines

- ▶ As EY embarked on the Review, the only limitation relayed from Nalcor to Government/EY in early January 2016 was that that Nalcor was involved in discussions in relation to Astaldi
 - ▶ EY was told by Nalcor that relevant data and information related to this contractor would not be made available until the first week of February 2016
- ▶ In mid-January, it became apparent to EY that the ongoing discussions between Nalcor and Astaldi were extensive
- ▶ During the week ending 22 January, EY gained a more fullsome understanding of the anticipated process that Nalcor is undertaking. This includes a re-baselining effort and quantitative risk assessment which will likely extend to late March 2016
- ▶ Other components of the Project (other than MFG) are also going through a process of re-baselining and risk assessment, which was not made available to EY
- ▶ Astaldi data/information from Nalcor to EY did not commence until late February. Sufficient data/information has yet to be delivered (early March).

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- ▶ A condition of success for a review of any project's cost and schedule forecast is that the Project have a reasonably established position on cost and schedule forecast. This would include:
 - ▶ Re-baselined project schedule, cost and risks (including any knock on effects)
 - ▶ Transparency on the quantification of risk within the re-baselined plan – i.e., Monte Carlo simulation

 - ▶ We know that these conditions are not presently met for the Project.

 - ▶ Impact - EY's reporting timeline was recast to take into account Nalcor's contractor discussions, re-baseline and QRA activities
 - ▶ Deliver a report on the most recently available Forecast (Sept 2015), focused on reasonableness of that forecast.
 - ▶ Would provide significant value in:
 - ▶ Informing Government on current material risks and issues that are not reflected in the Sept 2015 forecast
 - ▶ Provide recommendations to Nalcor that should be considered as it completes it's QRA and re-baseline activities

 - ▶ We recommend that EY conduct a final review for the overall project (including integration) once Nalcor has completed the re-baselining and QRA and re-baselining activities.