From: Paul Hickey
To: Tim Calver
Subject: RE: MF deck
Date: Tuesday, September 6, 2016 6:25:00 PM
Attachments: image002.gif
image003.jpg

Thanks Tim.

Paul D Hickey KC*SG, CPA, CA, CIRP, LIT
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From: Tim Calver
Sent: Tuesday, September 06, 2016 5:19 PM
To: David Steele; David Leather; Michael Kennedy; Paul Hickey
Subject: RE: MF deck

Talk track for 'why'.

- The Project is only c 50% complete
- The remaining programme is 3+ years and the remaining budget is $5bn+ CAD
- So the scope for risks to manifest and impact the outcome remains very significant, also the opportunity for early identification and mitigation of these risks
- It is normal practice to seek some review/assurance of delivery risk with a project at such a stage following a rebaseline process

In addition, the MF project has some specific risk factors which the Client should consider in assessing the drivers for such a review:

- Historic development of cost and schedule performance of the Project
- Critical importance and fundamental nature of the conclusions and recommendations made by EY six months ago
- Recent change of leadership of the Nalcor, but limited change in leadership of project and governance arrangements
- Apparently unresolved safety and quality issues on critical path and high cost delivery areas (i.e. powerhouse and HVDC cable)
- Highly stressed commercial and financial position of biggest construction contract, without commercial agreement for completion of scope of work
- Scale of the cost and schedule delta reported in the latest reforecast
- From the above the importance of understanding and interpreting the risks and opportunities

Provocative question which I don't suggest you ask.....how confident is GNL that without such a review they discharge their responsibility to:

- have effective oversight and constructive challenge of this new risk adjusted forecast
- to ensure that the issues made transparent and public through EY's interim report have been adequately address and;
- ultimately ensure value for money for the NL ratepayers

Re the question on project structure (now two projects) and whether this changes our plan, my answer would be:

- most likely no, the underlying delivery activities don't change due to the organisational structure of the project
- however, if the project is two very separate organisations with distinct data, reporting, ways of working, then this would impact the efficiency of the EY effort and may require additional meetings, stakeholder management, duplicate reviews of overhead costs etc. It isn't possible to quantify this in advance, we would simply need to call this out if we find this to be the case

Any questions, let me know.

Tim

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From: Tim Calver
Sent: Tuesday, September 06, 2016 5:35 PM
To: David Steele <David.Steele@ca.ey.com>; David Leather <dleather@uk.ey.com>; Michael Kennedy <Michael.Kennedy@ca.ey.com>; Paul Hickey <Paul.D.Hickey@ca.ey.com>
Subject: RE: MF deck

Updated deck from today's call attached. Talk track on rationale for report to follow.

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From: Tim Calver
Sent: Tuesday, September 06, 2016 11:58 AM

To: David Steele <David.Steele@ca.ey.com>; David Leather <dleather@uk.ey.com>; Michael Kennedy <Michael.Kennedy@ca.ey.com>; Paul Hickey <Paul.D.Hickey@ca.ey.com>
Subject: MF deck

All,

Please find attached draft deck. Key topics to discuss:

- Appropriateness of scope and associated cost (Neal Argent raised a question of comparability of this to the cost and scope of the interim report – i.e. does this make the original report look v expensive)
- I've made some assumptions on our respective time across the project plan – happy to take any questions to clarify my thinking here
- Resourcing – where will the 2 SM/M resources some from. Sam W is committed on another project and there is a desire to move to more local resourcing
- The project is now split into 2 (MFG and the transmission scope). This isn't reflected in the structure of our plan but we may want to acknowledge this and to adapt in flight if the organisations are separate
- I haven't included cost for specialist schedule or QRA resource. My personal view was that this was of limited value last time, but we could have a contingency to cover this

Speak later. David L has asked we do a conference call, so I will update the invite.

Thanks

Tim

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