

From: lanceclarke@lowerchurchillproject.ca
To: pharrington@lowerchurchillproject.ca; scottobrien@lowerchurchillproject.ca
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[Astaldi Action Plan Presentation - 12-May-2014 Lance rev 3.pptx](#)



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Lance Clarke

Business Services Manager

PROJECT DELIVERY TEAM

Lower Churchill Project

t. 709 737-1245 c. 709 699-5318

e. LanceClarke@lowerchurchillproject.ca

w. musktratfalls.nalcorenergy.com

Lower Churchill Project

Astaldi Action Plan

14-May-2014

Boundless Energy



Take a
MOMENT
for Safety

Grounding Back

- Up to a Two year process from bidder compilation to award
- Best constructors in the world were reviewed with a focus on capability and value, we wanted competition
- Many not interested
- All companies reviewed in detail for prior experience
- To make our list was and is not by chance-site visits included in bid eval
- As we have seen in the market today there is no perfect company
- The options were Astaldi, a competitor who's execution plan was clearly not as strong and two much more expensive/uncompetitive bidders

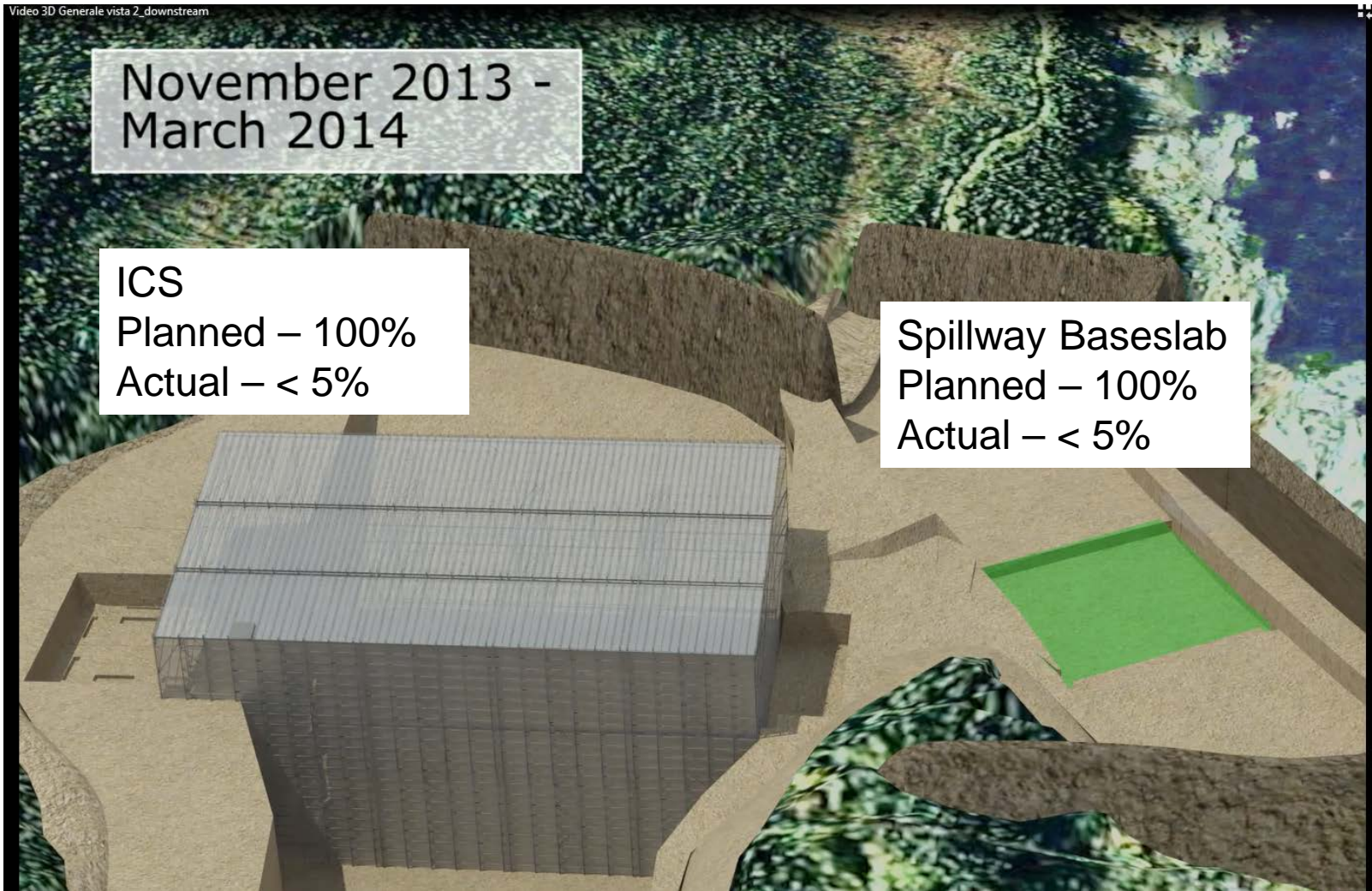
Grounding Back

- History does not lie, when a company executes as many large projects as Astaldi it's not out of luck, so they have the pedigree to do this
- We made these decisions with sound logic and we need to remain vigilant
- Time is an issue but not as big as cost
- The project is of no purpose without the powerhouse, however, the powerhouse WILL get done, our risk is not that we don't do it, it's that it is not delivered for best value
- Our job is to identify the risks and manage them accordingly

Points to Note

- Positive Signs
 - Astaldi acknowledges the gaps
 - Astaldi has desire to fix the issues
 - Astaldi are taking steps to rectify
- Areas for Improvement
 - Steps taken are not resulting in progress in the field

Planned vs. Actual Progress



Planned vs. Actual Progress

Video 3D Generale vista 2_downstream

May 2014

Powerhouse

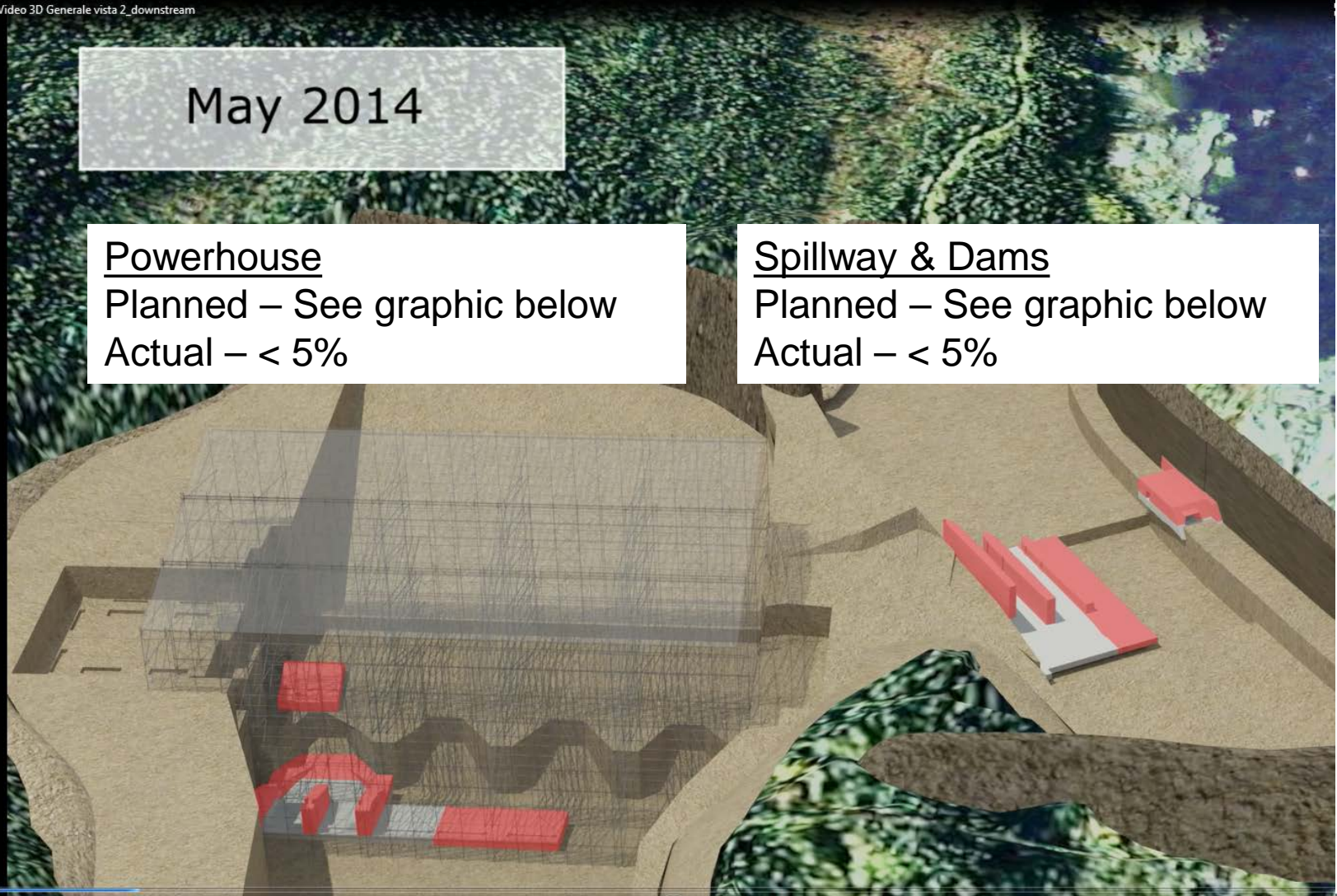
Planned – See graphic below

Actual – < 5%

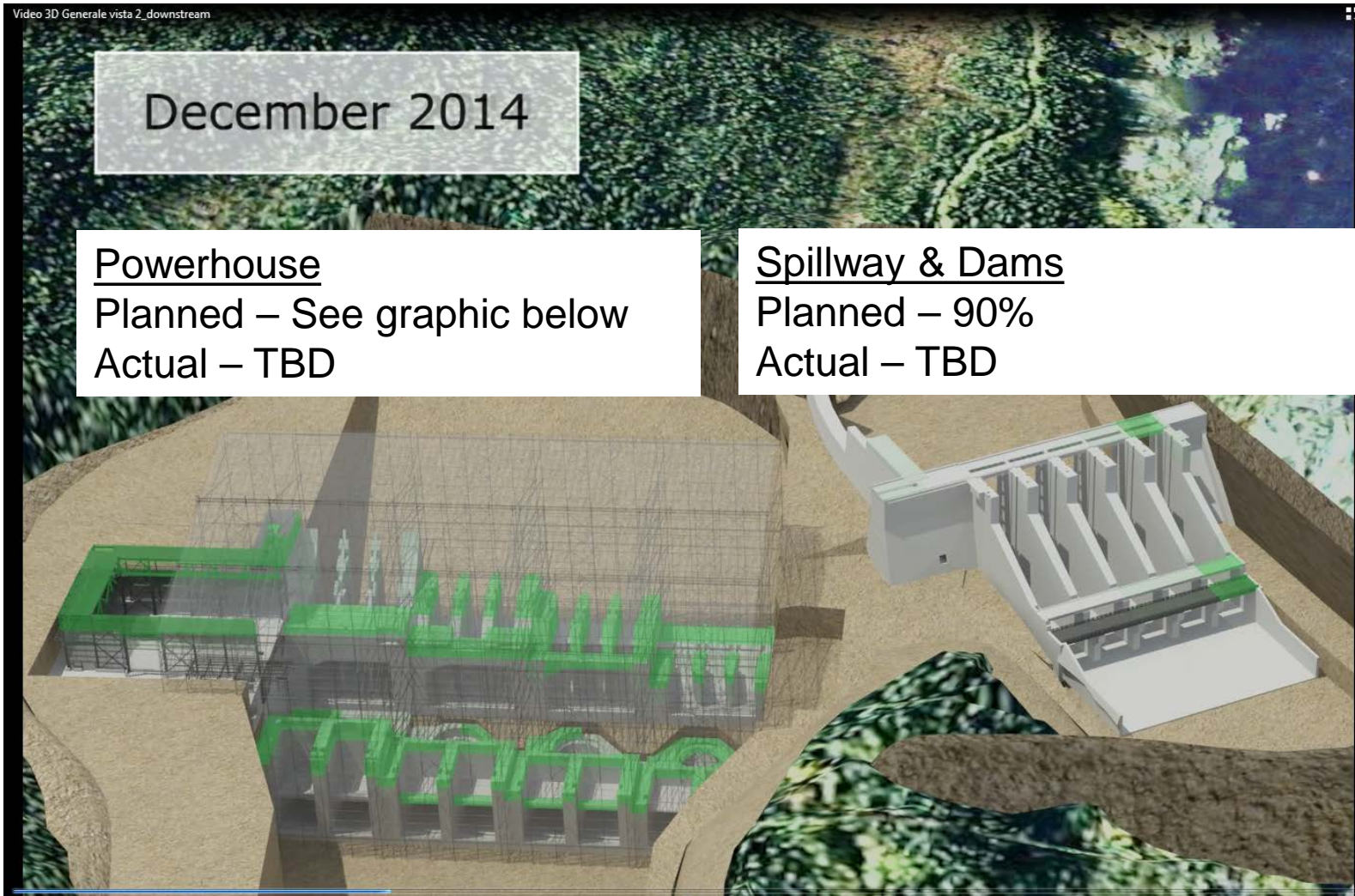
Spillway & Dams

Planned – See graphic below

Actual – < 5%



Planned vs. Actual Progress



December 2014

Powerhouse

Planned – See graphic below
Actual – TBD

Spillway & Dams

Planned – 90%
Actual – TBD

Key Issues Identified

- Management Resource Gaps Including Both Project Management and Construction Supervisory Personnel
- Previous lack of Visibility With Respect to Astaldi's Ongoing Efforts in Support of Project Delivery, plans unclear

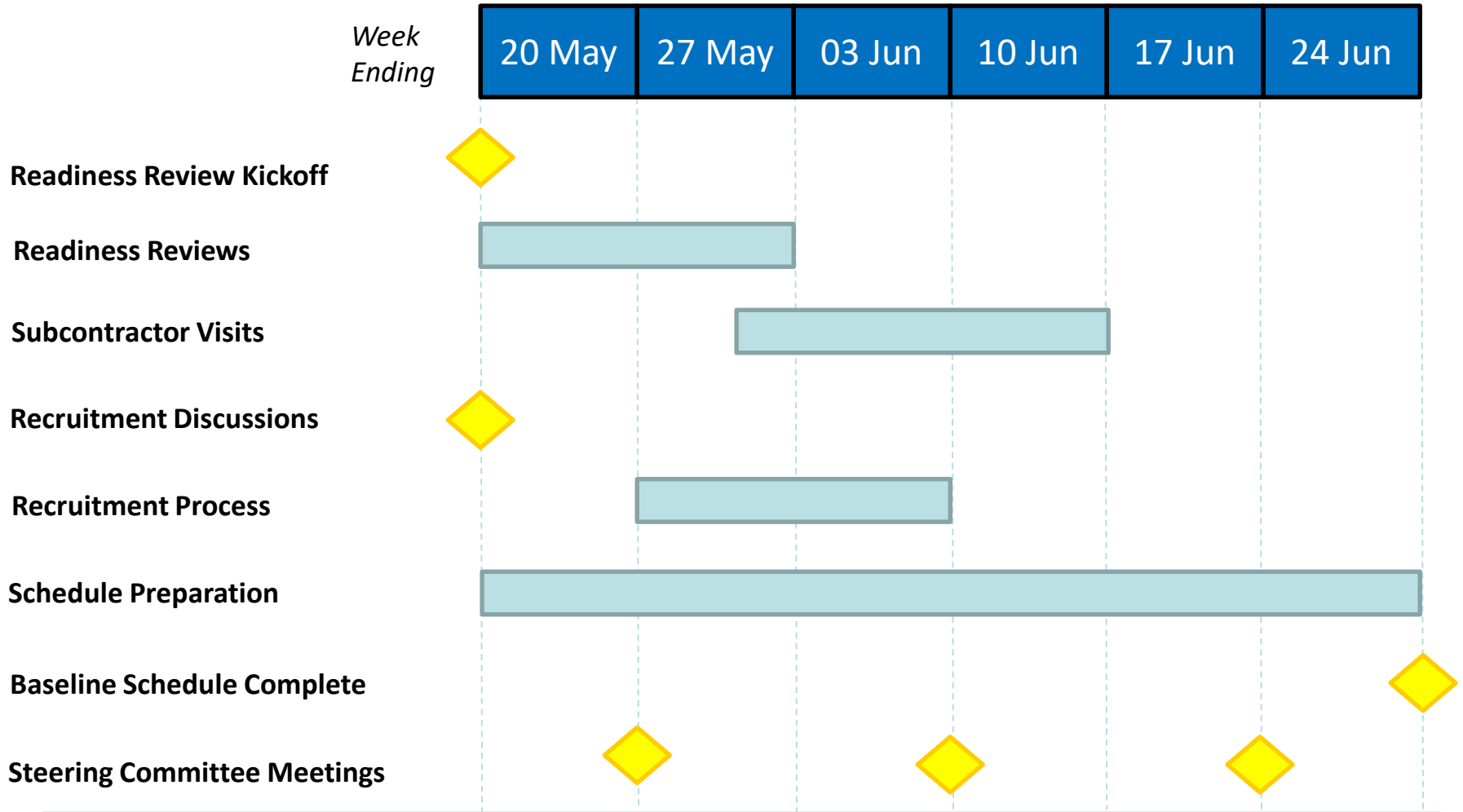
All resulting in:

- Slow Progress on Critical Milestones

Mitigation Action Summary

- Steering Committee has gone to an operational level
 - Continued Collaboration With Steering Team on Key Issues
 - Development of an Action Plan to Establish Record and Monitor Progress on All Fronts
- Top PM's in the Astaldi organization have been sent in from South America
- Nalcor has developed a more engaged oversight plan that focuses on major risks
 - Identification of Specific Resources with Responsibility for Delivery of Critical Items
 - Daily and Weekly Meetings to Maintain Focus on Priority Activities
- Nalcor has started to develop our back up options including how to best protect ourselves commercially
- Stephano Cerri will be visiting next week

Chronology



Goals

- Short Term
 - Mobilization of Astaldi's Key Management Team Resources to Support the Work
 - Task Force Focus Areas on Critical Milestones
 - Planning Support to Produce Project Baseline
 - Expedite Crushing and Batch Plant Readiness

- Medium Term
 - Continued Population of Astaldi Management Team Resources
 - Recruitment of Astaldi Construction Supervision Resources
 - Focus on Completion of ICS Without Impact to Powerhouse Program

- Long Term
 - Get the powerhouse delivered on time and budget

Key Messaging for Cerri

- We have seen globally what Astaldi can do
- We signed up for the Astaldi machine with a local flare
- We have not seen this yet and we are running out of time
- We need to see you 1) get your best assigned to this job, 2) fill your local supervision gaps and 3) start showing progress.

Logistics of Cerri Visit

- Attendees- Cerri, Ed, Gilbert, Paul, Mario, Jennifer, Lance, Ron
Additional on site are Des, Scott, Guido, Mauro
- Cerri arrives Monday 19th
- Early on Tuesday the 20th, King Air to site- some travel commercial
- Site visit through the morning, lunch at the camp, depart mid afternoon
- Either chopper or King Air to Churchill
- Evening in Churchill at MacParland, some at the hotel
- Tour of facility on 21st?
- King Air or other means to St. John's

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

Chronology

14 September 2014	Meeting with Astaldi in London England
24 September 2013	Effective Date of LNTP, covering work in September and October.
26 September 2013	Approval of Evaluation Report CH0007
31 October 2013	Target Date for executing agreement CH0007 as recorded in LNTP
31 October 2013	Amendment No. 1 to LNTP, extending term of LNTP to 30 November 2013
27 November 2014	Commencement of Road maintenance delayed until 30 January 2014
29 November 2014	Signature of Agreement CH0007
30 November 2013	Revised end of LNTP as of Amendment No. 1
19 December 2014	Kick Off Meeting
1 October 2013	Paid: 15 Million Cash Advance related to LNTP
31 January 2014	Paid: Remainder of Advance Payment of 87 Million
31 January 2014	Paid: Billing for LNTP to end November 2013

Priority Activities

- High Priority Milestones Established
 - Crushing Operation and Batch Plant Fully Operational
 - Spillway First Pour
 - ICS Ready for Occupancy
 - Powerhouse First Pour
- Astaldi has Established Task Force Approach Aligned to High Priority Milestones
 - Team Members Pending (Mobilization from South America Operations)
 - Nalcor Responsible Team Members In Place to Steward to Milestone Completion
- Readiness Review Process Initiated to Establish Action Plan to Achieve Milestones
 - Comprehensive People, Processes and Systems Approach Across All Readiness Aspects
 - Includes Visits to Key Astaldi Subcontractors
 - Review Outcomes Will Include Specific Deliverables Necessary for Successful Milestone Completion
- Daily and Weekly Operational Meetings Continuing with Astaldi to Provide Focus in All Necessary Areas

Priority Activities

- Focus on Schedule Development with Astaldi
 - Planning Team Working with Astaldi to Complete Astaldi's Baseline Schedule
 - First Schedule Review Complete – Planned Baseline Finalization 30 June 2014
 - Short Term Focus on 3 week Look Ahead Schedule to Achieve Short Term Execution Goals
- Management and Construction Supervision Resource Gaps is a Primary Concern
 - Astaldi Commitment to Mobilize Construction Management Resources from South America Project Teams
 - Construction Supervision Resource Identification Within Local Community Ongoing
 - Submission of Possible Candidates to Astaldi this Week

Key Milestones

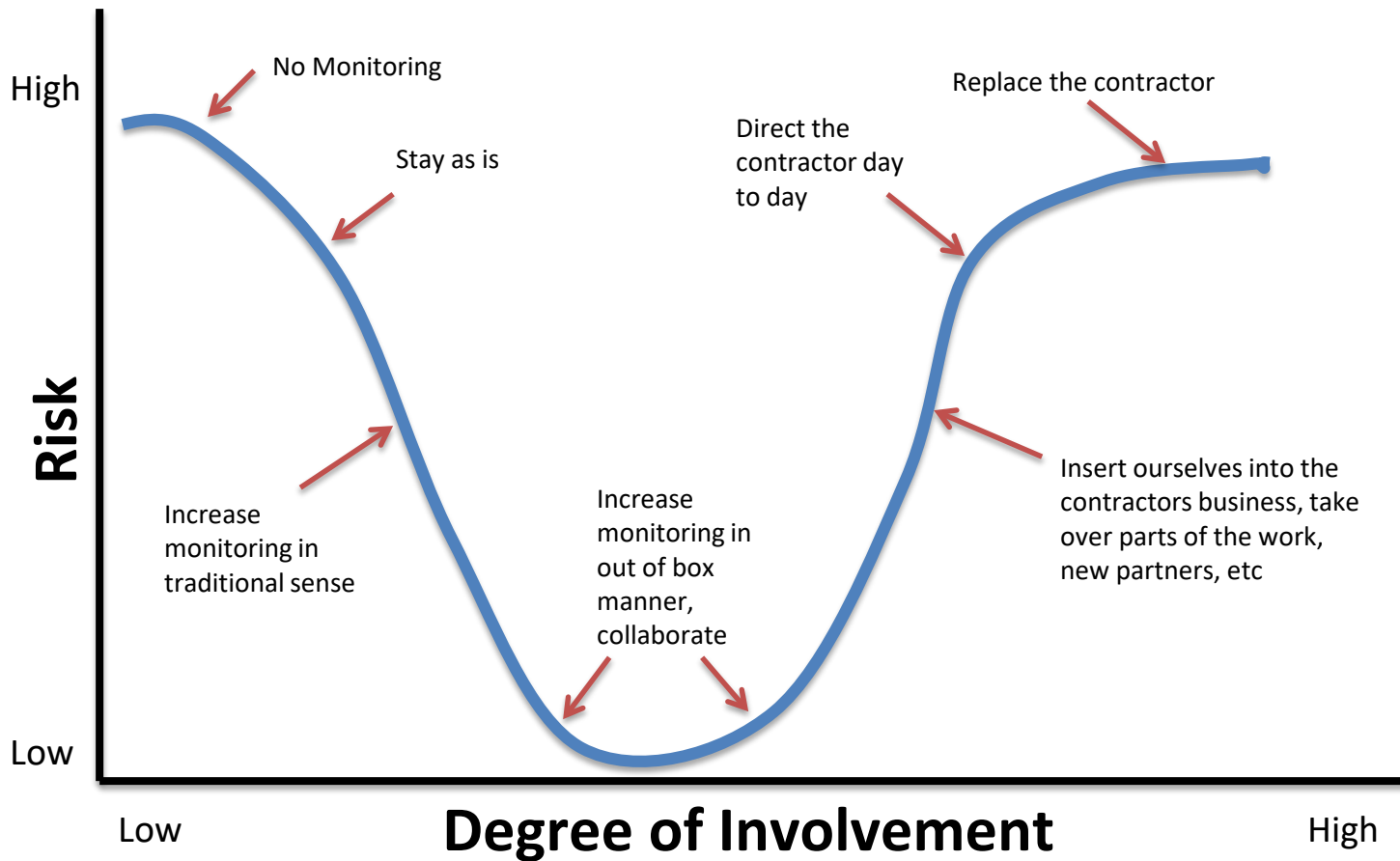
- **Crushing Operation and Batch Plant Fully Operational**
 - Schedule Completion 01 July – Significant Risk to Spillway Execution Schedule
 - Astaldi Mobilizing Additional Crushing and Batch Plant as Contingency to Support Schedule Delivery
 - Astaldi Revisiting Execution Timeline With New Dedicated Site Resources
 - Focused Readiness Review Planned w/c 12 May 2014 to Confirm Requirements
- **Spillway First Pour**
 - Schedule Slippage in First Pour from 17 March to 18 July in Latest Astaldi Schedule
 - Team Working With Astaldi to Identify Opportunities, Program Adjustments to Reflect Impact of Short Term Delays
 - Removal of Spillway Cover Structure, Elimination of Hoarding for Temporary Works, etc. Reflects Spring Operations
 - Focused Readiness Review Planned w/c 19 May to Confirm Delivery Requirements

Key Milestones

- ICS Ready for Occupancy
 - Schedule Slippage in ICS Completion from mid-November to 22 December in Draft Astaldi Schedule
 - Project Team Subcontractor Audit Planned w/c 19 May to Verify Approaches to Execution
 - Dedicated Risk Review Planned Immediately After Subcontractor Visit to Document Risks to Milestone Delivery and Ensure Necessary Mitigation Measures are in Place

- Powerhouse First Pour
 - Powerhouse Execution Risk Tied to ICS Completion
 - Schedule Review In Progress – Focus on Schedule Logic, Influence of Overbreak, etc.
 - Readiness Review to Commence w/c 19 May

Options and Relative Risks at this Point in Time



Team River Banks

- We have to get out of the box like we have on every other issue
- The one golden rule is we cannot be misaligned, we must set the path and stick to it
- It will take all of our diverse opinions and approaches to make this work, like all issues we face we not only need the details taken care of but we also need the strategy taken care of, neither will succeed without the other
- The details that need executing have to be outlined by those who understand it
- The approach taken has to be outlined by those who understand it, the two are not mutually exclusive but are absolutely complementary and necessary
Our labour strategy is a prime example of that, we outline what needs to be done, we develop our strategy and approach and we stick to it at all costs