

From: Martin, Craig
Sent: Monday, December 21, 2015 8:59 AM
To: Mullaley, Julia
Subject: FW: Re: Q & A Update

Julia,

Please see attached comments from Ed on one of the Comms questions. I'll address the question with our Comms.

Wanted to bring to your attention with respect to the comment on disclosing the Nalcor Equity jump. The Mid-year deck includes the Borrowing slide which identifies what has been set aside for Nalcor. Not sure if the concern can be addressed in this context.

Thoughts?

Craig

From: Bown, Charles W.
Sent: Monday, December 21, 2015 6:25 AM
To: Martin, Craig
Subject: Fwd: Re: Q & A Update

Sent from [Outlook Mobile](#)

----- Forwarded message -----

From: "EMartin@nalcorenergy.com" <EMartin@nalcorenergy.com>
Date: Sun, Dec 20, 2015 at 8:22 PM -0800
Subject: Re: Q & A Update
To: "Bown, Charles W." <cbown@gov.nl.ca>

Comments;

Way too commercially sensitive, see the following notes;

1. The stated change from 797 to 2207 without timing context is misleading to say the least, insinuating without context that project costs have increased by 1400 since the last update - not true, and the danger is contractors reading we have accepted capital cost increase if Thai magnitude when we are referencing cash flow only, including all projects and recognizing oil price drop for finding as well
2. Too specific re costs without perspective to send message to contractors that there is no cash for their totally unsubstantiated requests for additional funds
3. Dollars are way too specific suggesting we have landed on what the future costs will be, when no conclusion is anywhere imminent, especially for contractors
4. Any amounts we reference has to be in the following context;
"The lower Churchill allocation us a provisional amount set aside to address the potential additional financial, site and camp costs associated with the previously announced delay to first power and does not include any associated contractor costs".

5. Remove the statement that "the previous administration underestimated the requirement." - only to send message to contractors that no change to willingness to fund their issues
 6. Take our "additional" from estimated equity for same reason.
 7. Take our "revised" from equity for same reason
- Sent from my iPhone
Ed

On Dec 20, 2015, at 4:58 PM, Bown, Charles W. <crown@gov.nl.ca> wrote:

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Martin, Craig <CMartin@gov.nl.ca>
Sent: Sunday, December 20, 2015 2:45 PM
To: Bown, Charles W.
Subject: Q & A Update

Charles,

Please see the attached draft Q&A for Tuesday's Fall Update.

Are you planning to continue to invest/borrow as much for Nalcor?

A: Previous administration has committed to funding any cost overruns on Muskrat Falls through equity investments by the Province. The previous administration underestimated the requirement. In budget 2015-16 the Province forecast an additional equity investment in Nalcor of \$797.1M over the period 2015-16 to 2020-21. The revised equity investments over that period are now estimated at \$2,207.2M. This increase is due to the announced Project cost increase this past September 2015 and increased cash requirements for Nalcor due to deteriorating oil and gas revenues. Our Government have also made enquiries through the Oversight Committee and met directly with Nalcor officials. Based on these meetings, these current estimates have been increased to include a contingency of \$503.8M for changes in cash flow timings and risks associated with any delays for power from Muskrat Falls.

Any Commercial Sensitivity concerns with releasing \$ of the additional Contingency? If so, need it clearly defined so we can clearly articulate.

Please advise.

Thanks

Craig

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Taxation and Fiscal Policy

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