

September 12, 2014

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL
A1A 5B2

ATTENTION: Ms. Cheryl Blundon
Director of Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: Newfoundland and Labrador Hydro Combined Applications - Installation of Diesel Units at Holyrood for the Purposes of Black Starting the Generating Units and Supply, and Install 100 MW (Nominal) of Combustion Turbine Generation - Request for Update

Further to the Board's letter of August 1, 2014 regarding the above referenced matter, enclosed is the original and 12 copies of Hydro's status update for the following project:

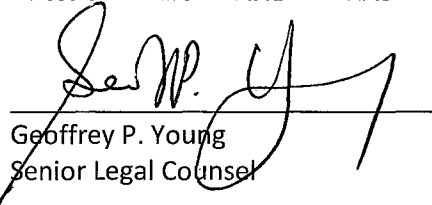
- Supply and Installation of a 100 MW Combustion Turbine Generator.

We trust you will find the enclosed updates to be in order.

Should you have any questions, please do not hesitate to contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Geoffrey P. Young
Senior Legal Counsel

GPY/cp

cc: Gerard Hayes – Newfoundland Power
Paul Coxworthy – Stewart McKelvey Stirling Scales
Fred Winsor – Sierra Club Canada

Thomas Johnson – Consumer Advocate
Thomas O'Reilly, QC – Cox & Palmer
Danny Dumaresque

Supply and Installation of a 100 MW Combustion Turbine Generator

Status Update Briefing– Sept 12, 2014

Boundless Energy



Contents

- Project Dashboard
- Progress & Schedule Summary
- Cost Summary (S-Curve)
- Risk Analysis
- Project Photos

(Includes only material updated since Aug 29, 2014)

Project Dashboard

The project is progressing according to plan and in compliance with Safety, Quality, Schedule, and Cost.



Progress & Schedule Summary

1. Installation of various duct banks continues.
2. Air inlet filter house construction continues.
3. Installation of u/g utilities is ongoing. Fire water line, sanitary line, storm water, raw water lines.
4. Installation of piping for fuel unloading station continues.
5. Transmission Line construction is proceeding on plan.

Progress & Schedule Summary (cont'd)

6. Foundations for the fuel unloading pumphouse are complete.
7. Construction of the electrical room is ongoing.
8. Another shipment of materials arrived at the Bay Bulls Marine Base. This shipment included fuel storage tank pieces to begin construction of the fuel storage tanks.

Progress & Schedule Summary (cont'd)

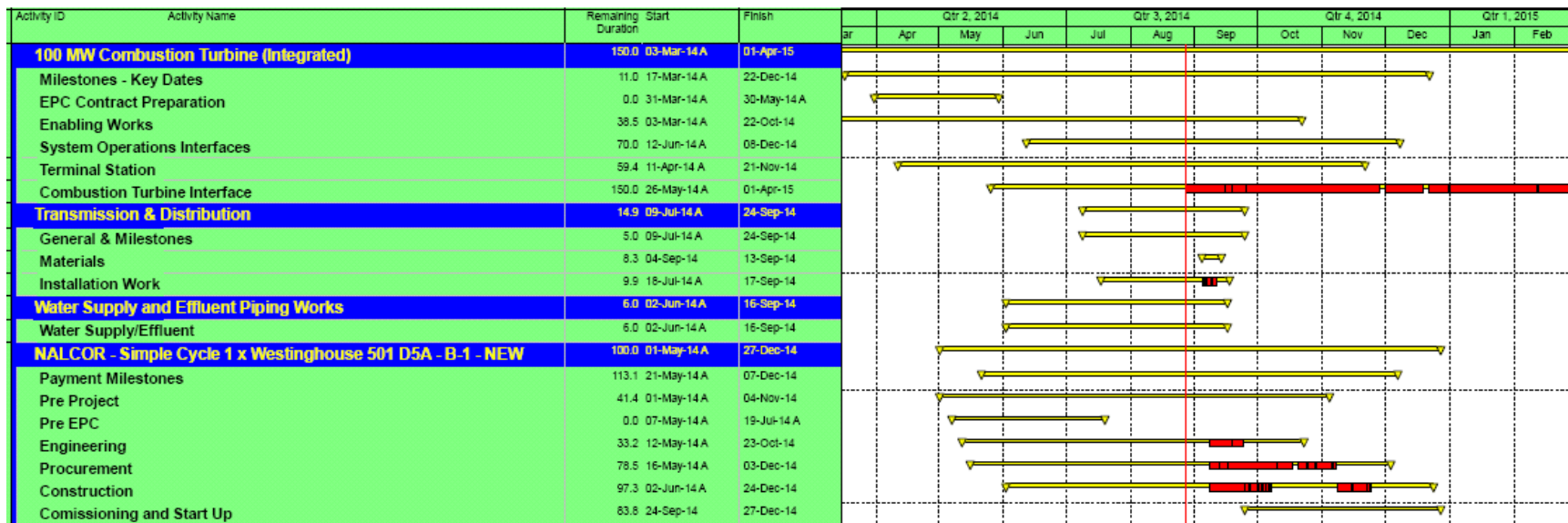
9. Mech and Elec hookup of the lube oil skid, pipe racks, and turbine/generator.
10. Terminal station interconnection work is ongoing.
11. South side retaining wall is nearing completion.
12. Lube oil cooler was installed.

Progress & Schedule Summary (cont'd)

13. Moved spare Holyrood Generating Station transformer out of the path of the new transmission line corridor.
14. Overall schedule is tracking in accordance with plan. Ready for service date remains as December 2014.

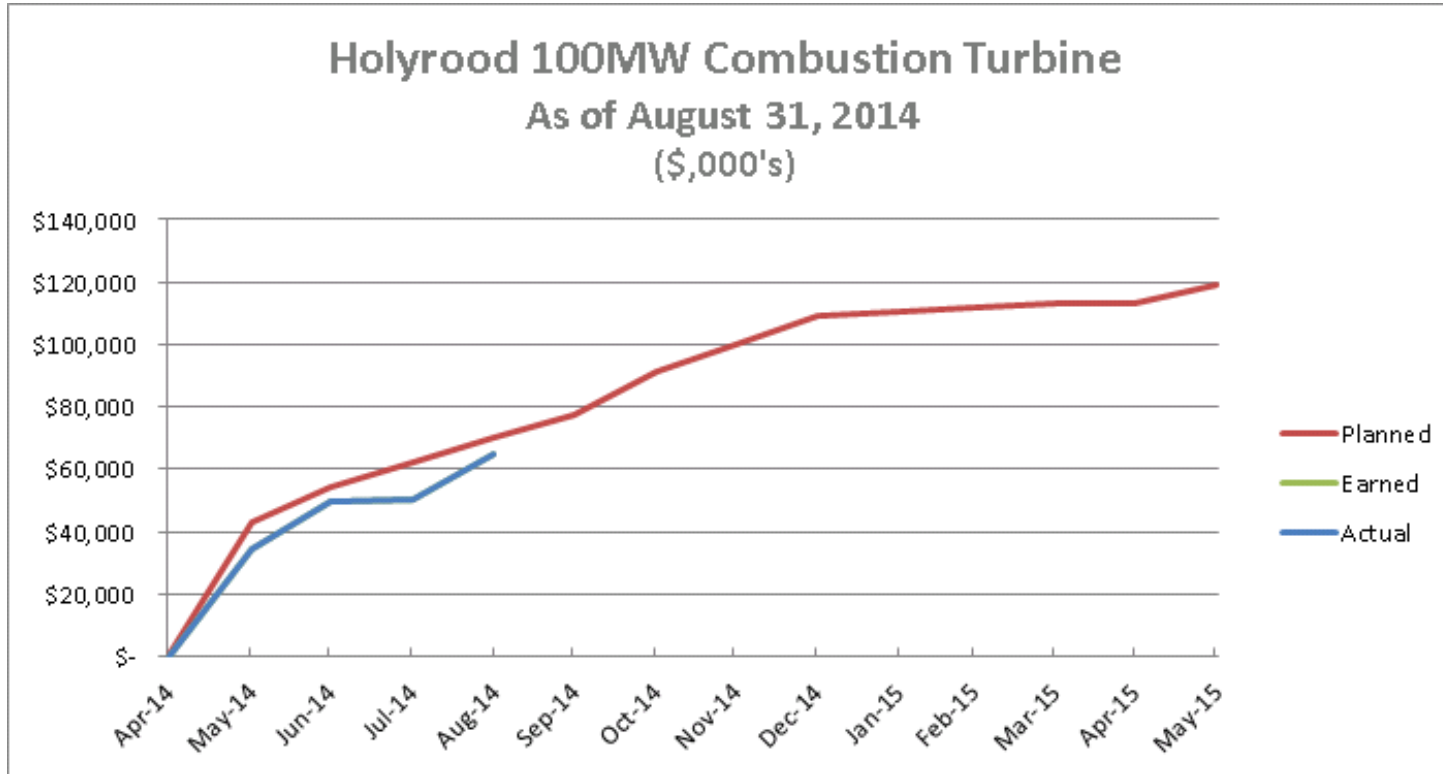
Level 2 – Summary Schedule

- Summary level schedule provided below.



- ‘Combustion turbine interface’ task adjusted as the redundant black start line is not required and cannot be connected until the temporary black start diesels are removed from service, which is planned for 2015.

Cost Summary – S-Curve



Note: earned = actual for this report

Risk Analysis

A 3rd party facilitated risk workshop was held on June 26th.

Risk Register was produced during the workshop. 50+ risks identified.

Risk mitigation plan in place and being used to manage risk during execution of the project.

Key Risks & Mitigation (cont'd)

Risk: Construction activities lead to contact with energized lines leading to safety incident.

Mitigation: Relocate lines, power line hazard training for operators, use permit system, prepare lift plans, de-energize lines where possible.

(Sept 12 update – No issues to report this period)

Key Risks & Mitigation (cont'd)

Risk: Unfamiliarity with new equipment leads to delay in commissioning.

Mitigation: Training included in EPC contract; engage operations and commissioning personnel early in the process.

(Sept 12 update – commissioning plans being prepared)

Key Risks & Mitigation (cont'd)

Risk: Labour issues at the plant/TRO leads to work disruption and delay in project.

Mitigation: Contract terms currently under negotiation; maintain open communications with stakeholders.

(Sept 12 – working closely with operations and union for assignment of resources to the project and use of contracted resources)

Key Risks & Mitigation (cont'd)

Risk: Lack of coordination of work with all of the work crews on site leads to safety incident.

Mitigation: HSE Plans; Site Orientations; Contractor coordination meetings; toolbox meetings.

(Sept 12 update – Continue to have coordination meetings with relevant parties)

Key Risks & Mitigation (cont'd)

Risk: Aggressive project schedule does not allow for any delay or rework in design – leads to schedule delay.

Mitigation: Close coordination between fast-track design and construction teams; regular coordination meetings; field engineering engaged with design team.

Key Risks & Mitigation (cont'd)

Risk: Delay in delivery of equipment and/or materials leads to schedule delay.

Mitigation: expediting; order materials as early as possible; identify long lead items early in project; choose appropriate shipping method; identify work around contingency plans.

(Sept. 12 update – second shipment from Houston arrived two days early)

Key Risks & Mitigation (cont'd)

Risk: Lack of available of resources to execute the Holyrood terminal station P&C work.

Mitigation: Engage external resources where required.

(Sept 12 update – external resources engaged for P&C technician roles, NLH oversight resource being assigned this week)

Project Photos

Photo 1 – CTG Site - Holyrood



Photo 2 – South Side Retaining Wall



Photo 3 – Piping Installation



Photo 4 – GSU Fit-up



Photo 5 – Piping Installation



Photo 6 – Moving Spare Transformer



Photo 7 – Overhead View of Site

Tank Foundations

GSU

Aux Xfmr

Electrical Room



