

# Muskrat Falls Project Update

June 26, 2014

Boundless Energy



# Components of Project Value

- Overall project value is a function of:
  1. Safety
    - Strong performance
  2. Quality/Reliability
    - Improved since Sanction
  3. Revenue
    - Increased since Sanction
  4. Schedule
    - First power continues to be in late 2017
  5. Cost
    - Increased since Sanction

# Key Changes Since Sanction (Dec'12)

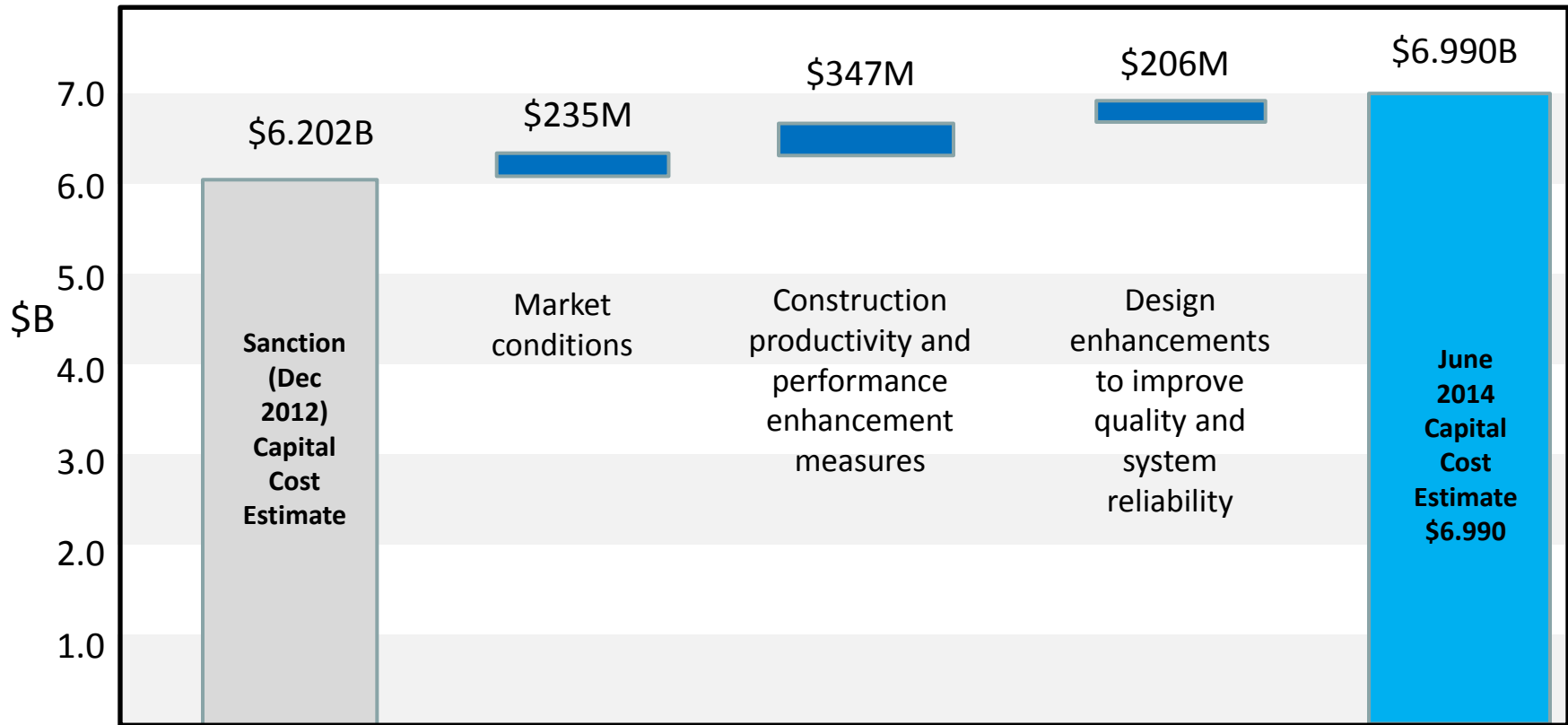
- Revenue consists of:
  - Domestic electricity sales (includes return on equity)
  - Value from excess power sales and other storage/transmission opportunities
- Increased revenues from the sale of export surplus energy of \$100 million (Net Present Value)
  - Maritime Link and Energy Access Agreement

# Key Changes Since Sanction (Dec'12)

- Costs are comprised of capital (facilities) costs, financing costs and operating costs:
  - 1. Capital (facilities) costs**
    - Market influences - \$235 million (3.8%)
    - Planned productivity and performance enhancements - \$347 million (5.6%)
    - Planned investments in quality and system reliability improvements - \$206 million (3.3%)

# Key Changes Since Sanction (Dec'12)

Cost growth contributors since Sanction



Sanction

Notes

1. Value excludes interest during construction and capitalized financing costs
2. June 2014 cost outlook includes contingency of \$224 million
3. Additions may vary due to rounding

Outlook

# Key Changes Since Sanction (Dec'12)

## 2. **Financing costs**

- Savings of ~\$300 million (NPV) negotiated during financing

## 3. **Operating costs**

- No change

# Realizing Benefits Today

- As of April 2014:
  - Total project workforce is 1,785
  - 1,527 of project workforce are NL residents
  - Employment expected to reach 2,500 by end of 2014
  - >\$457 million invested in NL businesses
  - >\$105 million in salaries paid to NL residents



**WOMEN ARE PART OF SOMETHING BIG**

**AT MUSKRAT FALLS**

Take a **MOMENT** for Safety

**WOMEN IN RESOURCE DEVELOPMENT CORPORATION**

Learn more about employment opportunities with the Muskrat Falls Project at [muskratfallsjobs.com](http://muskratfallsjobs.com)

**nalcor energy**  
LOWER CHURCHILL PROJECT

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