

Sustainable Cost Management

Power Supply and Hydro

Hydro/Power Supply

- **Hydro**
 - All regulated activities involved in serving regulated native load, directly or indirectly through Newfoundland Power
 - Also provides some unregulated services, primarily to the interconnected mining activities in Labrador West
- **Power Supply**
 - Other unregulated operating and engineering activities of Nalcor including:
 - CF(L)Co
 - Nalcor Energy Marketing
 - Labrador Island Link
 - Labrador Transmission Assets
 - Muskrat Falls Generation, and
 - Menihek

Hydro/Power Supply

Collaboration and Synergies To Date

- Power Supply is focused on safe, reliable and cost effective management of operations under its care
- Power Supply currently use shared services of Nalcor in areas such as Information Services, Financial Services, Investment Evaluation, Treasury, Insurance, Legal, Human Resources and others
- Hydro currently provides services to Power Supply in several areas including:
 - Supply Chain
 - Maintenance of Soldiers Pond Terminal Station (part of LIL)
 - Drafting
 - Operational Technology
 - Network Services
- Power Supply collaborates with Hydro to ensure there are common principles on critical operating needs such as:
 - Engineering Standards
 - Asset Management
 - Cyber and Security Oversight

Power Supply - Future Opportunities

- Focused on setting up steady state, reliable asset operation of the new assets associated with the Muskrat Falls Project
- Focused on reinvestment in CF(L)Co aging assets through a capital program that has grown to over excess of \$60M/year to assure reliable and sustainability beyond 2041
- Focused on sustainable cost management – continuing to seek opportunities to share services with Hydro, including external supply and service contracts
- Reduce labour and non-labour costs as appropriate as operating experience is gained with the new assets
 - Growth in capital budget over the long-term to support reliable operations of existing assets in addition to Churchill Falls, (Muskrat Falls, transmission assets, Menihek)
 - Foresee prudent reduction in FTEs after steady state is attained
- Nalcor remains committed to finding sustainable O&M cost savings that do not affect safety or reliability which is consistent with the Province’s public policy framework for rate mitigation released in April 2019

Hydro – Cost Management Opportunities

- **Efficiency and Effectiveness Plan**
 - Operations work management and execution
 - Operational technology advances
 - Exploits operations
 - Capital planning
 - Contracting and Procurement
 - Human Resource Management
- **Committed to \$2.0 million in operating savings**
- **Exploits Operations – target to reduce costs by \$2.5 million annually**
- **Hydro committed to prudent organizational improvements for the benefit of customers**

Joint Cost Oversight - Joint Operating Committees (JOC)

Muskrat Falls JOC per Article 5 of the PPA, a Nalcor - Hydro committee

- This committee is to ensure the safe, reliable and cost effective operation of the Muskrat Falls generation assets
- 50% Hydro/50% Power Supply members
- Committee must review and approve:
 - Operating and capital budgets
 - Annual maintenance plan
 - Long-term asset management plan
 - Other items, as required
- Committee will develop documentation requirements consistent with internal requirements to ensure robust reviews and approvals which can be provided to Board for information
- Decisions made by consensus

Joint Cost Oversight - Joint Operating Committees (JOC)

LIL, LTA and the Maritime Link JOC, a Nalcor – Emera committee

- This committee is to ensure the safe, reliable and cost effective operation of the LIL, LTA and ML transmission assets
- Nalcor has to date, assigned one position on this committee to Hydro to ensure their visibility over these assets
- This 6 member committee currently comprises 3 Power Supply, 1 Hydro and 2 Emera representatives.
- This JOC oversees various matters related to the operation and maintenance of the LIL, LTA and Maritime Link including
 - O&M activities and maintenance plan
 - O&M Standards
 - Annual maintenance plan
 - Capital projects and related activities
 - Other items, as required
- This participation provides Hydro insight and the opportunity to influence O&M and sustaining capital costs of these transmission assets to ensure reliable operations.

A proud, diverse energy company, whose people are committed to building a bright future for Newfoundland and Labrador, unified by our core values.

Teamwork

Sharing our ideas in an open and supportive manner to achieve excellence.

Honesty and Trust

Being sincere in everything we say and do.

Open Communication

Fostering an environment where information moves freely in a timely manner.

Safety

Relentless commitment to protecting ourselves, our colleagues, and our community.

Respect and Dignity

Appreciating the individuality of others by our words and actions.

Leadership

Empowering individuals to help, guide and inspire others.

Accountability

Holding ourselves responsible for our actions and performance.

Bio

Jim Haynes, Executive Vice President, Power Supply, Nalcor Energy

In February 2019, Jim Haynes was named Executive Vice President, Power Supply, Nalcor Energy. Jim is responsible for the completion of the transmission portion of the Muskrat Falls project and integration to the now inter-connected electricity grid.

Jim began his career with NL Hydro in 1977. He previously held the position of Vice President, Regulated Operations as well as Vice President, Production before being appointed as President of NL Hydro. Throughout his lengthy career Jim has held a variety of positions throughout the corporation including Manager of Transmission Planning and General Manager, Churchill Falls.

Jim is a member of PEGNL, and the Institute of Electrical and Electronic Engineers. A graduate of Memorial University of Newfoundland, Jim completed a Bachelor of Electrical Engineering.

Bio

Jennifer Williams, President, NL Hydro

Prior to being appointed President in February 2019, Jennifer had served as Vice President, Production for NL Hydro since August 2016.

Her earlier positions include General Manager, Hydro Production, as well as Manager, Regulatory Engineering. Jennifer joined NL Hydro's team in 2014, having previously worked with both Newfoundland Power and the St. John's International Airport Authority.

A Memorial University graduate, Jennifer has a Bachelor of Civil Engineering and is a member and former member of the Board of Directors of the Professional Engineers and Geoscientists of Newfoundland and Labrador (PEGNL). Jennifer was awarded the Fellow of Engineers Canada in 2016.