
NEEDS FOR AND ALTERNATIVES TO (NFAT)**Manitoba Hydro Undertaking #43**

Manitoba Hydro to provide a high level variance explanation of the revised capital costs relating to Keeyask and Conawapa.

Response:**KEYYASK GENERATING STATION – 2014 CONTROL BUDGET UPDATE**

Recommendation - That the project budget be increased by \$.3 billion to a revised total of \$6.5 billion.

Previous Approved Budget - \$ 6.2 billion

Revised Budget - \$ 6.5 billion

Summary of Changes**P50 Estimate**

The P50 estimate has increased by \$260 million mostly with the receipt of GCC bid values, inclusion of post construction adverse impacts costs, upgrading the camp facilities to help with attraction of craft labour, and external sourcing of construction management staff.

Reserves

Labour Reserve has been reduced by \$80 million to match probabilistic approach for reserves. Escalation Reserve has been reduced by \$30 million as a result of updated cash flow proposed by GCC.

In Service Costs

Corresponding with the updated point estimate cash flows, Interest has increased by \$145 million with higher base costs and earlier expenditure in the cash flow forecast. Escalation has been reduced by \$20 million.

Start date - 2002 04

In Service Dates:

Unit no. 1	2019 11 30
Unit no. 2	2020 01 31
Unit no. 3	2020 03 31
Unit no. 4	2020 05 31
Unit no. 5	2020 07 31
Unit no. 6	2020 10 31
Unit no. 7	2020 12 31

Scope – No change

Justification and Link to Corporate/Business Unit Goals – No change.

Risk Analysis – No change

Proposed schedule – No change.

Related Projects – No change.

Reference Documents – K-C NFAT Submission – CEF12 CEF13 and March 2014 update

CONAWAPA GENERATING STATION – 2014 CONTROL BUDGET UPDATE

Recommendation - That the project budget be increased by \$.2 billion to a revised total of \$10.7 billion.

Previous Approved Budget - \$ 10.5 billion

Revised Budget - \$ **10.7 billion**

Summary of Changes**P50 Estimate**

The P50 estimate has reduced by \$8 million. The Point Estimate increased by \$317M and the Contingency decreased by \$325M. The Point estimate is updated based on Keeyask GCC bid, Keeyask Service Contracts, inclusion of post construction adverse impacts costs, upgrading the camp facilities to help with attraction of craft labour, and external sourcing of construction management staff.

Reserves

Labour Reserve was escalated to 2014\$ which added \$7 million. Escalation Reserve reduced by \$13 million as a result of updated cash flow based on Keeyask GCC.

In Service Costs

Corresponding with the updated front loaded cash flows, based on Keeyask, Interest has increased by \$289 million. Escalation has been reduced by \$105 million.

Start date - 2003 04

In Service Dates:

Unit no.1	2026 05 31
Unit no.2	2026 07 31
Unit no.3	2026 10 31
Unit no.4	2026 12 31
Unit no.5	2027 03 31
Unit no.6	2027 06 30
Unit no.7	2027 08 31
Unit no.8	2027 11 30
Unit no.9	2028 02 29
Unit no.10	2028 04 30

Scope – No change.

Justification and Link to Corporate/Business Unit Goals – No change.

Risk Analysis – No change.

Proposed schedule – No change.

Related Projects – No change.

Reference Documents – K-C NFAT Submission – CEF12 CEF13 and March 2014 update