

Site C (Project) Reporting and Accountability Framework

June 30, 2015

Purpose:

To establish a structure for:

1. effective project oversight that fosters efficiency and accountability, and that empowers BC Hydro to deliver the Site C capital project on time and on budget; and
2. meeting Government reporting and approval expectations, to help facilitate corporate fiscal and operational planning, as well as to help ensure there are “no surprises” for BC Hydro or its shareholder.

BC Hydro Board of Directors (Board)

- Oversees delivery of the Project
- Approves the following (and gives further direction as needed):
 - Quarterly Project Progress Reports (Quarterly Reports, template attached)
 - Annual Project Progress Reports (Annual Reports, template TBD) that includes:
 - An overview of Quarterly Reports and overall Project progress as compared to the approved Business and Risk Management Plans (Management Plans);
 - Technical Board reporting summary for that year; and
 - Updated Management Plans which incorporate:
 - an action plan outlining how the approved operational and financial milestones and completion targets for the Project will be met moving forward; and
 - full risk analysis of major components of the Project delivery, timelines and the Project budget moving forward.
 - Delegation matrix for notional allocation of Board contingencies, with allocations to be reviewed and confirmed by the Board in quarterly reports
 - Project Communications Plan and updates
- Chair of Board advises Minister (Minister responsible for BC Hydro) with respect to key issues and developments as appropriate
- Makes recommendations to the Minister to access the Project reserve overseen by Treasury Board

Site C Project Board (Sub-Committee of Board of Directors)

- Advises the Board regarding all aspects of Project and is a “sounding board” to Management. Also helps ensure appropriate notification to Government is undertaken
- Members appointed by the Board to include:
 - 2-3 BC Hydro Directors;
 - members external to the project that bring legal and construction expertise;
 - former EVP of Site C; and
 - one individual appointed by the Minister to sit as an observer.
- Reviews and provides advice to Board and Management, including indicating the Project Board’s satisfaction and recommendations, with respect to the following:
 - Quarterly Reports, Annual Reports (including updated Management Plans), Project Communications Plan and Delegation Matrix;
 - requests for Board contingencies; and
 - requests to access the Project reserve overseen by Treasury Board.
- Reviews and provides advice to Management as needed regarding exception reporting and Monthly Project Progress Report (for internal use at BC Hydro) that includes progress on major

work packages, milestones, schedules, project budget, issue management and specific risk and mitigation actions

Stakeholder Engagement Committees

- Committees established to address regional issues with representation from MLAs, Mayors, Regional District Directors, local government staff and interested stakeholder groups, including:
 1. Regional and Local Government Liaison Committee
 2. Local Government Technical Engagement
 3. Community Liaison Committees
 4. Agriculture Compensation Fund Consultation
 5. Short Term Health Solutions Committee
- In addition to the 5 committees, BC Hydro will make regular presentations at council meetings
- There will be ongoing discussions with First Nations with respect to consultation and implementation of Impact Benefits Agreements

Technical Advisory Board (Technical Board)

- Global panel of engineering and construction experts appointed by the Board
- Provide technical review of key design milestones and ongoing external advice to supplement existing engineering and design and procurement expertise
- Reports out to the Project Board and Management at conclusion of each meeting (meetings on an as needed basis) and provides a report of key findings and recommendations
- Prepares Technical Reports as required and submits to Management and the Board

BC Hydro Management (Management)

- Accountable to the Board for day-to-day oversight and delivery of the Project
- Manages all aspects of Project execution including the following:
 - communications and stakeholder/outreach engagements;
 - internal and external project financing and reporting;
 - response to unanticipated events that may occur; and
 - other Project support activities within BC Hydro.
- Prepares the following:
 - Quarterly Reports, Annual Reports (including update to Management Plans), and Communications Plan
 - Exception reporting and briefings to the Board, the Project Board and the Minister as required for major unanticipated events that may occur between the regular reporting cycles (including any significant project-related incident)
 - Delegation matrix for notional allocation of Board contingencies and requests to access the project contingencies budget
 - Requests to access the Project reserve overseen by Treasury Board
- Monitors and reports to the Board on salary holdback measures related to individual accountabilities for Project delivery
- Approves and receives Monthly Project Progress Report
- Advises Ministry of key issues and developments as appropriate

Minister of Energy and Mines (Minister)

- Receives Annual and Quarterly Project reports
- Provides assessment of Annual Report for Chair of Treasury Board
- Makes recommendations on requests to access the Project Reserve for Treasury Board approval
- Assists BC Hydro Board in approval process of project contingencies allocations
- Notifies Treasury Board as needed regarding significant changes to Management Plans (i.e., recognition that TB had approved these)
- Quarterly meetings with BC Hydro Board Chair to discuss project progress within the context of the Taxpayer Accountability Principles
- Ministry staff receive advice on key issues and developments as appropriate from Management.

Treasury Board (TB) and Treasury Board Chair (TB Chair)

- Approves requests for Project Reserve on the recommendation of Minister
- Receives Annual and Quarterly Reports

British Columbia Utilities Commission (BCUC)

- Receives Annual and Quarterly Reports (in format required by the BCUC)
- Provides public record
- Provides for review and examination, as required under various sections pertaining to supervision of public utilities and public utility reporting as outlined in Part 3 of the *Utilities Commission Act*.

A reporting matrix is included at the end of this document that provides an overview of reports and outline of accountabilities

Site C Quarterly Progress Report Template

Audience

- This reporting is intended to inform:
 - Board
 - Project Board
 - Minister, TB Chair and government
 - BCUC reporting
 - Other users (e.g. credit rating agencies, etc.)
- Some levels of report may not include full information set due to differing levels of interest or disclosure restrictions (e.g. it should be assumed the BCUC report will be public, and that all levels of oversight reporting will not have same degree of detail)

Report Outline

1. Overview

- Overview/summary of progress for the period on the Project
- Key highlights and accomplishments
 - Project completion to date for scope, milestones, timelines and budget
 - Key issues for the period
- Outlook for Project (e.g. schedule and budget)
 - Key challenges and mitigation plans

2. FN Consultation and IBAs

- Progress on IBA signing and implementation, compared to expected number, progress and funding amounts
- Value of IBAs to BC Hydro within the Management Plans
 - Explanation of significant variances
- Outlook for short and medium term
 - Identified key challenges, mitigation plans and opportunities including FN employment and supply arrangements
 - Expected completion and cost

3. Permits

- Overview of permits required
- Summary of major permitting milestones completed (against expected)
- Number of days to issue
- Summary of major permitting to be done
 - Identified key challenges and risk mitigation plans
 - Expected completion dates and cost

4. Construction

- Overview of key activity on construction site
- Identification of any major:
 - Scope changes compared to Approved Plans
 - Schedule variances to date and revised forecast to project end
 - Performance against budget in Approved Plans for each major cost activity

- Revised budget outlook to project end
- Key issues resolved/expected to project end
- Highlight other key quantitative information (compared to expected values) such as:
 - Bed nights in worker accommodation
 - Excavation volumes
 - RCC/concrete placement volumes
 - Road construction, in km
 - Percentage of work complete
- Labour utilization (worker days/overtime/worker days lost etc)
- Progress reporting of costs to budget for each major cost activity

5. Procurement Progress and Comparison with Budget

- Provide list of all major contracts awarded and their status during current period, include measures against expected timing and costs
- More detail provided in appendix, including Project-to-date contract lists
- Discussion of major awards/value for money
- Discussion of material contract amendments
- Discussion of any claims or non-compliance with contracts
- Further explanation on any critical or unusual awards
- Overview of major contracts yet to come

6. Quality

- Provide available metrics on quality management / quality assurance
- Table showing Non-Compliance Report (NCR) breakdown by contract and major activity

7. Safety

- Provide overview of key safety metrics and highlights, aligned with BC Hydro standard safety measures and contractor safety metrics
- Mitigation measures
- Explanation of any material incidents
- Spending to date and planned to project end

8. Environment

- Provide overview of key environmental metrics and mitigation actions to date as well as planned
- Explain any material environmental incidents
- Compliance report on requirements of permits and Environmental Assessment Certificate
- Spending to date against budget and planned to project end

9. Employment Report

- Overview of hiring activity
- Payroll metrics or average costs per employee group – in order to monitor issues with salaries and skill shortages
- Demonstration of level of diversity in workforce as reported by major contractors
- Identification of number of workers, by job category
- Local / BC / First Nations hires as reported by major contractors
- Number of apprentices / trainees as reported by major contractors

- Measures of where employment actuals are compared to plan and what the forecast is to project end

10. Community Engagement & Communications

- Local Government Liaison
- Business Liaison and Outreach
- Community Relations and Consultation
- Communications
- Expenditures associated with the above.
- Key communications releases/events coming

11. Cost Reporting

- Discussions of period to date compared to budgets
- Discussion of revised forecasts and variances/mitigation plans
- Overview of spending compared to baseline forecast in Management Plans for current period including:
 - Level I - High level summary
 - Level II - Direct Costs by Major Construction contract and/or activity centres
- Identify and discuss key variances and use of notional or approved allocations to contingencies budget
- Provide explanation of any changes to baseline budget forecast and allocations to various segments from the contingencies, i.e., inflation etc.
- Provide recommended actions to maintain expenditure discipline to Management Plans
- Provide overview and status of approved allocations from Project reserve if any

12. Internal project financing versus external borrowings to date

- Period to date compared to period to date budgets
- Projected interest rates compared to plan, variances and impacts on IDC.
- Revised forecasts and variances/mitigation plans

13. Impacts on other BC Hydro operations

- Identify dependencies and impacts on other BC Hydro operations including operational risks, financial risks, legal risks (including outstanding litigation), and stakeholder/reputational risks

14. Risk Management and Reporting

- Identification of Key Risks
 - Operational risks
 - Financial risks
 - Legal risks and outstanding litigation
 - Stakeholder/reputational risks
- Outline of Mitigation Measures

Site C Reporting Matrix

	Technical Board	Management	Project Board	BC Hydro Board of Directors	Minister of Energy and Mines	Treasury Board	BCUC
Annual Report (includes updated Management Plans)		Develop	Review	Approve	Receive	Receive	Receive
Quarterly Project Progress Report		Develop	Review	Approve	Receive		Receive
Monthly Project Management Report		Develop & approve					
Communications Plan		Develop	Review	Approve			
Exception Reporting		Develop	Notified	Notify	Notify		Notify as needed
Technical Reporting¹ as required	Develop and Approve	Receive	Receive	Notify as needed	Notify as needed		
Requests for Contingency		Develop	Review	Approve	Assists Hydro Board with Approval		
Requests for Project Reserve		Develop	Review	Recommend	Recommend	Approve	Notify

¹ A summary of technical reports will be included in the Annual Report

June 29, 2015

Ref.: 90954

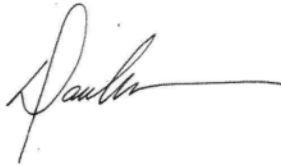
To: Mr. Peter Milburn
Deputy Minister
Ministry of Finance

Re: Site C Reporting and Accountability Framework

Please find attached the Site C Reporting and Accountability Framework. This document was jointly developed by staff at the Ministry of Energy and Mines (MEM), BC Hydro, and the Ministry of Finance, including Mr. Doug Foster and Treasury Board Staff.

s.12

I anticipate the first quarterly report will be for the period ending September 30, 2015. Should you have any questions, please do not hesitate to contact me.



Dave Nikolejsin
Deputy Minister

Attachment

MEMO

Date: January 7th, 2015

To: DM Peter Milburn

Cc: Brian Menzies, COS

From: Michael de Jong, Q.C.

Re: Site C Project Approval and Follow Up

1. Given the magnitude of this project and the importance associated with it remaining on budget and on schedule, I would like to receive project status reports from B.C. Hydro on a quarterly basis beginning in March 2015.

2. s.12

3.

4. May I have this information prior to January 23rd, 2015.

5. Thank you

s.12

Zacharuk, Christina PSEC:EX

From: Rathbone, Chris PSEC:EX
Sent: Tuesday, January 13, 2015 10:13 PM
To: Zacharuk, Christina PSEC:EX
Subject: Hydro performance measures

Hi CZ,

While we don't have detail on the exact performance measures for each exec at Hydro, we do have a description of how the plan works, which I've included here below.

The corporate performance measures that make up part of the individual awards are detailed in the Service Plan. (It's at this link, but I'll bring a copy to the meeting tomorrow for your reference. <http://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/service-plans/bchydro-service-plan-2014-15-2016-17.pdf>)

While I think it should be fairly straightforward to ensure there's measures related to Site C in next year's targets, the big clarification will be if putting them in the corporate targets meets the need, or if there will also need to be individually tailored targets for each executive.

Chris

s.13

s.13