Nova Scotia Utility and Review Board

IN THE MATTER OF

The Maritime Link Act, S.N.S 2012 c.9
and the
Maritime Link Cost Recovery Process Regulation, N.S. Reg. 189/2012

NSPML Quarterly Report Q1 2016

April 15, 2016

Table of Contents

1.0 INTRODUCTION

This is the Q1 2016 Quarterly Report for the Maritime Link as directed by the Utility and Review Board (UARB) where the UARB ordered in its Supplemental Decision:

> [115]….detailed reports must be filed by NSPML on a semi-annual basis, on June 15 and December 15 each year. The reports shall commence December 15, 2013. Updated status reports must be filed quarterly.

2.0 UPDATE OF PROJECT SCHEDULE WITH VARIANCE EXPLANATION

As per Enerco U-31, sections 1.1, 1.2, and 1.3, this section provides an update on the project schedule, along with a variance explanation and general status updates.

Please refer to Attachment 1 for the Level 1 Project Schedule.

2.1 Gates and Milestones

The Project remains on schedule for commissioning and commencement of operations scheduled for Q4, 2017.

2.2 Safety

As previously reported, the project safety procedure review for new upcoming field activities by contractors is continuing to be followed. In this quarter, safety reviews included review of tasks such as delivery of materials to transmission line sites, grouted anchor testing, work on steep slopes, stringing of conductors, and installation of precast foundation. These reviews are in addition to the other safety activities outlined in the Safety Plans for each site. As well, tool box safety meetings every morning with each crew and Field Level Risk Assessments (FLRAs) are standard activities.

2.3 Abengoa Update

In February 2015 NSPML entered into a contract with Abengoa S.A., a global Spanish energy company, for the transmission line construction on the Maritime Link Project. On November 25, 2015 Abengoa S.A. filed a notice under Spanish law, which provides for pre-insolvency protection in Spain, giving the company up to 4 months to reach an agreement with creditors to avoid a full insolvency process. In March 2016 Abengoa S.A. requested and has received Spanish court approval for the next steps to implement a global restructuring plan.

In February 2016 NSPML reached an agreement to bring financial stability to Abengoa's work on the Maritime Link Project, including by establishing a Project Account Agreement to help ensure timely payment of Abengoa subcontractors and suppliers. Monthly productivity targets have been established. NSPML continues to monitor Abengoa's productivity and financial situation closely.

2.4 Commercial Activities

The key major procurement activities are presented in Table 1 with an update of the status for each initiative.

Table 1

Commercial Activity	Status in December 2015	Initiative Number	Status in April 2016
HVdc Submarine Cable Supply and Installation	The Contract was awarded to Nexans in January 2014.	E11-18	No Change
Converter stations, switchyards and related structures ("converters and structures")	The Contract was awarded to ABB Inc. in June 2014.	E12-74	No Change
Right of Way Clearing along Transmission Lines	Contracts were awarded to Majors Logging Limited in NL, and R. MacLean Forestry in NS in February 2014.	E13-88	No Change
Transmission Structures and Grillages	The Contract was awarded to Kalpataru Power Transmission Ltd in September 2014 for design and delivery of Structures and Grillages.	E13-85	No Change

Commercial Activity	**Status in December 2015**	**Initiative Number**	**Status in April 2016**
Site Preparation Services (Includes construction of access road upgrades)	The Contract was awarded to Joneljim Concrete Construction (1994) Ltd. for NS Site Preparation Services in September 2014. The Contracts were awarded to Marine Contractors Inc., MCI Limited Partnership for NL Site Preparation Services in September 2014.	E13-92	No Change
Transmission Line Construction	The Contract was awarded to Abengoa S.A. in February 2015.	E13-95	No Change
Transmission Line Conductors	The Contract for the supply of conductors was awarded to Midal Cables in March 2015. The contract for the supply of OPGW was awarded to Composite Power Group Inc. in June 2015. This is also within the scope of the E13-87 initiative.	E13-87	No Change No Change
Horizontal Directional Drill (HDD) Construction Program	Contract negotiations remain in progress and the contract award is scheduled in the coming weeks.	E13-156	Contract awarded to Directional Horizontal Drilling (DHD) in January 2016.

Commercial Activity	Status in December 2015	Initiative Number	Status in April 2016
	E13-157 is scheduled to be awarded in January 2016.	E13-157	E13-157 was divided into two contracts. E13-157A was awarded to Schlumberger in March 2016 for the supply of HDD Fluids. E13-157B was awarded to Baker Hughes in April 2016 for the Supply of directional drilling services, drill bits and other services.
	E13-158 is scheduled to be awarded in Q1 2016.	E13-158	E13-158 was awarded to DOF Subsea in March 2016.
	The supply of the HDD casing (E15-238) was awarded to East Coast Tubulars Limited in October 2015.	E15-238	No change.
Accommodations Operations	The contract for the accommodations operations services was awarded to East Coast Catering in April 2015.	E13-89	No Change

2.4.1 Land Access Agreements

NSPML has continued to progress the applications before the UARB pursuant to the Expropriation Act to determine the appropriate compensation for the remaining parcels. Applications involving unrepresented claimants were completed in March

2016. Applications will be made in Newfoundland and Labrador with respect to the remaining parcels in that province once the arbitration panel processes have been established. Rights associated with access trails, as well as additional easements relating to guying anchors, are continuing in 2016, as necessary in both provinces.

2.4.2 Funding

As in prior months, Funding and Drawdown Requests containing comprehensive details of costs for the upcoming month were submitted to the Collateral Agent and Government of Canada as necessary, and all requested funds were received on schedule**.** Please refer to Attachment 2 for the IE Draw Confirmation Certificates for the period. These draws permit payments to Material Project Participants to be paid with the proceeds of the ML Construction Loan under the payment terms of the Material Project Documents and the ML Credit Agreement.

NSPML has reached its targeted Debt:Equity ratio of 70:30. This is consistent with the terms of the Federal Loan Guarantee and with the UARB approval of the Project. Future draws during construction will be from a combination of debt and equity with the goal of maintaining the 70:30 Debt:Equity ratio as approved by the UARB.

2.4.3 Joint Development Agreements

NSPML continues to work with Nalcor and NS Power to finalize the remaining operational agreements arising from the Formal Agreements with Nalcor.

2.5 Engineering Activities

Commissioning of the Maritime Link continues to align with the in-service target date of Q4 2017. Engineering is captured in three main categories across several Work Breakdown Structures ("WBS's"):

- HVdc Submarine Cable Supply and Installation – cable design and manufacturing is being engineered by the supplier of the cable, Nexans, which will include performance criteria consistent with service life and reliability targets subject to approval by NSPML. In this period, Nexans engineering activities continued. The marine route study was optimized and is being finalized.

- The HDD bore trajectories were designed under a separate engineering initiative (E12-51). The conceptual plans and profiles were developed by Hatch. The HDD trajectory design was completed in March 2015 which provided the necessary documentation for the procurement activities for the HDD construction services. The contracting activities were finalized in this reporting period in advance of the start of the HDD drilling program. Mobilization began in March and the drilling starts at Cape Ray, NL in April 2016.

- HVdc Converters and Substations - engineering is included in the contract awarded to ABB for the supply and installation of these assets. During this period, engineering for the HVdc design of the Control and Protection system, civil designs, the plant electrical mechanical designs and the system studies advanced. Structural, electrical and station designs for the HVac systems for the Woodbine, Granite Canal and Bottom Brook locations also advanced, gaining ground on the progress which is modestly behind schedule at present.

- Overland Transmission and Switchyard/Grounding Sites – Designs for the transmission and grounding lines are complete and modifications resulting from the field construction activities are on-going. An alternative design for the breakwater for Big Lorraine was completed in this period to improve constructability. Design changes to the grounding sites electrical works were completed and included with the documents for the procurement process.

2.6 Submarine Cables (Marine)

Manufacturing of the marine cable 1 began at the Futtsu manufacturing facility in July, and was ahead of schedule in January. A manufacturing issue was encountered on cable 1 during the lead sheath protection extrusion process, resulting in a stop of manufacturing until quality controls were improved and trials were completed.

The second submarine cable will be manufactured in Halden in Norway. Preparations for the start of production will begin in May 2016.

The manufacturing of the Land Cables for the Transition Sites was completed in March and are ready for shipment in Q2.

2.7 Horizontal Directional Drilling (HDD) Boreholes

The contracting activities for the construction and installation of the HDD boreholes in NS and NL were completed in this period. The drilling will commence at Cape Ray, followed by drilling at Point Aconi in NS. The kick off activities by the Landfall Drilling and Casing Installation (E13-156) contractor (DHD) began in January. All planning and pre-construction deliverables for Cape Ray were completed including the Environmental Management Plan, Safety Plan, Quality Management Plan, safety training and risk reviews. Transportation of all equipment was executed based on the approved Transportation Plan with safe transport through the town of Cape Ray being a focus. Mobilization began in March and drilling will begin in April. The casing (E15-238) is expected to arrive on site over several days in mid-April to ensure organized delivery and storage procedures. Similar planning activities, deliverables development, risk reviews and orientations were also undertaken by Schlumberger and Baker Hughes (E13-157 A/B) who will supply the fluids, directional drilling services, drill bits and other materials. Additionally, DOF Subsea (who will provide a marine vessel and related services) will be on site for recovery of the drilling assembly.

The NL drilling program is scheduled to be completed by the end of Q2. Once the NL component is completed, the drill rig will be moved for the start of the NS program which is scheduled to be completed later in Q3.

2.8 Converters and Substations

ABB continued construction activities at Bottom Brook throughout the winter months and made progress in the construction of the footings and foundations for both the AC substation and the DC converter station. Construction at Woodbine was halted in January for the winter and restarted in March. The manufacturing of precast foundations by the supplier continued throughout this period. Manufacturing and fabrication of several of the components and subsystems advanced with testing and quality reviews being a primary focus for the overseas suppliers. Shipments of these systems are scheduled to begin in the summer with deliveries expected to start in late Q3.

2.9 Right of Way Clearing Contractor(s) – Transmission Lines

All remaining tree clearing and chipping was completed to achieve Substantial Completion of the HVac line right of way clearing in March 2016. There is minor stumping and cleanup to be completed which is in progress and Final Completion is planned in the summer of 2016, depending on weather conditions. This work was completed safely and ahead of schedule.

2.10 Construction Contractor(s) – Transmission Lines

Marshalling yards in NS and NL have been established and are operational. All conductors and OPGW have been delivered. Structures, foundation grillages and other hardware continue to arrive with completion expected in Q3 2016. The geotechnical work along the DC transmission lines continued to confirm the soil conditions and required foundation types.

Repairs to non-compliant steel components covered by the tower steel supplier were identified and will be completed in Q2.

The following details in Table 2 provide a status of the construction activities for the transmission lines:

Table 2

Transmission Line	Completion Target	Status
NL Grounding Line	April 2016	Framing and erection of poles and stringing of conductor advanced.
NL DC Transmission Line	April 2017	Installation of grillage foundations began in Q1.
NL AC Transmission Line	March 2017	Work started in February with erection of poles and movement of materials into the Granite Canal area.
NS Grounding Line	September 2016	Framing and erection of poles and stringing of conductor progressed.
NS DC Transmission Line	December 2016	Installation of foundations began in Q1 with one tower being erected.

2.11 Construction Contractor(s) – Site Preparation

In NL, site preparation was completed in Q4 with the exception of Cape Ray. The Cape Ray HDD Pad was completed in February in advance of the mobilization of the HDD contractors. The remaining work for the Transition Compound and access road will be completed in April.

In NS, all site preparation work is complete.

2.12 Granite Canal Accommodations Operations

The contract for the operations of the Granite Canal accommodations facility (E13-89A) was awarded to East Coast Catering in April 2015. The camp has been in full operation since July 2015.

2.13 Grounding Sites

The contract was awarded in October 2015 for the construction of the breakwater at Indian Head in NL under initiative E13-102A. Planning and mobilization began in October and construction began in November. Construction was halted in December for the winter season. The work restarts in early April. The construction of the remaining on-land portion of the work and the marine breakwater construction are forecasted to be completed in the summer of 2016.

The contract for the NS Breakwater at Big Lorraine is scheduled to be awarded in Q2 2016 and construction is scheduled to start in June and be completed in Q3 2016.

Both scopes of work will be followed by the installation of the electrical equipment at both Grounding Sites. The RFP for the NL Initiative (E13-103 A) was issued and is scheduled to close in April 2016. The contract award is scheduled for July with work to be completed in September 2016. The RFP for the NS initiative (E13-103B) is forecasted to be issued in April and awarded by Q2 2016. The work is forecasted to be completed in Q4 2016.

2.14 Independent Engineer

As indicated in the previous Quarterly Report, the last Independent Engineer (IE) site visit was in November 2015; no corrective actions were identified in the site visit report. Please refer to Attachment 3 for a copy of the site visit report from November.

Planning is underway for the IE site and factory visits in 2016. This will involve three site visits (June, August, October) and two factory visits to ABB (April) and Nexans (September) to align with the increase in construction and manufacturing activities this year. Site visit reports will be filed in future Quarterly Reports in 2016 as completed throughout the year.

2.15 Technical Conference

On February 23, 2016, NSPML held a Technical Conference to provide stakeholders with an update on the status of the Maritime Link, including updates on safety, construction, financing, and regulatory planning.

Please refer to Attachment 4 for a copy of the transcript from the Technical Conference.

3.0 UPDATED COST SUMMARY

As per Enerco U-31, section 2.1, the detail below outlines the DG3 forecasted costs.

Table 3 below provides an updated cost summary for the Maritime Link, which includes actual costs, incurred as of December 31, 2015 and forecasted costs for the remainder of the Project's construction phase.

NSPML continues to track and report all costs, actual and forecast (2011-2017), consistent with the methodologies used in the costs forecast represented in the ML Project application, for inclusion in the final approved ML Capital Cost application. Project costs include fully allocated costs for the entire Project Management Team, including contractors, employees, executives dedicated to the project, and NS Power seconded employees at affiliate mark-up rates according to the Code of Conduct for Affiliate Transactions. All costs provided are in Canadian dollars.

Actual AFUDC is being tracked and recorded monthly. AFUDC remains within the $230 million amount estimated at the time of filing of NSPML's Application.

The project remains on target for completion in 2017 and within the approved budget of $1.577 billion.

Table 3

(000's of Canadian Dollars)	Actual Costs					Forecast					Total Project
Description	2011-2013	2014	2015 Q1 - Q3	Q4 2015	Total Project to Date	Q1 2016	Q2 2016	Q3 2016	Q4 2016	2017 Q1 - Q4	Estimate at Completion
Emera NL Project Management Costs	**44,379**	**42,315**	**18,187**	**6,412**	**111,293**	**8,176.80**	**8,082.35**	**7,169.31**	**6,738.04**	**28,325.62**	**169,785**
Nalcor Project Support Costs	**-**	**15,232**	**449**	**(24)**	**15,658**	**42**	**58**	**58**	**58**	**232**	**16,105**
Construction and Engineering Initiatives	**14,975**	**167,980**	**207,040**	**52,710**	**442,704**	**83,035**	**151,436**	**152,024**	**156,136**	**231,774**	**1,217,110**
Environmental Approval	2,651	4,378	765	317	8,111	221	3,360	1,126	1,513	9,220	23,551
Submarine and related	3,359	83,797	66,685	7,754	161,595	11,732	23,060	16,919	6,082	107,082	326,470
Converters, structures, and other ancillary equipment	1,517	48,747	81,832	24,362	156,459	38,161	80,397	76,243	103,117	85,787	540,163
AC and DC Transmission	7,448	31,057	57,758	20,276	116,540	32,920	44,619	57,737	45,425	29,685	326,926
Total	**59,354**	**225,527**	**225,676**	**59,098**	**569,654**	**91,253**	**159,577**	**159,252**	**162,932**	**260,331**	**1,403,000**
Escalation	-	-	-	-	-	-	671	671	671	33,340	35,354
Contingency	-	-	-	-	-	-	-	10,835	11,135	117,030	139,000
Grand Total	**59,354**	**225,527**	**225,676**	**59,098**	**569,654**	**91,253**	**160,248**	**170,758**	**174,739**	**410,701**	**1,577,354**

Total Actual Project Costs at end of Q4, 2015 Compared to Previous Forecast

The total actual project costs for Q4, 2015 were $20.1 million less than the Q4 costs forecasted in the NSPML Quarterly Report of December 15, 2015. The explanations of the variances are as follows:

- Project management and other: $0.5 million lower cost incurrence due to lower spending on general and administration expenses including labour, legal, regulatory and consulting.

- Environmental Approval: $0.7 million lower cost incurrence due to lower permitting and stakeholder engagement costs.

- Submarine and related: $2.4 million lower cost incurrence due to rescheduled site preparation activities at the Horizontal Directional Drilling (HDD) site at Cape Ray, NL.

- Converters, structures and other ancillary equipment: $6.0 million lower cost incurrence due to rescheduling of the engineering and procurement activities for the Converter / Substations supply contract.

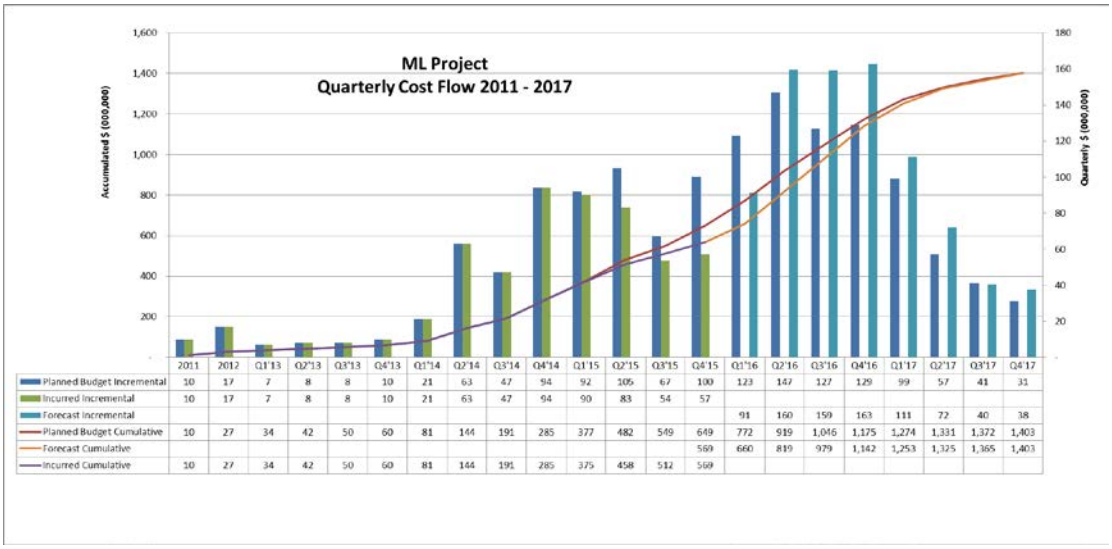
- AC and DC Transmission: $10.2 million lower cost incurrence attributable to timing of the start of the construction of the DC lines, the construction progress of the Grounding Lines and the delivery of structures, grillages and other materials.

The variances do not change the forecasted in-service date of Q4 2017 and project remains within budget. Progress to date on Transmission Line Construction remains a concern with Abengoa performance which will remain a key focus for the Project Management Team.

4.0 COST FLOW

As per Enerco U-31, section 2.2, please refer to Table 4 below for the cost flow until the Maritime Link is commissioned. This cost flow provides a base capital spending forecast of $1.403 billion. Escalation and contingency in the amount of $174 million will be allocated to appropriate accounts if and when necessary to account for expenditures associated with project risks. The total of the base capital spending, escalation, and contingency amounts remains at $1.577 billion.

Table 4



	2011	2012	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17
Planned Budget Incremental	10	17	7	8	8	10	21	63	47	94	92	105	67	100	123	147	127	129	99	57	41	31
Incurred Incremental	10	17	7	8	8	10	21	63	47	94	90	83	54	57								
Forecast Incremental															91	160	159	163	111	72	40	38
Planned Budget Cumulative	10	27	34	42	50	60	81	144	191	285	377	482	549	649	772	919	1,046	1,175	1,274	1,331	1,372	1,403
Forecast Cumulative														569	660	819	979	1,142	1,253	1,325	1,365	1,403
Incurred Cumulative	10	27	34	42	50	60	81	144	191	285	375	458	512	569								

Maritime Link Project
Level 1 Project Schedule

Project Level 1 Schedule

Mar 1

Maritime Link - Level 1	2011 Q1	Q2	Q3	Q4	2012 Q1	Q2	Q3	Q4	2013 Q1	Q2	Q3	Q4	2014 Q1	Q2	Q3	Q4	2015 Q1	Q2	Q3	Q4	2016 Q1	Q2	Q3	Q4	2017 Q1	Q2	Q3	Q4
Gates	DG 1						DG 2						DG3/Full Funding														ML Ops	
Milestones																											DG4	
Emera Commercial Activities																												
Environment Ass't with Aboriginal/ Others Engaged 93000		Proj. Desc. - EA Guidelines					EA Rep		Screen			EA Permits					EA Monitoring Program											
NS Regulatory Application 90200			Regulatory				Prep and File		UARB Review																			
Land Access Agreements 94000			Land Strategy				Access Agreements					Properties / Perfected																
Funding - Schedule Reserve and Allowances 90100				Fed L Agree't					FLG Contract				Fin Cl															
Insurance									Analysis, Consultation and Policy Secured																			
Joint Development Agreements		Joint Dev. Agm'ts							Agreement Updates																			
Emera Engineering Activities																												
Emera Pre-FEED, Procurement		Pre-FEED	Eng Awds																									
Engineering Services						Engineering - CBOD/ FBOD				Eng. Design for Procurement / Issue for Const.								Engineering Services Construction Support										
Commission System / RFO (Ready For Operations)														RFO / Commission Planning				Commission Planning Update				RFO				Commission		
EPC1 - Subsea Cables (Marine)																												
Cable FEED , Procurement 61000		Marine - Eng																										
Cable Engineering, Manufacturing																												
Cable Protection																												
Subsea / HDD Landfall Installation 62100, 62200																												
EPC2 - DC Converter Stations/ Substations																												
Converter Switchyard FEED / Procurement																												
Converters (2) Eng. / Manufact. / Delivery																												
Construction / Field Ops Bottom Brook and Woodbine																												
Construction / Field Ops Cape Ray and Point Aconi																												
Construction / Field Ops Granite Canal																												
Testing & Commissioning																												
Construction Contractors - Transmission Lines																												
TL Contractors Procurement																												
Construction AC Lines NL (BB to GC) 11000																												
Construction DC Lines NL (BB to CR) 12000																												
Construction G - Line NL (BB to IH) 14100																												
Construction DC Lines NS (PA to WB) 13000																												
Construction G - Line NS (WB to BL) 14200																												
Accommodations 15000																												
Construction Contractors - Compounds / Other																												
Compounds / Other Contractors Procurement																												
NS Woodbine (23200,42000, 53000)																												
NS Point Aconi (62100)																												
NS - Big Lorraine (32000 / 52000)																												
NL - Bottom Brook (22000/ 41000																												
NL - Granite Canal																												
NL - Indian Head (31000)																												
NL - Cape Ray (51000)																												
Procurement - Grounding Site Breakwater / Electrical																												
Grounding Site NL Indian Head 31000																												
Grounding Site NS Big Lorraine 32000																												

Procurement / Negotiation / Contract Awards
Trees / Foundations / Cabling / Test
Trees / Foundations / Cabling / Test
Trees / Found/ Cabling / Test
Trees / Foundations / Cabling / Test
Trees / Found. / Cabling / Test
Construction / Accommodations Operations

Procurement / Contract Award
Trees
Site Prep
Trees
Site Prep
Tree
Site Prep
Trees
Site Prep
Site Prep
Site Prep
Site Prep
Trees
Site Prep
Trees
Site Prep

Procurement / Contract Awards
Breakwater
B/W
EL
Breakwater
EL

Detail Engineer / Procurement
Cable Manufacturing / Delivery
Cable Install
Test
Protection
HDD Procurement for Geotech / Design
Geotech
HDD Final Design
HDD Award / planning
HDD Construction

Technical. Specif.
Funct. Specif.
RFP/Eval/Select/Neg. Cont./ Award
Start-up / Eng
Purchasing / Manufacturing / FAT / Delivery
Site Prep / Const. / install
S. Prep / Const. / Install
Site Prep / Const. / install
Test & Commissioning

RFP/Eval/Select/Negotiate

Marine Weather Installation Window 1
Marine Weather Installation Window 2
Marine Weather Installation Window 3

ENL Lead Activities
Other Lead Activities
Critical Path Activities
Milestones

Schedule Data Date - October 1, 2015

SCHEDULE “Q”

DRAW CONFIRMATION CERTIFICATE BY INDEPENDENT ENGINEER

ML PROJECT FINANCING

This Draw Confirmation Certificate is provided by MWH Canada, Inc. (the “Independent Engineer”) to The Toronto-Dominion Bank (the “Collateral Agent”) in connection with the credit agreement dated February 24, 2014, between NSP Maritime Link Incorporated (the “Borrower”), Maritime Link Financing Trust (the “Lender”) and the Collateral Agent (said agreement, as same may be amended, supplemented or restated from time to time, is hereinafter referred to as the "ML Credit Agreement"). Capitalized terms used in this Draw Confirmation Certificate not defined herein shall have the meanings assigned to them in Exhibit A of the ML Credit Agreement.

The Independent Engineer has (i) discussed matters believed pertinent to this Draw Confirmation Certificate with the Borrower and any relevant Material Project Participants, (ii) made such other inquiries as we have determined appropriate and (iii) reviewed:

(a) the Construction Report dated November 20, 2015 (the “Construction Report”); and

(b) the Borrower’s funding request dated November 20, 2015 (the “Funding Request”).

On the basis of the foregoing limited review procedures and on the understanding and assumption that the factual information contained in the Construction Report and Funding Request is true, correct and complete in all material respects, the Independent Engineer makes the following statements in favour of the Collateral Agent and to the best of its knowledge, information and belief, as of the date hereof that:

1. Construction of the Project is progressing in a satisfactory manner and in accordance with the terms of the applicable Material Project Documents with the following exceptions:

NO EXCEPTIONS NOTED

2. All payments to the Material Project Participants to be paid with the proceeds of the ML Construction Loan (including any payments using advances from the Working Capital Reserve Account during the period from the last Draw Confirmation Certificate to this Draw Confirmation Certificate) requested to be made pursuant to the Funding Request are allowed under the payment terms of the applicable Material Project Documents and the ML Credit Agreement as to the advance requirements of Section 7.3, with the following exceptions:

NO EXCEPTIONS NOTED

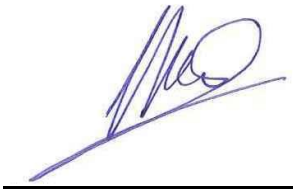
3. Assuming the Borrower exercises proper engineering and construction management throughout the remainder of the Project, we have no reason to believe that the Commissioning Date will not occur prior to the Date Certain, or that the total Project Costs will exceed [$1,577,354,028] with the following exceptions:

NO EXCEPTIONS NOTED

This Draw Confirmation Certificate is solely for the information and assistance of the Collateral Agent, the Lender and Canada in connection with the Funding Request and shall not be used, circulated or relied upon for any other purpose or by any other party.

Dated: January 4, 2016

MWH CANADA, INC.



By: _____

Title: IE Team Leader

SCHEDULE “Q”

DRAW CONFIRMATION CERTIFICATE BY INDEPENDENT ENGINEER

ML PROJECT FINANCING

This Draw Confirmation Certificate is provided by MWH Canada, Inc. (the “Independent Engineer”) to The Toronto-Dominion Bank (the “Collateral Agent”) in connection with the credit agreement dated February 24, 2014, between NSP Maritime Link Incorporated (the “Borrower”), Maritime Link Financing Trust (the “Lender”) and the Collateral Agent (said agreement, as same may be amended, supplemented or restated from time to time, is hereinafter referred to as the "ML Credit Agreement"). Capitalized terms used in this Draw Confirmation Certificate not defined herein shall have the meanings assigned to them in Exhibit A of the ML Credit Agreement.

The Independent Engineer has (i) discussed matters believed pertinent to this Draw Confirmation Certificate with the Borrower and any relevant Material Project Participants, (ii) made such other inquiries as we have determined appropriate and (iii) reviewed:

(a) the Construction Report dated January 20, 2016 (the “Construction Report”); and

(b) the Borrower’s funding request dated January 25, 2016 (the “Funding Request”).

On the basis of the foregoing limited review procedures and on the understanding and assumption that the factual information contained in the Construction Report and Funding Request is true, correct and complete in all material respects, the Independent Engineer makes the following statements in favour of the Collateral Agent and to the best of its knowledge, information and belief, as of the date hereof that:

1. Construction of the Project is progressing in a satisfactory manner and in accordance with the terms of the applicable Material Project Documents with the following exceptions:

NO EXCEPTIONS NOTED

2. All payments to the Material Project Participants to be paid with the proceeds of the ML Construction Loan (including any payments using advances from the Working Capital Reserve Account during the period from the last Draw Confirmation Certificate to this Draw Confirmation Certificate) requested to be made pursuant to the Funding Request are allowed under the payment terms of the applicable Material Project Documents and the ML Credit Agreement as to the advance requirements of Section 7.3, with the following exceptions:

NO EXCEPTIONS NOTED

3. Assuming the Borrower exercises proper engineering and construction management throughout the remainder of the Project, we have no reason to believe that the

Commissioning Date will not occur prior to the Date Certain, or that the total Project Costs will exceed [$1,577,354,028] with the following exceptions:

NO EXCEPTIONS NOTED

This Draw Confirmation Certificate is solely for the information and assistance of the Collateral Agent, the Lender and Canada in connection with the Funding Request and shall not be used, circulated or relied upon for any other purpose or by any other party.

Dated: January 27, 2016

MWH CANADA, INC.

By: _____

Title: IE Team Leader

SCHEDULE “Q”

DRAW CONFIRMATION CERTIFICATE BY INDEPENDENT ENGINEER

ML PROJECT FINANCING

This Draw Confirmation Certificate is provided by MWH Canada, Inc. (the “Independent Engineer”) to The Toronto-Dominion Bank (the “Collateral Agent”) in connection with the credit agreement dated February 24, 2014, between NSP Maritime Link Incorporated (the “Borrower”), Maritime Link Financing Trust (the “Lender”) and the Collateral Agent (said agreement, as same may be amended, supplemented or restated from time to time, is hereinafter referred to as the "ML Credit Agreement"). Capitalized terms used in this Draw Confirmation Certificate not defined herein shall have the meanings assigned to them in Exhibit A of the ML Credit Agreement.

The Independent Engineer has (i) discussed matters believed pertinent to this Draw Confirmation Certificate with the Borrower and any relevant Material Project Participants, (ii) made such other inquiries as we have determined appropriate and (iii) reviewed:

(a) the Construction Report dated February 22, 2016 (the “Construction Report”); and

(b) the Borrower’s funding request dated February 23, 2016 (the “Funding Request”).

On the basis of the foregoing limited review procedures and on the understanding and assumption that the factual information contained in the Construction Report and Funding Request is true, correct and complete in all material respects, the Independent Engineer makes the following statements in favour of the Collateral Agent and to the best of its knowledge, information and belief, as of the date hereof that:

1. Construction of the Project is progressing in a satisfactory manner and in accordance with the terms of the applicable Material Project Documents with the following exceptions:

NO EXCEPTIONS NOTED

2. All payments to the Material Project Participants to be paid with the proceeds of the ML Construction Loan (including any payments using advances from the Working Capital Reserve Account during the period from the last Draw Confirmation Certificate to this Draw Confirmation Certificate) requested to be made pursuant to the Funding Request are allowed under the payment terms of the applicable Material Project Documents and the ML Credit Agreement as to the advance requirements of Section 7.3, with the following exceptions:

NO EXCEPTIONS NOTED

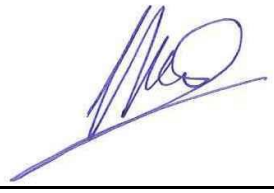
3. Assuming the Borrower exercises proper engineering and construction management throughout the remainder of the Project, we have no reason to believe that the Commissioning Date will not occur prior to the Date Certain, or that the total Project Costs will exceed [$1,577,354,028] with the following exceptions:

NO EXCEPTIONS NOTED

This Draw Confirmation Certificate is solely for the information and assistance of the Collateral Agent, the Lender and Canada in connection with the Funding Request and shall not be used, circulated or relied upon for any other purpose or by any other party.

Dated: February 25, 2016

MWH CANADA, INC.



By: _____

Title: IE Team Leader

SCHEDULE “Q”

DRAW CONFIRMATION CERTIFICATE BY INDEPENDENT ENGINEER

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The Independent Engineer has (i) discussed matters believed pertinent to this Draw Confirmation Certificate with the Borrower and any relevant Material Project Participants, (ii) made such other inquiries as we have determined appropriate and (iii) reviewed:

(a) the Construction Report dated March 21, 2016 (the “Construction Report”); and

(b) the Borrower’s funding request dated March 24, 2016 (the “Funding Request”).

On the basis of the foregoing limited review procedures and on the understanding and assumption that the factual information contained in the Construction Report and Funding Request is true, correct and complete in all material respects, the Independent Engineer makes the following statements in favour of the Collateral Agent and to the best of its knowledge, information and belief, as of the date hereof that:

1. Construction of the Project is progressing in a satisfactory manner and in accordance with the terms of the applicable Material Project Documents with the following exceptions:

NO EXCEPTIONS NOTED

2. All payments to the Material Project Participants to be paid with the proceeds of the ML Construction Loan (including any payments using advances from the Working Capital Reserve Account during the period from the last Draw Confirmation Certificate to this Draw Confirmation Certificate) requested to be made pursuant to the Funding Request are allowed under the payment terms of the applicable Material Project Documents and the ML Credit Agreement as to the advance requirements of Section 7.3, with the following exceptions:

NO EXCEPTIONS NOTED

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Commissioning Date will not occur prior to the Date Certain, or that the total Project Costs will exceed [$1,577,354,028] with the following exceptions:

NO EXCEPTIONS NOTED

This Draw Confirmation Certificate is solely for the information and assistance of the Collateral Agent, the Lender and Canada in connection with the Funding Request and shall not be used, circulated or relied upon for any other purpose or by any other party.

Dated: March 29, 2016

MWH CANADA, INC.

By: _____

Title: IE Team Leader

MWH

LCP - ML PROJECT
SITE VISIT REPORT NOVEMBER 24-27, 2015.

Prepared for: Natural Resources Canada and Emera

IE Point of Contact: Nik Argirov

Date: February 4, 2016

Quality Assurance Statement

Office Address	740-1185 W Georgia Street, Vancouver BC, V6E 4E6
Prepared by	Tim Little, Paul Hewitt, Hamdy Khalil & Nik Argirov
Reviewed by	Nik Argirov & Howard Lee
Approved for Issue by	Howard Lee

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TABLE OF CONTENTS

APPENDIX NO. 1 - PHOTOS

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1. GENERAL

The MWH Independent Engineer team, together with a representative of Natural Resources Canada participated in the site visit for the Maritime Link (ML) project in Newfoundland on November 24 - 25, 2015. Two Emera project team members accompanied the MWH team as listed below.

IE team:	Nik Argirov, Argirov Engineering Inc. (IE Point of Contact)
	Tim Little, T.E. Little Consulting Inc.(IE Geotechnical Subject Matter Expert (SME))
	Paul Hewitt, Hewitt Estimating Consultants (IE Cost & Schedule SME)
	Hamdy Khalil, HK PowerLine (IE Transmission Lines SME)
Natural Resources Canada:	Joseph Krupski, Senior Policy Analyst
Emera team:	Gerry Brennan, Project Manager
	Ken Meade, Senior Director, Risk, Environment & Aboriginal Affairs

Principal observations and comments on the active construction works are presented in the following paragraphs. Labeled photographs documenting construction status are presented in Appendix No.1

2. ITINERARY

The Newfoundland portion of the project includes approximately 142 km of steel tower 200 kV HVDC transmission line from the existing Bottom Brook substation to Cape Ray, about 20 kilometres of grounding line from Bottom Brook to Indian Head and approximately 160 km of Wood H-Pole 230 kV HVAC transmission line from Bottom Brook to Nalcor's existing Granite Canal Hydroelectric Generating Station. The associated infrastructure includes a new converter station and substation expansion at Bottom Brook, a switchyard at Granite Canal, a transition compound, 2 km of underground cable and an onshore cable anchor at Cape Ray and a marine ground at Indian Head.

Visits were made to the following project sites in sequence:

- Indian Head grounding station
- Abengoa materials storage yard near Barachois Brook
- HVDC right-of-way along Highway 1
- HVAC right-of-way along Burgeo Highway/Southwest Brook
- Bottom Brook converter station
- HVAC right-of-way between Granite Canal and Victoria ControlGranite Canal switchyard

Transportation to all sites was by road. The team started at the Stephenville Maritime Link project office on the morning of November 24 for a safety briefing and to pick up hard hats and safety vests & glasses. The team then visited the above-listed project sites along the west side of Newfoundland and continued on to Granite Canal, arriving in the evening. Accommodation was provided in the construction camp. The HVAC line and switchyard sites near Granite Canal were visited in the morning of November 25 and the team returned to Deer Lake in the afternoon.

For each project site, the Emera team led a safety review of site-specific hazards before starting the inspection (FLRA – Field Level Risk Assessment), and a construction management representative escorted the team. At the Abengoa materials storage yard a similar safety briefing was provided by the contractor and the team was escorted by the site manager. The drive into Granite Canal camp was in the dark, and an Emera construction manager met the team at Badger and led the group of vehi-

cles to the camp, using radio procedures to announce and monitor traffic movements along the unpaved 82 km long access road.

Site visit participants returned to their home bases either late November 25, or during November 26. A trip closure meeting was held by conference call on the morning of November 27.

3. PROJECT AREAS

Indian Head Grounding Station

Since the previous IE site visit in July 2015, H.J. O'Connell Construction Ltd. had mobilized to site and started construction of the final several hundred metres of access road leading down to the grounding station site. Construction was also started on a rockfill berm that will contain spoil materials to be removed from the footprint of the breakwater that is to be constructed in St. George's Bay (Photo 1). The rockfill material used by O'Connell to date was sourced from available rock at the end of the access road completed earlier this year by Marine Contractors. A subcontractor, ROCK Construction & Mining Inc., has started to prepare a quarry site located above the access road where the rockfill for the breakwater will be sourced (Photo 2). The quarry site is favourably located close to the end of the road, with a downhill haul.

It was noted that O'Connell Construction has paid detailed attention to providing worker safety and environmental protection. Waste rock has been used to construct safety berms along the downhill edges of their working roads and between the access road and their construction trailers (Photo 3). All parked equipment was neatly arranged and on level ground to facilitate maintenance, and had drip pans in place to catch potential fluid leaks.

PowerTel, the wood pole subcontractor for the main transmission line contractor, Abengoa S.A., had begun work on the 23 km Grounding Line adjacent to the completed access road. The wood poles have been delivered and were spotted on the ground ready for installation. Wood poles for the grounding line were lying near the side of the access road awaiting installation (Photo 4). The poles have galvanized steel crossarms that will carry two conductors, and are to be embedded in the ground to a depth of (3 ft + 10% of the pole length). Octagonal galvanized steel bearing plates are fixed to the bottoms of poles that are to be installed as angle or dead end poles (Photo 5); tangent poles have no bearing plates.

Abengoa Materials Storage Yard

The marshalling yard for the transmission line materials was 100% complete and up and running (Photo 6). The majority of the Tower Steel, Insulators and Conductors were onsite (Photos 7, 8 and 9), sorted and ready for installation next spring. The site is managed by the main transmission line contractor Abengoa S.A. The following are examples of some of the materials stored onsite:

- Glass Sediver Insulators (Photos 10 and 11)
- OPGW, Optical Ground Wire (Photo 12 shows the manufacturer label details)
- HVdc conductor: ACSR, Aluminum Clad Steel Reinforced "Bluebird" (Photo 13 shows the manufacturer label details)
- HVac conductor: ACSR, Aluminum Clad Steel Reinforced "Drake" (Photo 14 shows the manufacturer label details)
- Steel Angles / Members for the steel structures (Photos 15 and 16)
- 5/8 " guy wires for guyed structures

The marshaling yard includes a building (Photo 17) where Abengoa intends to preassemble modules of steel transmission towers to minimize field assembly.

HVDC Right-of-Way

Clearing for the HVDC line has been completed. The IE team visited a location several km south of Bottom Brook substation and adjacent to Highway 1, (tower location SP26) where the HVDC right-of-way expands that of an existing HVAC line. An

Abengoa subcontractor had recently excavated a test pit to confirm foundation conditions for a proposed tower. Sand and gravel till material was observed at the location of the infilled pit (Photo 18).

HVAC Right-of-Way

Clearing of the HVAC right-of-way by Majors Logging Ltd. is well advanced and Emera advised that work should be completed by February 2016.

At the western end of the HVAC line, the IE team visited a section of right-of-way along a steeply sloping timbered sidehill near the Burgeo Highway. The section observed was nearly completed; usable timber was removed where access allowed and remaining wood debris was chipped, shredded and scattered, or bucked into short lengths and left flat on the ground (Photo 19). A temporary bridge across Southwest Brook appeared to be well constructed and was blocked with large timbers to prevent public access (Photo 20).

At the eastern end of the HVAC line, the IE team travelled westerly from Granite Canal camp about 30 km towards Victoria Control. The terrain is rocky and ranges from flat to rugged, with numerous lakes and bogs, and vegetation cover ranges from small trees to light brush. A Majors Logging crew was brush-cutting a section of right-of-way at the time (Photo 21).

Bottom Brook Substation and Converter Station

At Bottom Brook, a new converter station and substation expansion will be constructed to the east of the existing terminal station. The grounding line to Indian Head will originate from the new converter station.

ABB has advanced construction of some Civil works to allow an earlier start on subsequent work in Spring 2016. During the site visit it was noted that the running surface of the previously-constructed station pad was being temporarily stripped from construction areas and stockpiled to the side of the pad (Photo 22). Construction of several concrete footings for gantries and the converter building foundation walls were in progress by ABB's subcontractor, Marine Contractors Inc. Emera advised that about 300 m^3 of concrete had been placed to date. The current construction work was being performed under winter conditions. Protective shrouding and portable heaters are used during cold weather to maintain a minimum temperature of 5^{o} C for concrete placement and curing. The IE team observed reinforcing steel and formwork being prepared for concrete placement, several recently-placed footings, and some footings and a section of wall where formwork had been stripped (Photos 23 and 24). The concrete is to be backfilled and covered to provide protection during the winter. None of the major electrical equipment has yet been delivered to site. The work was expected to continue for several more weeks before shutting down for the winter.

Granite Canal Switchyard

The foundation pad for the new switchyard was nearing completion, with the placement of topping surface along one edge of the pad in progress at the time of the IE team visit (Photo 25). Emera advised during the closure meeting that this work was completed on November 26. Foundation and electrical work will begin in Spring 2016.

4. CLOSURE MEETING – NOVEMBER 27, 2015

The closure meeting was held by conference call, with the IE represented by Nik Argirov and Tim Little.

The meeting commenced with a summary account of the site visit. The IE noted that in our opinion, the work observed during the site visit is progressing satisfactorily and has been well done. There appear to be no specific areas of concern at this time. The IE once again was impressed with the attention to safety of the workers and visitors to the sites, both by Emera and the project contractors. The IE was also pleased to see several examples of attention to environmental protection, such as by the contractor at Indian Head, as well as the widespread use of crushed rock and riprap to protect exposed soil surfaces from erosion.

5. COMMENTS

It was evident that the work on site is proceeding with good quality, safety awareness and within the baseline schedule.

Appendix No. 1

Photos

Photo 1: Indian Head - view looking down access road towards grounding site. Rockfill at left edge of photo is a safety berm along road. Rockfill berm at centre left will contain spoil material to be excavated from breakwater footprint.

Photo 2: Indian Head – view from site access road looking up slope towards quarry site being developed to provide rockfill for construction of grounding station breakwater.

Photo 3: Indian Head – view looking along access road towards quarry, showing safety berm constructed between access road and contractor facilities.

Photo 4: Indian Head – grounding line wood pole with galvanized steel crossarm, ready for installation.

Photo 5: Indian Head – grounding line wood pole with galvanized steel base plate.

Photo 6: Abengoa materials storage yard.

Photo 7: Abengoa materials storage yard.

Photo 8: Abengoa materials storage yard.

Photo 9: Abengoa materials storage yard – cable drums.

Photo 10: Abengoa materials storage yard – Sediver Glass Insulators.

Photo 11: Abengoa materials storage yard – insulators in foreground; spooled cables in background.

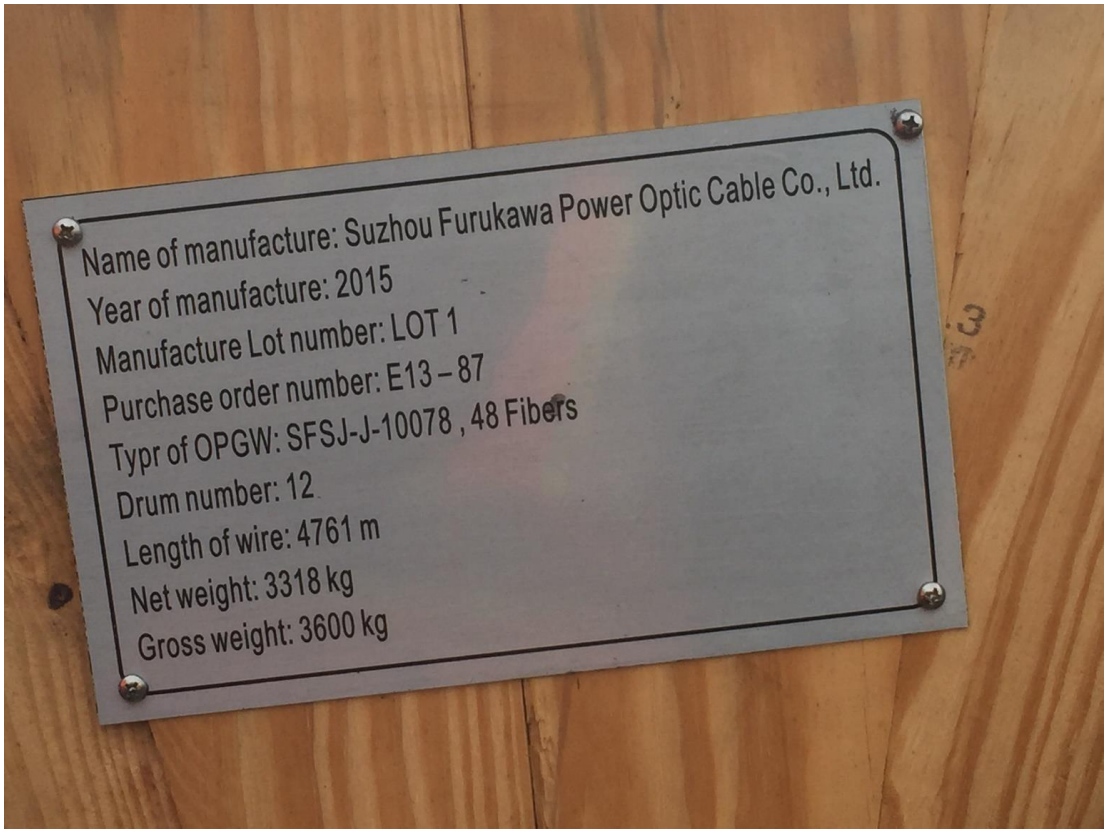

Photo 12: Abengoa materials storage yard – OPGW (Optical Ground Wire).

Photo 13: Abengoa materials storage yard – ACSR (Aluiminum Clad Steel Reinforced) Bluebird / HVDC Conductor.

Photo 14: Abengoa materials storage yard – ACSR (Aluiminum Clad Steel Reinforced) Drake / HVAC Conductor.

Photo 15: Abengoa materials storage yard - tower steel in foreground; cable drums in background.

Photo 16: Abengoa materials storage yard – sample of foundation grillage, assembled by trainees.

Photo 17: Abengoa materials storage yard – exsiting building for future preassembly of tower modules.

Photo 18: HVDC right-of-way adjacent to existing HVAC line. Wood debris has been shredded and scattered. Infilled test pit incentre of photo.

Photo 19: HVAC right-of-way along Burgeo Highway at Southwest Brook crossing.

Photo 20: Temporary bridge over Southwest Brook to provide access to HVAC right-of-way.

Photo 21: View looking easterly towards Granite Canal along HVAC right-of-way. Man at right is clearing brush with handheld power brush cutter.

Photo 22: Bottom Brook – temporary stripping of surface running layer in current construction area.

Photo 23: Bottom Brook – rebar for foundation wall of converter building in advance of installing concrete formwork.

Photo 24: Bottom Brook – completed and recently-placed sections of concrete foundation wall of converter building.

Photo 25: Granite Canalswitchyard – final construction of foundation pad in progress; east end of HVAC right-of-way in background.

CERTIFICATE OF COURT TRANSCRIBER

I hereby certify that I have transcribed the foregoing and that it is a true and accurate transcript of the NSP Maritime Link Incorporated Technical conference, taken by way of electronic recording in Halifax, Nova Scotia on February 23, 2016.

Rita Newton, Certificate No. 2006-56
CERTIFIED COURT TRANSCRIBER,
PROVINCE OF NOVA SCOTIA

Halifax, Nova Scotia
March 24, 2016

NSP MARITIME LINK INC.

TECHNICAL CONFERENCE

HALIFAX, NOVA SCOTIA

FEBRUARY 23, 2016

This is the transcript of the Maritime Link Project Technical Conference taken by way of digital recording held in Halifax, in the Province of Nova Scotia on February 23, 2016.

Recorded by:

DISCOVER US TRANSCRIPTION SERVICES INC.

Certified Court Reporters

Per: Carolyn Arsenault

INDEX OF SPEAKERS

MARTIME LINK PROJECT TECHNICAL CONFERENCE

FEBRUARY 23, 2016

MARY ELLEN GREENOUGH

SENIOR COUNSEL, LEGAL AND REGULATORY AFFAIRS

NSP MARITIME LINK INC.

OPENING COMMENTS AT 1:15 P.M.

So welcome to our technical conference today, so glad that you could be here to join us. First of all, we do have some empty seats at the table up front so those of you who wish to join us you're welcome to come up and take a seat, feel free.

So our intent today is to provide you with an update on the project consistent with the reports that we've been providing to the Board on a quarterly basis to teach you more about our current progress on the project and how we're delivering on our promise to deliver the project.

To start with a few housekeeping matters, you will note that the washrooms are outside these doors past the stairwell to the left, all the way down the hall and they're marked. Also the closest exit is of course the stairwell just outside these doors to your left and down to the front lobby.

I'd ask that you all take an opportunity to

put your phones on mute during the conference and we'll give you a chance to check your messages at a break. I don't believe that wireless is currently available, I just wanted to let folks know that but I think they could be working on a solution currently so I apologize for that in advance. Also, you'll note that we are recording and transcribing today's event in the interest of maintaining an open and transparent process so, welcome to our transcribers.

And today, instead of starting with a safety message, in a few minutes Ken Meade is going to be providing a very detailed safety update to speak about how our approach to safety has evolved through some recent experiences on the project.

So, I think I'd like to move to introductions now, and, for those of you who I haven't met, I'm Mary Ellen Greenough; I'm Senior Counsel, Legal and Regulatory Affairs with NSPML. And I'll turn it over to Shellie to start the introductions around the table.

MS. WOOLHAM: Yes, hi, I am Shellie Woolham with NSPML.

MR. MEADE: Good afternoon everyone, Ken Meade, Senior Director of Risk Environment and Aboriginal affairs with ENL.

MR. RENDELL: Hello, it's Brian Rendell, VP Corporate Affairs with NSPML or ENL.

MS. MANZER: Alison Manzer, I'm with the Toronto law firm, Cassels Brock and Blackwell; I was the engineer of the legal structure that was used for the financing.

MR. MCGRATH: Steve McGrath, Nova Scotia Department of Justice.

MR. MCCOOMBS: Scott McCoombs, Nova Scotia Department of Energy.

MR. SPENCE: Roy Spence, Department of Finance.

MR. FERGUSON: Eric Ferguson, Nova Scotia Power.

MR. WOOD: Tim Wood, Nova Scotia Power.

MR. CURRY: Brian Curry, Nova Scotia Power.

MR. MACLELLAN: Robert MacLellan, Emera Newfoundland and Labrador.

MR. MAHODY: Bill Mahody, consumer advocate.

MS. FRASER: Jocelyn Fraser, Utility and Review Board.

MS. MACADAM: Melissa MacAdam, Small Business Advocate.

MR. GALLANT: René Gallant, Legal and Regulatory Affairs, NSPML.

MR. OUTHOUSE: Bruce Outhouse, Board counsel.

MR. JANEGA: Rick Janega, President and CEO of Emera Newfoundland and Labrador.

MS. HOWE: Natasha Howe with NSPML.

MR. BALSAM: Matthew Balsom, Controller, NSPML.

MS. GREENOUGH: Thank you. We do have a number of folks who have called in for today and I hope they can hear me.

MS. WOOLHAM: They are having trouble hearing.

MS. GREENOUGH: Oh, okay then.

MS. WOOLHAM: (inaudible, no microphone)

MS. GREENOUGH: Thanks for that Shellie, okay. Well perhaps what we'll do is speak a bit about the plan for the afternoon. Perhaps I'll give Shellie just a moment though to see if we

can quickly address this problem.

(inaudible – people speaking without microphones)

MS. GREENOUGH: I could find out, that's an answer Rick, let's see if we can get a list.

COURT REPORTER: Please remember you have to hold your microphone down otherwise I can't hear you at all when you're speaking back and forth like that.

MS. GREENOUGH: Okay. While we try to iron things out I will move on to discuss our plan for the afternoon and once we can get the phones enabled then we're going to go back to allow folks to introduce themselves.

Okay, so as far as our agenda for the afternoon is concerned we're going to start with the substantive part of the agenda with Ken's safety update. Then we're going to move to a construction update with Rick Janega where we're going to provide you with an overview of our current status on construction efforts and a view of upcoming schedule and key milestones.

After a 15-minute break we're going to move onto a financing update with Brian Rendell and Alison Manzer, who has traveled here today to

speak to us about the federal loan guarantee and Canada's oversight role.

And then we're going to close the conference with a report from René Gallant on regulatory planning where he's going to be discussing our process of review over the next 18 to 30 months and how we're going to work on engaging with all of you through that process.

So without further ado I'm going to turn it over to Ken for the safety update.

KEN MEADE - SENIOR DIRECTOR OF RISK ENVIRONMENT AND ABORIGINAL AFFAIRS

NSP MARITIME LINK INC.

SAFETY UPDATE – 1:21 P.M.

Thank you. So good afternoon everyone. As Mary Ellen mentioned we normally start each meeting with a safety moment and so today I'm just going to provide a bit of an update on some recent changes we've made to our safety program, specifically improvements to enhance how we manage high risk activities associated with construction. We did this in response to a series of high risk incidents that we experienced on the project last year and we wanted to take steps to address them.

Before I get into that I actually wanted to start with just a bit of an overview of our safety policy from Emera Newfoundland and Labrador. And as is typical for our business, many of you know, it states that safety is more important than any other business interest and for that reason it's our number one priority.

The second bullet highlights that we commit to high standards in the workplace when it comes to safety and more importantly, or most

importantly, I guess, is that that is a shared responsibility for all of our employees and our contractors who work with us. We also share in the belief that all incidents are preventable. And this last point is the thing that drove us to take the steps we did last year to address some trends we were seeing with safety performance on the project.

So late last summer we experienced a number of high consequence incidents or potential high consequence incidents associated with construction activities over a short period, over a number or weeks. It's important to highlight there were no injuries associated with any of these incidents, but each of them had the potential for injury to occur. So it was a trend that we were uncomfortable with and we made the decision to shut down all projection construction activities. We did that knowing that we couldn't allow work to continue in a manner that might result in injury. And so we had a safety stand-down and then we pulled our leadership team together and we mapped out all of the work that was planned, that was happening or planned and reviewed all the high risk activities associated

with that work. So we created this risk matrix and then we assigned teams to go through and work with contractors to identify the necessary controls and mitigations that needed to be put in place before work restart.

So before I get into that in a little bit more detail I actually did want to take a couple of minutes and highlight some of the incidents we have just to provide some context for the steps we took.

So this collection of photos illustrates some of the incidents we had. What's important to note is that each of these incidents was preventable and specifically that things were missed as work was being prepared to be initiated. Procedures were not followed, risk assessments weren't adequately done, all of which would have contributed to this work being done safely. Some of these incidents involved vehicle accidents or equipment getting stuck in mud. We had other situations where we had equipment working within established safe buffer zones. Of the five incidents, the most troubling one for us was one that affected the public. So the lower two photos here actually show a home in Cape Ray.

So Cape Ray is the site of our landing site for the cable in Newfoundland and our work site is adjacent to a small community. So in the incident blast rock or fly rock from a blasting operation actually left the site, struck an adjacent home that was nearby, penetrated the roof, penetrated the ceiling and struck the fridge, as you can see in the lower photo. And I guess the concerning part of this one is that someone was actually sitting in this chair at the time. So this incident was certainly covered in the media and we wanted to talk a bit about this one in particular so everyone understood the steps we took to address it. And I'm going to come back to that one a bit later in the presentation.

And these photos show a couple of other work sites where we had incidents. This was the safe buffer zone and this was a location where tree felling was underway and the equipment slipped off the right of way and down an embankment.

So I'm going to speak now in a bit more detail about the process we put in place. So as I said, we brought our team together and our objective was really to ensure that we were

focused on high risk activities associated with construction. So we put together this process that really takes us and our contractors through a series of steps to ensure that high risk activities are being mitigated before work starts.

The process starts with our high risk activities matrix. And I should emphasize that that matrix is continually being updated as we learn – as new activities are planned or new work, new scopes of work are identified.

We then go through a process with our contractors whereby they look specifically at the work they have planned and identify and assess the risks associated with that work. The risks are rated and ranked and then the appropriate mitigations are identified. All of this is documented and recorded.

The contractor then submits the information; it comes through our team and goes to our project manager for approval. So we have a step where before every piece of work starts we're verifying, reviewing the high risk activities that will be planned, that are a part of the work that is planned and the steps that are being

taken to mitigate that work. The next step is actually one of sharing that information throughout the project team. So it's shared both with our team and with our contractors to ensure everyone that's involved with the execution of that work has a clear understanding of what the risks are and more importantly what the mitigations are that we're putting in place to prevent incident. Work is then allowed to start and then the following steps just highlight some of the things we're doing to verify it's being done. So each day prior to the start of work what we call a field level risk assessment is done, the contractor does this assessment, our staff participate in that exercise and the intent of that is to verify that all risks, all high risk activities are being planned and executed in a manner that's safe. And for our part we have people in the field monitoring and auditing the work that the contractors are doing. So we're out there on a regular basis watching what's being done. And of course all of this is reported through our regular reporting process.

So I really just wanted to highlight some of the key aspects of this process. The approach we

now take, it's really an enhancement of a process we had in place. It's focused on high risk activities and conditions and the level of effort we put in is commensurate with the level of risk.

Contractors have to provide us with written plans, documented procedures and demonstrate that those plans and procedures have been reviewed prior to the start of work and that the people doing the work have been trained appropriately to do that work. So we want to see the records of training and we want to know that the training is renewed on a regular basis so everything is fresh for people.

And throughout the process we have a team in place to watch what's being done, to verify procedures are being followed and to protect the interest of our business as we move forward with the construction activities.

So I mentioned we had a safety stand down for all our contractors. Following that safety stand down, contractors returned to work after they demonstrated all the necessary mitigations were in place. So this was done in a staged manner and one of the pieces of work that resumed most recently was work on the – at the Bottom

Brook site in Newfoundland which is the site of our converter station. And this was the site where we had one of the incidents with the excavator operating on the slope. And this is a proactive incident report that our contractors recently submitted.

So they had gone through the process to restart work and were out actually executing on the site when conditions changed. So on one date the site was cold, the ground was frozen, they were doing the work as planned. Overnight the temperatures rose, it was raining, we had snow melt, so what had been a safe work activity became a dangerous work activity and the contractor made the decision to stop work and reassess.

And the next step is actually the more important part of the process, prior to restarting work they reassessed again and they made the decision to bring in different equipment to continue with the work, equipment that was better suited to the risks at the site.

So this type of reporting from our contractors, for us, illustrates that the risk based decision making that they're making, it

gives us confidence in our process going forward.

So just in closing I wanted to come back to the work we did in the community of Cape Ray. As I mentioned this is the community where we had the blasting incident. And we've spent a lot of time in that community over the years building a relationship. And certainly when this incident occurred, you know, we were concerned about the trust that this community had in us and our ability to do the work safely. So all through the incident our team was working with them to keep them informed about steps we were taking prior to restart of work and to address concerns that they might have. And, prior to restarting work, we actually co-hosted a town meeting, a community meeting with our contractor to go through a detailed review of everything that was being done to address the initial incident and to prevent another incident from occurring. So it was a very good meeting, a lot of good questions were asked and at the end of it not only was the town appreciative of the work we had done, they actually supported work continuing.

So that was an important outcome for us and I would say a prerequisite for work to continue

at that site. And then in January the town actually hosted an appreciation dinner for our employees at site and our contractor employees for all the good work they'd been doing and I think recognizing the extent to which everyone on site is working to keep the town safe and to keep them informed about what we're doing.

So this certainly gives us confidence and it supports our commitment to ensure everyone is safe working around our sites as part of this project.

So that's the end of the safety moment and I'm certainly happy to answer any questions you might have.

(No questions)

Thank you.

(Mr. Meade's presentation ends at 1:33 p.m.)

MS. GREENOUGH: Well thanks very much Ken, it's appreciated. I understand that we've now ironed out our technical difficulties with the phones and I must apologize for those and would ask the folks on the line to introduce themselves at this time.

(On the phone) I'm Nelson Blackburn, Small Business Advocate.

Nancy Rubin for the Industrial Group.

MS. GREENOUGH: Wonderful. Well thank you folks, pleased to have you with us by phone. And so with that I'm going to turn things over to Rick Janega for our construction update.

RICK JANEGA – PRESIDENT AND CEO

NSP MARITIME LINK INC.

CONSTRUCTION UPDATE – 1:34 P.M.

Thanks Mary Ellen. And welcome everyone, thank you for taking the time to be with us this afternoon and for Alison Manzer for joining us and being part of the presentation today.

As we go through the construction update there are some photos in here, I'll take a moment just to explain some of what the funding and the capital investment is that are being made on behalf of the Maritime Link. And just walk through an update on how things have been progressing and where we stand today relative to our scheduled completion.

So many of you would be familiar with an overview of the map of the footprint of the Maritime Link but if you look in the center, a place that Bruce, you're probably the only person that's been in there other than anybody on the project team. So Granite Canal is the start of the footprint in Newfoundland where we tie in a 230KV transmission line, similar to what you see in Nova Scotia, wood pole structure, and I'll show you some photos of that. It will connect

into Bottom Brook where - just outside of Stephenville in Newfoundland, and that's where the first converter station will be located. From Bottom Brook there are two transmission lines, one of them is the grounding line which runs out to Indian Head, it's a site we have a photo just to show you the development work that's been done, that's where one of the grounding sites will be located. It's a low voltage distribution class line; it looks much like what you would see on the side of the road. And then the transmission line between Bottom Brook and Cape Ray is a high voltage DC line, 200KV and that's just under 150 kilometers. It's a steel tower construction; we'll show you some photos of it. Where it lands at Cape Ray we will then drill holes out into the sea floor to allow the two high voltage cables that cross the Cabot Strait to enter from Newfoundland. Then the two cables will cross about 170 kilometers and come ashore just outside of the Port Aconi generating station where we will again drill holes out into the sea floor and we will bring those two cables into Nova Scotia. Transition to, two overhead transmission lines, very similar to this DC

segment in Newfoundland. Steel tower construction between Point Aconi and Woodbine, just outside of Sydney. And at the Woodbine station we will convert back from DC to AC and put that energy onto the Nova Scotia grid. And the other element is grounding line in Nova Scotia that will be built out to site at Big Lorraine on Cape Breton Island, and that's about a 50 kilometer build of very similar construction to the grounding line in Newfoundland.

So where we stand today, we're in a very good position, very pleased to be able to stand here and speak about the status of a project that is $1.5 billion. We are five years into the work that we've been doing on the Maritime Link and the project is about one third complete. So the next two years are going to be very busy for us. We are on budget and we will have it complete by the end of 2017. And Brian will speak about the financials but as well our third commitment with the Utility and Review Board in the decision requiring us to retain and maintain allowance for funds below the $230 million cap.

We are one million hours plus into the work. And, as Ken had talked about regarding safety, we

have had some serious incidents that forced us to take a significant stand and reestablish the commitment to safety right across the project but we have had no serious injuries at this point. One lost time incident and three medical aids in the five years that we've been working. And an all injury frequency rate of less than 1.0 which our target is to attain world class safety standards on our construction site and that's very close to it. World class would be deemed somewhere in the .5. So we're operating at .69, it is a very good position to be in but our goal is to come out of this with no serious injuries and avoid every incident that we can. So I think the investment Ken and his team are making in safety with the contractors will ensure nobody gets hurt.

Also on the environmental front we have had no significant incidents. We've had one moderate incident which was associated with a release of silt at our Woodbine station as we were developing the site. And when you see the size of the footprint and the type of soil conditions we're working in during heavy rain conditions in November of '14 we did end up with elevated silt

release from the site and we put protective measures and actually built catch basins on site as a result of that and the remediation has been successful with no additional events on the rest of the footprint.

On the project we are just, as we stand today, probably just around $600 million. At the end of January, Matthew, we were slightly under $600 but the spend rate is probably $1.5 million per day to the close of the project and we are on budget. With the work that's completed we've wrapped up several components of it, about $70 plus million worth of work that was done all by Nova Scotia and Newfoundland companies, that was involved in the tree clearing, the civil site development work we did to prepare for ABB and Abengoa and Nexans to take over our facilities. And as well the establishment of a camp in at Granite Canal and that facility is now complete and operational.

So about $70 million completed by local contractors, work done very well and, as you can see, very few incidents overall but some serious concerns that they've responded with us to support our efforts on safety and environment.

We have about $1.1 billion of contracts awarded on the project and we have a few smaller contracts remaining, they are in the final stages of award. And as it stands today we are very confident with the scope of work with the contractors and the quality of the work done to date. And that puts us at 95 percent complete on that work. $200 million of it plus, actually as we start up on the transmission work, has been awarded to local companies as well.

We have taken efforts to optimize both the cost and the execution of the project. One of the items that we talked about, it seems like a decade ago, but a few years back in the hearing around cost management and how we would progress the project, our effort has been and our team's effort has been to manage the cost of this and deliver on the commitments that we've taken on from the UARB.

So we have optimized some of the design of our transmission structures and how we would support those with grouted anchors that will stand up the steel; re-design of our grounding sites, I'll show you a photo of one of the approaches; civil site development managing

tradeoffs between some of the scope of work we had and cost pressures as a result of some of our improvements to the sites and access road upgrades and dealing with issues of that nature. All of those, some of those have cost us schedule, non-critical path items, but we did take advantage to manage the cost down at the sacrifice of some time on the project.

So three main components, the converter stations, which is a contract with ABB; they are going to develop the converter sites and the substations, both AC and DC. And they are progressing well, they have started work this year, or sorry, in 2015 that was to pull ahead some of the civil work because we had completed our site preparation at Woodbine and at Bottom Brook. ABB saw an opportunity to advance some of their work to de-risk what was going to happen in 2016 and they decided and we agreed to allow that work to start. And I'll show you a photo of some of what took place through last fall.

But doing well against schedule on the preparedness they have completed some of the pours of foundations, they've started to deliver precast concrete footings for some of the AC

structures, I'll show you in the switch yard. And that work in Bottom Brook continues through the winter but has been shut down in Nova Scotia. They have finalized the design of the IGBT and that's just the electronic module, there's a picture of it here. I'll explain; it's the module that does all of the work, so it takes the AC signal and converts it to DC. What you're seeing in the picture here on the slide is a stack of the IGBT modules, there are 12 of those in each core segment of the converter station and there are four of those segments at site, and I'll show you a photo of it. But just to give you a sense of the scale, when this is hung in place, which it does hang from the ceiling, you'll be able to walk underneath that.

So that's a significant test out of the way. The design was completed, the testing was finished, they've passed tests and the mass manufacturing has begun. And that allowed them to finalize the design of the building. So the buildings that will be created for both Woodbine and Bottom Brook are being designed by EastPoint Engineering of Halifax under a subcontract for ABB. And the building is about 60 x 60 meters,

15 meters high. And to date the biggest issues that we've encountered have been really to deal with geotechnical challenges; more rock and more unsuitable materials that we've had to replace with improved goods.

Just a photo of work that's happening at site, this is some of the concrete that was poured late last year for the perimeter of the high voltage DC buildings. And in Nova Scotia we've shut that site down, as I indicated, but the design work for the DC components for the system studies that will tell us whether or not the two converter stations are going to work well in each of the provinces are ongoing. And I'm pleased to say, as well, that the indication from all of the studies and the reviews being done would indicate that this thing is going to perform well and will operate to all of the expectations and the design criteria we placed on ABB.

With the AC substations the work that's going to expand the Bottom Brook site and the Woodbine site will allow for new interconnections and a new transformer at Woodbine. It will improve the reliability of that substation on

both sides and as well an expansion at Granite Canal in the interior of Newfoundland just to allow us to interconnect that new AC line. And that work is progressing well with no surprises.

So this is an aerial photo of the Woodbine site, and to give you a sense of what we have been developing. And that's not water around the edges of it, so you haven't lost your perspective. It's on the top of a hill but it's not surrounded by water, that's just to give us the view scape. But the existing substation at Woodbine is, here I'm pointing, for those on the phone I'm just pointing in the upper right hand corner of the gray area that's represented in that photo. That's the existing AC substation. As we expand we will put a new AC substation in the middle, in between the converter and the old site. And then on this photo where you see the orange outline of a square building that's actually the converter building itself. So that's 60 meters by 60 meters. The site that we've developed is just over half a kilometer long and when it's finished we will have that site completely populated with electrical components. So good progress at the site.

This, the next photo is essentially a cut of the building. So the HVDC building will have a lot of electronics in it. While it's operational nobody goes inside of the operating areas. But in the photo that you're looking at with the roof off the building you'll see in the four corners, those are the modules that I showed a photo of earlier, where there's an A and a B side to the Maritime Link, remember two cables, well each half of the building essentially provides the transition from AC to DC or DC back to AC for each of the cables. And you'll see those two rooms which house all of the electronics and in the middle in between the two you'll see what are, look like some gray cans, that's the reactor hall, so that deals with all of the output of the facility and essentially cleans up the electrical signals. Then once it leaves the building all of the components you see scattered around the perimeter, with the exception of the white areas which are just the cooling towers or cooling fans that will keep the electronics cool or running at appropriate temperatures. All of that gear around the outside, every one of those posts require a concrete foundation and something to

stand it on and then it will tie in the electrical for the DC and AC with all the switches, transformers and interconnections required. So a lot of work to happen in both of those sites in the next 16 months. It will actually see the completion of construction with the buildings going together, then populating the interior with all of the electronics and building out the site around it. And by the fall of 2017 we'll be commissioning and going in service.

The transmission lines, the work that's been contracted to Abengoa and their major subcontractor PowerTel. That work is now underway with the DC lines. The responsibility of Abengoa and their own teams subcontracted the work for the AC line and the two grounding lines to PowerTel but working very closely together. But PowerTel has been up and running on the grounding lines and Abengoa is just getting started with the DC components. But we've received all of the materials for the conductor, insulators, overhead ground wire the communications wire and the steel towers are about 80 percent delivered to sites in both provinces with the rest of the components either on the water or the last bits of it coming

over this summer for installation on the AC lines and some other grillage components.

All of the towers that we've procured have gone through testing. So as the engineering was completed and the designs were put together, we, through the subcontractor in India, Kalpataru, they created one of each of the towers and actually assembled it, put it through load tests. So we can see that it had to perform to 100 percent of the design criteria which would mimic the ice and the wind and the snow loadings that these structures are going to see. So every one of the towers passed their load tests which allowed them then to enter into full scale production.

In the photo what you'll see in the background is a structure that allows the loads to be applied vertically and horizontally on the towers so they not only try to pull it sideways but also try and pull it down. And every one of those have passed.

On the construction side for Nova Scotia and Newfoundland the grounding lines are underway. About 38 percent of the almost 1,100 poles in the grounding line in Newfoundland have been

installed. About 20 percent of the line has been strung and that work will continue with that grounding line expected to be complete in April of this year.

On the AC line, the photo that you see here, are the first two poles being just set in the ground. So that's not a finished structure but there would be a cross brace that will go across the top of those two poles once they're set and then hang the insulators. Once there are enough of those in place they will then begin stringing the conductor and insulating wires.

This is the stringing operations that PowerTel are undertaking for the grounding line in Newfoundland. As we indicated, they are about 20 percent complete but just to give you a sense of some of the equipment involved in the activities. And where this work is occurring it's in a fairly open area but for a lot of the transmission line we'll be building, especially on the DC components, they actually run adjacent to existing lines. So one of our biggest safety concerns is to be able to complete the assembly, standing up of the towers and then the stringing without incident.

For the subsea cables we have Nexans as the contractor supplying both of those cables. Their scope of work includes the design, manufacture, installation and burial of that work for the two subsea components. Also for placing the land cables, the two segments that will tie into transition compounds where the subsea cables will convert to overland transmission. Their work is going very well; they've been ahead of schedule for the most part on the manufacturing. The first cable we have 85 kilometers of that produced. We are stopped on that side in Japan at this point while we do some quality assurance checks on the lead sheathing process for the cable before it continues on to be completed with its protective layers. The second cable stranding, which is the copper conductor that runs in the center, that work is progressing well and the fiber optic cable that's going to be inserted in each end for about five kilometers is complete. That was manufactured in Norway and will be sent to Japan and to the Norwegian cable plant to be installed as they finish the production of the two subsea cables.

The land cables have been produced in

Norway, they're just going through their final stage of protection. And the work that was done this past summer by Nexans to reassess the route where the cable is going to be installed near shore has been finished as well as a resurvey of a section where we required additional data to ensure that we were able to achieve the right burial profile for the cable. As a result of both of those we have increased the length of cable that we're going to be installing, the total is about 4.5 kilometers; each cable has plus or minus 2.25 kilometers with them, one a little longer than the other. That, and the reason behind it, is to achieve a burial that will allow the cable to sustain the longest life with a high reliability and avoiding issues like pock marks or gas marks on the sea floor.

A marine warranty surveyor has been selected and the engineering works for the HDD have been completed where we completed their trajectory, which just tells us where we're going to exit on the sea floor. The survey work matched and says that's an acceptable location. We've awarded the contracts for the horizontal directional drilling, it's the same company that did the work

for Nalcor. They had a very successful campaign there at the Strait of Belle Isle, they're just beginning to mobilize and will start that work in April of this year. So we'll start in Cape Ray and then we'll move over to Cape Breton to complete the Point Aconi drilling.

This is just a photo to give you a sense of the conductor as it's coming off of the line. That reel or that turntable that's in the background actually rotates at a speed that allows the cable to come off of the assembly line and lay in with reduced tension. So it's a very careful approach to how it gets created and then stored. As you're seeing it now the conductor is assembled and the paper lapping has been applied. Then it goes into a storage tank where there's a viscous material applied to it under vacuum, for a period of time, as it absorbs that that creates the electrical insulation. And then the cable is protected in the final stages. And by the end of this year we'll expect to have the first cables ready to come to Canada, the second cable coming out of Norway will actually be loaded onto the installation vessel, which is shown here docked at the facility. That vessel will take one of

the cables to Nova Scotia, the other cable will come from Japan on a heavy lift vessel. Once the first cable is installed in the summer of ’17 they’ll then load the second cable onto the vessel and install it.

Once the cable is placed on the sea floor, it takes about two weeks to get from side to side with one of the two cables. This is the piece of equipment that will be used. If you look at the tongs sticking off the end of that device that’s hanging overboard on the vessel those are the high pressure jets. The cable will run between those two tongs. It essentially blows the dirt out of the way. There is a video, I believe, we have down back that will show the jetting process. But all it does is run along, follows the cable, it uses high pressure sea water and blows the dirt out of the way. It’s a very benign process, you can see it doesn’t create a lot of disturbance. The cable falls into the trench and the natural material sloughs back in over it to protect the cable. So that will run from elevations or depths of water from our shoreline exits, where we come out off of the HDD and will follow it out to the deeper points of

the water. But in the very deepest portions of the Laurentian Channel the cable will just sit on the sea floor.

The remaining work on our site preparation, we have our horizontal drilling pad at Cape Ray, which is just about finished. And that work will allow then Direct Horizontal, the company that will be doing the profiling, to actually come to site, mobilize and start drilling in April. So that's cleaning up well. And at our grounding sites where I talked about taking an opportunity to optimize the design we actually pushed that work out not quite a year but we did that to be able to save money. We reduced the footprint of it, changed the design to reduce the execution risks, and we're actually able to get the work done at an opportunity price that would allow us to deliver it under budget. That helps with some of the other issues we've been working on on the project and at this point, as we've said, we are on budget.

The electrical design work for the two grounding sites is underway, that's the last real engineering aspect of the project that needs to be completed. It's a very straight forward

design, similar to what Nalcor is doing and that work will follow the completion of the two grounding sites late this year.

The top photo that we're looking at here with the – it's not an ad for a Ford F150, it's actually a photo to show you the amount of rock we're dealing with at the Indian Head site. So in Newfoundland we had to build a roadway into the site to be able to get our grounding facility in the water at the best location working with the fish harvesters in the area and for protection long term. And you can just see that the truck is somewhat dwarfed by the amount of rock that had to be excavated. And that was one of the big challenges.

The bottom photo is one of Cape Ray at the horizontal drill pad. That is a very recent photo just showing the size of the footprint that we'll be working with. That will be completely populated with drilling equipment to allow us to get out under the sea floor at Cape Ray. And a very similar setup on the Cape Breton side.

The work over the next two years, as we said, we're about a third of the way through the project, so this year and next year about a third

each. We'll wrap up in 2017 with the commissioning late in the year. We will be developing our commissioning plans this year on top of all the construction activities and we will be developing our long term asset management plans that will allow us to sustain the 50-year life and minimize the amount of investment and protect the assets through the remaining portion of its operating life cycle.

On the Nalcor side and our alignment with the Lower Churchill project we know Nalcor has updated people on the cost and schedule projections. We are staying very closely aligned with them on the transmission assets and still aiming for all of the facilities, the Labrador Island Link, the Labrador transmission assets and the Maritime Link to be in service in 2017. And I'll speak to the main reason behind that in a moment. But work has been progressing very well on both of those fronts. On the Labrador transmission asset which connects between Muskrat Falls and the Upper Churchill, that work is going very well. The LIL, they've been focused on the Labrador portion of it through the last year and a bit but have started on the island doing the

tree clearing and that's been advancing well. But we know the one area that has been a bit behind for them has been on the hydro site. And they are reviewing schedules now and we'll be working with them as they complete the review. But all of the major contracts for the work, two of them in particular that they were waiting to finalize, had been awarded. The north spur being a key piece of it, if you recall one side of the hydro facility where they were stabilizing the earth works and that work has been underway and going very well. They've completed the spillway and they are focused on the river diversion for 2016, that's a key step for them to allow them to get the berms in place and complete the powerhouse.

So progress to date, I know Nalcor have transparency through their reports and oversight committee and we monitor those but they're also available for public viewing.

So with that we can see a couple of the photos, on the left, on my left the photo of the fork, essentially, is the land cable installation in Shoal Cove. On the top right hand side is the start of the cofferdam which will allow them to

close off the river to divert through the spillway. And that work is underway as indicated and on schedule for diversion in 2016. And in the lower right hand photo, my right hand, the powerhouse construction work which is underway and continues with concrete pours. And that work, again, there's lots of information on their websites and photos that are worth taking a look at, the volume of activity that's going on in Newfoundland and Labrador and the Lower Churchill development as well.

With that we know one of the key elements for the interconnection is the electrical connectivity for Nova Scotia. By the end of 2017 with the Labrador transmission assets between the Upper Churchill and Muskrat, and with the LIL completed coming across to St. John's in 2017 and the Maritime Link completed, we will have an electrical loop been the Upper Churchill, over 5,000 megawatts of hydro, and Nova Scotia, complete. And at this point all of those transmission assets are expected to be complete. Our synchronized schedules with Nalcor for commissioning will take place over several months in 2017 but the objective is that this will all

be in service by the end of that year. Any questions?

(no questions)

Thank you.

(Mr. Janega's presentation ends at 2:04 p.m.)

MS. GREENOUGH: Okay, well thank you Rick. As you can tell with so much construction going on it's an exciting time to be working on the project. So we are actually slated for a break at this time so let's see, I think what we will do is reconvene at about 20 after, that's 20 after 3:00(sic). But before folks break I do want to encourage everyone to ask questions. And if there are questions that come up that maybe you think about, you know, after a speaker has done their presentation don't hesitate to approach any one of us, you know, come and find us on this break or after the session is over and we'd be happy to answer your questions. So with that let's break.

[BREAK 2:05 – 2:24 P.M.]

MS. GREENOUGH: Hi folks, just to let you know that we're going to get started here in a moment with Brian Rendell and our financial update.

BRIAN RENDELL – VICE PRESIDENT OF CORPORATE AFFAIRS

NSP MARITIME LINK INC.

FINANCIAL UPDATE – 2:24 P.M.

Thank you Mary Ellen, and again, welcome everybody.

So I'm going to give a bit of an overview of where we stand to date. Rick has already alluded to that to some degree before, however we'll give a bit more of a snapshot on where our costs are to date on the project. And then also provide a summary of the debt financing that we secured back in April of 2014. So I'll give a bit of an overview of how that worked and some of the processes, really, that are ongoing now every month. And that will sort of be a good segue into me passing it over to Alison Manzer who is representing Canada and explaining the role that Canada and its advisors had during the financing itself and then now on an ongoing basis as we progress through the construction of the project.

So, as a bit of a refresher for everyone, we sought and received approval for the UARB at a total capital cost of between $1.52 to $1.58 billion. Back in Decision Gate 3, which was in

2014, after we had our major contracts in hand we updated our total estimate, which was $1.577. And when you do the math, which is the 20 for 20 principle that we have in place with our partner at Nalcor, what it means is Nova Scotia customers would be responsible for the $1.55 billion, so it's a 20 for 20 type calculation but that really is the relevant number. And as you can see on this pretty rudimentary little scale here the $1.55 is really pretty well in the middle of the range that the UARB had approved. So we feel quite good that we're still very much within that range. And as Rick mentioned earlier the AFUDC, which is really the financing costs that we capitalize to the project during construction, in the hearing in the application and in the decision the estimated number was $230 million. UARB allowed us to go until the end of December of 2017 in capitalizing those costs. And, as Rick said earlier and as we continue to report in our quarterly reports, we're still very much forecasting both of the costs, the capital cost and those financing costs, to be within the range and within the amount that the UARB had approved back in 2013. So a quick snapshot as to where we

are at the end of December of 2015, as you can see down here, Rick alluded before, we're about a third, a little more than a third of the way, here's just a bit of a listing in pretty well the same categories that we report to the UARB each quarter. And you'll see that we've incurred about $569 million or so to the end of December. And with two years left, obviously doing the math, there's a little over a billion dollars yet to be spent. And obviously if we continue on that path, the full budget being the $1.577 billion being our Decision Gate 3 budget, which as you've heard us say before, we're still quite comfortable with that budgeted amount. You will note, and I made a note at the bottom here, as part of our estimate back when we set this budget we've set aside $35 million and $139 million respectively for escalation and contingency, which is typical for large mega projects like this, that you set aside those funds for the unexpected events. To date, to the end of '15, we have not had to rely upon either of those accounts yet, so we're in a good spot right now. Obviously a lot of work yet to be undertaken in 2016 and 2017 so we feel we're in a good place

and we'll obviously be watching those accounts very closely over the next two years as we come into the end of 2017 and completion of the project. So, so far so good and we're watching these contracts very closely. Our finance team, our contract administration team monitoring the work and our contractors to ensure that those budgets are held.

So into the financing aspect of this now. During our application and as part of the decision that the UARB provided us back in 2013 we outlined the phased approach to traditional large project financing. And this is just a bit of a summary of those phases.

The first phase, which is very typical, is that the shareholder invests equity up until such time as debt is in service. So up until April of 2014, which is when we secured our federally guaranteed debt, all costs up until that point in time were financed by our shareholder as equity. And again that's typical, major banks or a guarantor like Canada wants the shareholder to have equity invested, skin in the game if you will, in the beginning aspect of any major project like this.

And then in April of 2014 we secured the $1.3 billion of financing, all of which is secured and guaranteed I should say, by the Government of Canada, and Alison will touch upon that in a little bit. And from that time on, so from April 2014 onward then for a period of time, all costs as they were being incurred from that period forward then were funded with this 3.5 percent coupon, low interest rate debt. So we had all equity up front and then once the debt was in place all additional costs were funded with this guaranteed debt until we reached a point where the actual, the costs that we have incurred were funded 70 percent with that debt and 30 percent with the equity, and that was the approach that was agreed upon early on with Canada and through the UARB process. And we reached that milestone in December of 2015. So at that point in time 70 percent of all of our costs were funded with federally guaranteed debt and the remaining 30 percent with equity that was invested early on. From that point onwards, so from January 2016 now through until the end of construction, the end of 2017, we will continue that ratio, that debt to equity ratio of 70:30.

So for each month when we estimate what our costs are, and I'll go through that process a little bit in a couple of moments, each monthly draw of costs then comes 70 percent from debt that we've secured and 30 percent from equity from our shareholder. And that 70:30, that debt-equity ratio, will then continue throughout the whole operations period of the project. And, by the end of the project's life as we proceed through the operating period, the debt and the equity then gets repaid or returned to the shareholder such that that same ratio of 70:30 gets maintained.

I just noted at the bottom here 70 percent debt capitalization is relatively high in regulatory construct and the benefit of that obviously goes to our customers. So having 70 percent of the cost funded with federally guaranteed debt at a very attractive 3.5 percent rate obviously is beneficial for our customers and keeps the cost of financing low.

So, as I mentioned before, in April of 2014 we secured all of the $1.3 billion that we were entitled to secure under the federal loan guarantee and we had a very successful bond

issuance on that date. And some of the key aspects of that financing, which I'll touch upon briefly and again Alison will also discuss, is a fixed coupon rate of 3.5 percent. So that rate is now fixed for the full amount of the debt financing not only during construction but then of course throughout the full 35 years of operation. So that is a fixed rate not to change. There were some fees, like all significant financing, upfront fees, some hedging costs, some banking commissions, *et cetera* that were incurred in the structuring phase. When you factor all of those costs in, there's an effective rate of approximately 3.85 percent when all those costs are taken into account.

We went through a very competitive process in seeking proposals from all of the major Canadian banks and obviously those, the banks were eager to be part of a large financing like this. They had just gone through a very similar process with our partner at Nalcor in December of 2013, so four months before that. And so we were able to keep their pencils sharp and enable us to have that successful financing at attractive rates.

The other thing that's important to note here is by borrowing all of the $1.3 billion up front what it does is not only lock in the interest rate, lock in that fixed coupon rate of 3.5 percent but it also gives us the surety of knowing that we have all of the available finances, or all of the available debt I should say, on hand when we need it. Those funds, which I'll get into in a moment, sit in a trust and are invested in safe securities that are approved by the Government of Canada and those securities, the interest on those securities offset or reduce the total cost of the 3.5 percent bonds. And we'll touch on that in a moment.

The structure, which we'll talk about in a moment, it provides a very transparent and independent structure for not only the Federal Government as guarantor but also for our stakeholders to see the nature of this financing and how it flows into Nova Scotia or NSP Maritime Link; and, which we'll also touch on in a moment, the oversight of Canada and its representatives during the negotiation and the settlement of the bonds and then also now through construction.

So my little tag on at the bottom here, so

the customers do benefit from the security of that locked in rate, it's the security of knowing the debt financing is there and all under the watchful eye and oversight of the Federal Government and its advisors.

So the debt itself, as I say, we have it all in place, the $1.3 billion. Of course we're paying interest of 3.5 percent on those bonds from April 2014 onward. The principal on the debt gets phased in, so it begins in December of 2020, late in December so December 1st of 2020 and from then on every six months we make a $20 million principal repayment. So from the customer perspective there isn't any debt repayment or return of shareholder equity in 2018 of 2019, it starts in 2020 and then fully comes into play in 2021 and then from there on it there's a straight line repayment of the debt and therefore the equity in order to maintain our 70:30 debt equity ratio. So saying that again we start repayment of the debt and at the same time we start returning the equity invested to the shareholder so that we're maintaining again that debt equity ratio that we've committed to.

So this is a complicated slide, I'll

acknowledge, which is the wrap structure. And I'll give Alison and her colleagues lots of credit for the designing of this. This was effectively the same structure that Nalcor had used on a much bigger financing just a few months before. It worked very well and the whole purpose of such a structure really is to enable us to have, for the benefit of our customers, to have gotten the full benefit of the federal loan guarantee. So what we were looking for was full credit substitution so that we could get the AAA rating of being attached really or having the guarantee from the Government of Canada. And what this structure does is fully enable that. So this structure enabled that full benefit of the federal loan guarantee to be received. And I'm not going to propose to go through this in great detail but I do just want to point out a few of the key points.

So you heard me mention before that we raised $1.3 billion dollars, that came from bondholders, so we issued bonds back in April. So at the top, sort of the right for those on the phone, so you'll see bondholders so of course these institutional investors would have invested

in our bonds. The proceeds from the bonds went into the structure in the center there, which I accept is a little difficult to read, is Maritime Link financing trust. And that trust really keeps everything transparent, all of the funds go into that trust, there's a trustee of course, there's your collateral agent, there's a number of institutions that are monitoring the funds in that trust. I mentioned earlier that we invest funds that we don't immediately need for the activities of the project, they are invested in securities. And the interest on those securities help defray the cost of the 3.5 percent payments that we need to make on interest to the bondholders.

So the cash stays in that trust until such time as we ask permission for a draw. And at that time funds move from the trust down to NSP Maritime Link, which is the project company. And as I say now that we're into the 70:30, that equity mix where we want to be, my colleagues over here we go through a very detailed process whereby we estimate what our cash requirements are for the next month, I'll touch on this here in a moment, but we submit a request to the trust

for release of funds. At the same time we let our shareholder know and then at the beginning of the subsequent month 70 percent of the funds come from the trust, which is the debt component and 30 percent come from the shareholder. And that's basically how we bankroll and ensure that all of our contractors and all of our team costs and everything are being funded. And everything else around all this is really all the oversight and the governance that comes with security of having the Government of Canada as a guarantor.

I touched on this briefly before but these are really just a list of the parties that were engaged at the beginning and continue to be engaged throughout this whole process. The company itself that we're all members of where the project is obviously being built, being NSP Maritime Link; Government of Canada, of course, being critical to all of this in providing the guarantee. The trust, which is where the funds reside and funds remain invested until such time as we request a draw; BNY who is the trustee; Computershare who is also, at this time, an indentured trustee. Emera acts as administrator just to make sure that accounts are being kept

and tax returns are being filed, things like that. TD Bank is our collateral agent and MWH, as Rick mentioned before, is the independent engineer. And Alison will touch on the oversight that these parties provide on an ongoing basis.

So again, we have some very significant parties that are involved in not only the upfront arrangement of the financing but on an ongoing basis through the draw process, through monthly reporting and then finally approval for funds to be released into our company for us to pay our bills.

I think I've touched on most of this before, as I say, the trust controls all the proceeds, so all of that debt stays there safely invested until such time as we provide sufficient evidence that we should be able to draw those funds for use on the project.

And I'll just mention, toward the third bullet point here, each month we have to or we provide a construction report which gives the independent engineer and the federal government and other parties a detailed update on what has happened in the last month, all the construction activities. We also provide, actually just this

morning we provided the one for this month, a funding and a draw request, which as I alluded before is an estimation and quite a bit of detail by contractor and almost by invoice of all the costs that we're forecasting we'll need to pay in the subsequent month. All of that detail then gets submitted to the federal government and to MWH as the independent engineer, to TD Bank as our collateral agent, and they all have to be satisfied with the details that are contained in those reports before funds can be released from the trust into NSPML for purposes of us paying, again, paying our contractors and other costs.

And Rick and I, as officers of the company, have to certify each month that in our professional opinions we're in adherence with all of the requirements of the various legal documents and that, you know, sound engineering is taking place, *et cetera*, *et cetera*. So there are a number of conditions in the federal agreements and as part of the federal loan guarantee process where we have to certify that we're following all the necessary governance procedures that are required.

And that is a summary from my perspective,

it gives you a bit of an overview, an oversight I guess of how the financing was first arranged, the governance that's behind it. I'm happy to take any questions before I ask Alison to come up and give you Canada's perspective on all of this.

UNIDENTIFIED MALE: Brian...

COURT REPORTER: If you could identify yourself?

MR. MAHODY: Sure, it's Bill Mahody. Is any portion of those monthly reports that you've just mentioned publicly available?

MR. RENDELL: I'm going to – René we do provide, if I'm not mistaken, the independent engineer's certificates, correct?

MR. GALLANT: That's right, with our quarterly reports to the UARB we provide each of the versions of that document for the months leading up to that quarterly report.

MR. RENDELL: Any other, thank you Bill, any other questions?

(No other questions)

Okay, thank you very much. Alison?

(Mr. Rendell's presentation ends at 2:43 p.m.)

ALISON MANZER

CASSELS BROCK & BLACKWELL LLP

2:44 P.M.

I knew I wore the wrong outfit since I'm not going to figure how to handle and hold on to this thing.

I do want to thank everybody, actually, for me having the chance to come down, this is home, I keep a house down here in Nova Scotia and don't get enough time to come down, particularly in the winter when I stop thinking about coming down. But I am a three-degree Dal girl and Dal law a long time ago, so it's always a pleasure to come back down.

I will correct one thing that Brian did say, today while I represent Canada in this transaction and I've represented Canada in this transaction since 2012, I am not today speaking for and on behalf of Canada in any matter whatsoever. I have Canada's authority to come down and talk to you as the person who is primarily responsible for the design and execution of this financing structure.

A lot of people when they look at that

structure and I did put it in – by the way I did materials, I never speak from slides, I don't herd well so the slides are herding, it doesn't work. I like to just be able to talk with what you seem to be reacting to. But I did prepare you some backgrounding and that backgrounding is kind of more than what I'm even going to talk about today because I wanted to give people a feel for what we went through as we were thinking this through. And by "we" I mean much more than Canada and the core, Canada team. And I'll sort of tell you a little bit about how things came together and the number of people that were involved and the number of times we had to think through the iterations of this structure.

The materials I gave you are meant to be a bit explanatory, for those of you who are project finance experts sorry to be a little patronizing, but we tried to give you bits of that background.

Well I'll tell you the Number 1 comment I tend to get when people first see that structure is what was that woman thinking? And I will admit that the first iteration of that was on the back of a napkin involving a really good bottle of wine, and excellent meal at Rodney's on Water

Street and the Nalcor senior counsel and myself.

And the problem that we had was, I'm going to step back in a minute and talk about the mandate and what was different about this "guarantee" then any other that has ever been done by a public authority in Canada, because there is something different about it. And we were sitting down and we were trying to figure out how we could bring the elements of the mandate together and make it work and a finance that could be executed in the markets. Because the problem that we had was both of the people who ended up with this on their laps to figure out how to make it work weren't at the table when it was negotiated. And quite frankly by the time it was negotiated it was already at cabinet mandate level and we had to work with what we were given.

And the problem that we had when working with what we were given was, looking at it it was so horrendously complicated to reconcile the different mandate agenda items that we would have created a financing that would never have been accepted in the public markets because the complexity and need to understand the

underpinnings of this project and what would underlie what was attempting to being done that it would condemn it to never being bought. The secret to finance, particularly large scale financing is keep it simple stupid. You have got to have a simple offering. It has got to be capable of the persons that are receiving the documentation, that are looking at what it is that they're going to buy to be able to analyze it, if not instantaneously then as close to instantaneously as you can possibly get it.

There is a sector of the markets that does accept complicated concepts, complicated issues, that burrows down and understands difficult projects. I will tell you even in that sector very few of them have understood. And from my viewpoint this isn't a $1.5 billion project, from my viewpoint this is an $8 odd billion project because the whole thing has got to work, as far as I'm concerned. So my job is to make sure the whole thing works. And I'm sitting down understanding that if I bring to the markets the complications of four effectively separate projects and undersea cables and a massive powerhouse and transmission lines over ground

that nobody can even picture I am never going to get an investor to buy in unless I've got six months of lead time and I'm prepared to give them 350 to 500 basis points. And that is simply not going to be realistic for this.

So we are sitting down looking at a mandate that says the whole purpose behind Canada becoming involved is to promote a regional project. So, number one, everything that we do has to ensure that the manner in which we structure and put together the financing overlaying these projects promotes the regionality of the projects. Which means it has to ensure that all four of the projects are coming together and coming together in a way that will integrate and deliver in a consolidated regional way. So that's my first mandate.

My second mandate is that we must do so in a manner that will deliver the lowest net present value of the financing. Not the lowest interest rate, by the way any of you who do finance you know that the lowest interest rate is meaningless, or essentially meaningless. What really matters is the overall cost of the finance of the entire term of the project that you're

looking at. So the net present value of the financing is what matters, not the interest rate. The interest rate is a big component, I'm not going to kid you, but when we're putting together a cost stack we are adding in a number of things besides what the raw cost of the money might look at. We're adding in liquidity premiums, that is i.e. no liquidity premiums. We're adding in amortization costs, we're adding in placement costs, you're adding in a number of things that looks at your stack. You're also looking at how and when you have to repay your amortizing, over what period of time, so you come up with an overall cost of the financing.

Canada's view and everybody's view in this room should have been exactly the same, which is, you need to have the lowest net present value of your financing. Why did Canada care? Well number one, if anything went wrong it's the one primarily on the hook. Granted there's some equity sitting behind it but it's on the hook. But, more importantly, the whole purpose or basis behind what was my first mandate, promoting regionalization. Well Canada is not fulfilling its mandate of promoting the regionalization of a

regional project if it's not bringing down the net overall cost of the project because that's the whole purpose of bringing in the Canada assurance.

And why is that different than the norm? Normally people sit down and they think, "Okay, government guarantee, it's kind of like the equivalent to a grant, right, or forgivable loan or they're just going to sit back and let things roll along and if everything goes bad in the end they'll fork the money over." Which is the normal way that guarantees work, whether government or anybody else's. That's not what was approved. And the reason it wasn't approved was because of the Mandate Number 1, which is, you've got to promote a regional project.

So in order to do that the thinking behind it was that it had to resemble something of a more commercial finance involvement. So one of the mandates that we were given was this wasn't going to look like any government guarantee that has ever been done before, it was going to be remarkably a commercially responsible and reasonable participation in the project. So we're told coming into this that this is to look like a

commercial involvement, this is to be like a commercially based guarantee participation. So that adds another element to the mandate.

I'll leave aside all that things that are obvious, promote green energy, you know, all of that because none of that had really anything really to do with how we ended up having to structure things. We knew we had to have all of the environmental pieces in place. We knew we had to have all of the aboriginal consultation in place. We knew we had to have fisheries, we knew we had to have oceans. All of these things had to work, Canada obviously cannot come in as a primary participant here and be violating everything that's going on here. And Canada as the primary federal regulatory of course has its finger in all those pies. So this is what we're facing.

So Zeno and I are sitting down, and it was a very good bottle of Chablis, and somehow magically halfway through it I went, "I've got it." And he said, "What do you mean you've got it?" I said, "I've got it." And when I tell you what I got you'll understand how simple what we did really was.

So I took a piece of paper, actually the napkin, drew a line across and on the top I wrote public and on the bottom I wrote project finance. And I said, "We don't have one deal, we have two." We're going to do a simple public bond issue, out to the public. I'm not going to confuse the market, I'm not going to have the market give a darn about what goes on with this project, I don't want any of these guys to even think about it. In fact, I want this, and a couple of people in this room have heard this story before, I want this on the Canada Bond desk, I don't even want the fixed income guys looking at this. Why? What's my lowest interest rate in Canada? Canada Bonds. I want this sold on the bond desk. So in order to put it on the bond desk I said, "Here's what we're going to do, we are going to take the top half and we're going to do what's called a credit wrap, a credit substitution wrap." Everybody kind of already thought about that but they couldn't figure out how to do it. I said, "It's staggeringly simple, we're going to put that thing in the middle, that financing trust, it has a purpose." And its purpose is for me to draw that line. And so

above that line is where the bonds are coming in. By the way we didn't know if these bonds were going to be picked up in Canada or Europe, we were ready to do a Luxembourg listing. We had no idea what the appetite in Canada was for basically $6.5 billion worth of additional bonds going out in the midst of all the bond offers that already going on for Canada, no clue. But we did know that if we made it, basically, "Hi, we're going to borrow the money, we promise to pay you back, this is the way we're going to pay you back. And if we don't pay you back that's these guys, then Canada will." In order to get a credit substitution rating that's basically what we had to do. But I have all the rest of this mandate and the rest of this mandate is to ensure that that project is completed on a regionally responsible basis for the lowest net present value of the financing. Because the whole political purpose behind the regional promotion was to ensure that the rate payers and tax payers of this region were, in fact, getting the benefit of Canada stepping behind it, otherwise why bother getting it, because the whole idea was to lower the cost so the rates could be kept down.

I said, "We're going to take the bottom half and put all the complexity down there, the market will never see it, the market will never care, they've got a Canada equivalent bond." We even wrote the wording so it looked exactly like a Canada bond. I know because I wrote it. We wrote the wording, Canada Bond wording, exactly what it reads like.

Then I took the bottom half, and that's the part you're interested in. The top half is what everybody talks about and they look at it and they kind of probably go, you know, it's a simple bond offering and so on. The bottom half is what's different. And the bottom is where all of the stakeholders agreed that this was going to be a commercial transaction and not the government stepping up and, you know, doling out some more handout because in 2012, 2013, well 2012 was when the turn sheet was signed, that could not be done, it had to be done responsibly.

So in the bottom what we did was we put in place what I would call a rigid project finance protocol. And the rigid project finance protocol is documented in a series of documents between the trust and Maritime Link, which is the project

proponent. There are industry standards, probably actually the toughest set of industry standard credit documentation I've ever written, sitting at this level. It looks like a really good project finance transaction. It's got all of the commercially normal, representations, warranties, covenants, conditions precedent, it could fly in the most rigid assessment of a commercially responsible project finance transaction. That sits here.

What we then did was we said, "Okay, Canada has given its guarantee up here, it's on the hook." And you really – this isn't a real secured lender to the proponent is it? Not really, because it's internal. So what are we going to do? Well we're going to effectively assign all of these rights to Canada to support its guarantee obligation because if it has to be called on the guarantee it's going to be able to step in, take on the project, deal with the project and exercise the same rights as if it was a secured lender.

That then meant that we went through coming into this project an extensive exercise of due diligence that was designed to answer the five

questions. Can it be built? If it will be built will it work? If it is going to be built can we finance it? If we can finance it can we pay it back? And do we have reasonable expectation that this is going to be providing the most cost effective result? That's all this is for. But within that we ended up a panel that is an oversight panel that is completely independent from the proponents, the folks that are sitting here. And that's the team that I work with. And anybody who thinks that an independent oversight team is a tick box exercise hasn't lived it. This team has been designed so that before the transaction closed it was reviewed by an independent engineer. The independent engineer's report, in case any of you are not sort of fully familiar with working with one, an independent engineer is required to come in and do an independent review of all of the plans and specifications, the budget and the timeline for construction, Y times money. And they are to report back to the person that they are retained by. And in both cases, although the original retainer was with the proponent or alliance agreement transferred the retainer to Canada.

They have to report on the viability of the project, can it be built? If it's built will it perform? They had to report on whether the budget was reasonable and the timelines for construction were reasonable. That report had to be in place before the transaction went ahead.

We had a review by an independent insurance consultant. Is the insurance backup adequate? And that's not just the insurance for liability and property damage. In a project of this nature it's all of the surrounding, the bonds and the performance and the letters of credit and all of the assurances that we need that the project is going to be safe. It's going to be built and finished and it's going to be insured. If something goes wrong we've got somewhere to look for money. And if you think finding $6.5 billion - that was the minimum we required that was actually over insured, in the market is easy you can think again. So we worked with an independent insurance consultant. They helped us, by the way, both the independent engineer and independent insurance consultant also helped us drive the covenants of the documents and the follow-up reporting and reviews.

We also worked with independent environmental consultants. We had aboriginal consultants. All of the stuff that I said we were going to dismiss as noise actually did exist on the project. We had independent reviews. Sometimes internal to Canada because let's face it, an aboriginal, they are the experts. But those reviews were done.

We had financial advisors doing independent reviews and then obviously my legal team was doing extensive diligence. What did that mean? We're looking at the plans, we're looking at the specifications, we're looking at the land rights, we're looking at the contracts, we're looking at the permitting, we're looking at how things are being brought together. In the context of the whole we're probably the only ones that looked at all four projects and how they fit together. I will not tell you the pangs of dealing with subsea cables, it is not, you know, a simple task. But that was all done in this, it would not normally be done in a guarantee. And that's what's different, it was done as Canada being the equivalent to what's called a monoline credit wrap provider. And that was the model we used.

And what that means is this is the equivalent to the secured lenders, taking all of those rights and taking each one of those reviews.

We have to do it in three stages. We had the due diligence stage, so that financing didn't close until every single one of those independent reviewers was satisfied that this project could be built, built correctly, operate, deliver the power it's supposed to deliver and that the budget and timelines were reasonable. No more than that commercially reasonable. That was done.

We then have the period of construction. And during construction anybody who knows project finance here will know that what happens is the lenders will look and on a regular basis will ensure, number one, the funds are going to the project and nowhere else. That number two, they're being paid against approved expenses. That is for the goods and services that are appropriately contracted for under the approved contracts and against the budget, so we look for that. We look to make sure that we're not getting ahead of that. In other words, as the money is going out it is to pay for things that

have been done or is a direct matching on the expenses. So you're looking for that. You're looking to make sure that you're still running on track, that is that, the quality is still there, the specifications are being met, that the timelines are being met. And you do that every month. And the ultimate hammer you've got is if it isn't they don't get the money. And they don't get the money until we've got an explanation, we agree to changes or it's fixed. That is done every month. And that's pretty normal in project finance on a one-month basis because the majority of contracts are 30-day pays with delays. So that timeframe is not unusual and that might explain the difference between the quarterly and the monthly. Which is a quarterly report to regular are pretty normal. Monthly is required because you've got to keep your payments current and that's the normal cycle.

So every single month what will happen is – and the package isn't one piece of paper saying, "Hey, it's all okay, please give us this amount of money." The package is this thick, I can see him greying as I get to know him. The package is this thick and it contains not just, "Here's the

numbers," but there is complete invoice by invoice backup of the expenses they say that they are done. We get a construction update report that shows where each one of the contracts are and how they're progressing. It tells us if there's disputes. That is reviewed by the independent engineer and the cycle is four to five days of full time review. This is not tossed off, it can't be, that's the depth of the information that's coming in. I will tell the legal side, fortunately for me, is like an hour or two so it's pretty good. But the independent engineer, literally, has four and five-day review process, that's how long it takes.

During the course of that I know the attention is being paid because I get copied in on all of the emails and the questions will come back and forth with question and answer coming on. It's a detailed review. If the independent engineer is not satisfied, he will report as such to the collateral trustee. The collateral trustee being, typically of anybody who has dealt with a collateral trustee, the second there's an issue there is no money moving. And it will get sorted out. So that what this is is it's a catch

it early for problems either in the relationship or in the information or in the project. By the way, there's been nothing, everything has been fine. That's done every month. If we need the insurance consultant because there's a change, then that's fine. We also get a special report, and there will be hands-on meetings if and when this occurs, if there is a material change order or if there is a material change to a material contract that requires consent. That cannot be agreed to without Canada as guarantor agreeing to it. So again you've got that backup oversight.

That will continue right through construction and then there is a specialized process developed for the review of commissioning. Again, very intense, ensuring that the commissioning is correct, making sure that the commissioning and the run-ups on the testing is all safe.

And then during operations there is also a requirement for a one-year review to ensure that operations and maintenance is going properly because if you're the guarantor of financing, even if it is amortizing down over time, you're still on the hook and you've got an aging asset

and you're still out there on the debt you want to make sure it's being looked after properly. So oversight by this team will continue throughout the life of this project, it will never stop.

That is relatively classic, but very enthusiastic, project finance techniques. And that's the bottom half of this structure, that's what's different. Canada had never done this before. Most government authorities don't do this before. The decision was made to do this as a commercial style, commercial backed type of arrangement. So we ended up structuring that.

That explains kind of how we oversight what is going on. Canada doesn't run this project. Canada doesn't own this project. Canada isn't engineering this project. Canada is doing none of that. But Canada as the buck stops here, the last dollar, if it fails, has the right to be kept fully informed and has secured lender equivalent rights. So they didn't take anything that if you'd gone to the market on, you know, a financing of the whole, they didn't take anything that wouldn't be given anyway. But the rights are fairly extensive and it does keep a really,

really solid second set of eyes on this.

We then had to sit down and work, once we sort of had this basic structure, which was "how do we finance it? Where do you go?" We really simplified things now because it means we can go to the bond market as opposed of having to go to the much more complicated fixed income markets or project finance markets. So we know the financing can go to the bond market. But again, I will remind people, I don't have a $1.5 billion project, I've got a $6.5 billion financing for a regional project that I have to be concerned about.

So we again brought in, like the team that we brought in to assess the project, there was massive consultation. The financing itself, that is the hardcore of looking at exactly what do we do and how do we do this? What do we participate in? What are we prepared to work with was about a year and a half with nine months' intensive time. And during that time as a consequence of the way in which we were able using two RFPs, because remember, I now get the advantage, I got two projects so we can check them off against each other and so on, which is good. We went out

in each case in active participation in the process that saw all of the major investment houses in Canada, effectively brought in because everybody wanted to respond to these RFPs, and got the recommendations around how to do the deal.

The number one mandate that they were responding to - so Canada is highly concerned that we've got a regional project, it's good, other people don't care about that. Lending people knew one thing and one thing only, they would not win this mandate if they did not deliver the lowest net present value cost of financing. There were other mandates put in there but that was number one, net present value cost of financing. And every design that came in, and there were sort of a number of variations, relative - amazing consistency by the way, amazing consistency, but that was what had to be delivered. Taking that meant that we had to work with – there were some commercial things that had been built in with the mandate by the way about how things had to amortize to start getting Canada off that type of thing. But the biggest one was lowest cost. And we did make it

clear that was net present value overall cost, not lowest interest rate, because all of us were experienced enough to know that one is not the same as the other and one is way more valuable than the other.

So we brought in, in the course of looking at this, beside all of the internal and external advice that Maritime Link had Canada had all the same. So we had independent financial advisors, you know. In my team, I mean I alone, I'm in my 39th year of doing project finance, Dal law was a long time ago. And, you know, the rest of my team I've got 25 and 30 year practitioners. So you had a lot of experience there. But we then got on top of all of that, besides the financial advisors and the others, the rating process itself. So you're going to the rating agencies that are canvassing the world, these are international rating organizations, they can reach out all over the world, at every major project finance structure there is out there, we got their input. They don't tell you, a rating agency won't tell you how to do your deal. If you've never dealt with them, they will not tell you how to do your deal. They will tell you when

they think you're going in the wrong direction and will steer you back. So we had the rating agencies giving up input around, number one, what we had to do to achieve credit substitution. But then secondly, soft guidance around the way that they thought the markets were going to react and what we had to do.

We had every single one of the investment banks in responding on an RFP basis and they were giving a lot of creativity because that was desired. So they were sent away saying, effectively, lowest net present value, other than that you tell us. So you had the brightest minds in financing Canada, hopefully, coming back saying, "We think this is what you should do." So we got all of that input. We also ended up having input, because this was large enough, that this was very much on the radar screens at the very highest levels, so right the way through anybody with a finance function in Canada was giving us advice. Sometimes more formal, sometimes less formal but they were very much at the table. We were getting the brightest minds on bond financing in Canada because Canada does the most bond financing, we had that expertise

available.

So that in terms of sitting down and looking at how you ended up structuring this the proponents got the advantage of the fact that the largest bond issuer in the country, being the country itself, was at the table with its tools coming available and that was all delivered. Like that was all put out on the table and the suggestions and recommendations.

So in the end result the structure of the financing had one primary element to it in the actual way we did the bonds backed by the fact that we had come up with a structure that preserved all of the other mandate issues that I had. And by the way the market loved this structure, it was the right choice, no question about it. But they told us what the bonds had to look like, the market told us. When you're going out with this kind of an offering, $6.5 billion into the Canadian Bond markets in roughly a three-month period you have to pay attention to the timing of other offerings, the structure of other offerings that's coming out, the pricing on the other offerings, the effect on the Canada Bond rate and a number of other things. The

market basically told us what to do. In the end result the execution was remarkable, it was absolutely – I don't know if you know but Nalcor was hugely oversold, the market like the way that it was done. But it was not done the way a lot of people think. Like this is not a classic structure, it might become one because again, the world, the market said, "This is a good structure, keep us out of the noise but make sure we know that the noise is there, that the discipline is there, that the oversight is there." Because even though the bondholders know that they'll get paid no matter what nobody wants to be part of a failed project. So they wanted that discipline down below.

So the sort of story for this group is, this wasn't an accident, it might have started on a napkin at Rodney's on Water Street, but this was not an accident, the structure was done to meet some very, very important mandate items that should be yours as well.

Lowest cost. Safest possibility of execution. Recognizing the regionality. Ensuring that the projects and the financing for the projects keep the thing working as a whole.

That's what we were mandated to do, that's what we hope we did. So the structure, "What was she thinking?" Well what I was thinking was that, how do I keep it simple to the world? How do I keep it project finance structurally rigid to ensure that - it's like this now becomes my foundation and I've got a solid foundation. So that's what was behind all of this. So when you hear people sort of saying, well it's got this and it's got that, there really was thinking behind it and the thinking behind it was safety, soundness, rate payers. It was exactly all of the right things that we should think about. Remember, I too am a rate payer for my utilities here in Nova Scotia.

So if you've got any questions? And the sketch, I don't know, Brian, if you put it in yours but I did put the sketch with the explanatory notes in mine.

(no questions)

Ms. Manzer's presentation ends at 3:14 p.m.

MS. GREENOUGH: Well thank you very much

Alison, that was very helpful and very interesting. So with that I'm going to turn things over to René Gallant for a regulatory update.

RENÉ GALLANT – VICE PRESIDENT, LEGAL AND REGULATORY AFFAIRS

NSP MARITIME LINK INC.

REGULATORY UPDATE - 3:14 P.M.

Okay, I thought it might have been a sign that I didn't have a microphone, but I have one now so good for me.

First I just want to say, firstly, thank you to Alison for being here today, Alison represents Canada, as she explained. The only professional relationship we have is that I have to call her from time to time to make sure we're still on track. I called her and said, "You know, we're trying to help explain to people the oversight role that we experience." And Matthew and Brian and his team, their team, experience in terms of our monthly reporting to the independent engineer and our accountability to Canada. And we couldn't think of anyone better to explain it, and Alison you were very gracious to come down and do this for all of the folks who are participating in, you know, the oversight from a regulatory side of our projects. So thank you very much for being here.

And I just encourage you as, you know, as we're wrapping up today, if you have questions, either during this open session or afterwards, it's a rare opportunity to ask questions to Alison, someone so expert in this area.

I'm just going to take a few minutes, I don't think I have a lot to say here really, I have one slide. I'd had some questions before, one from Nancy Rubin, at least in my recent memory, about what are the processes we're going to use, when are we actually going to be in hearings or in applications for the Maritime Link again? And so I thought I'd lay out the way we see it and while this is subject to change as the project continues to unfold and the construction gets executed, this is what I'm anticipating. And so I thought I would share it with you, if we want to have a discussion that's great, but at least you can think about when you might become involved in official processes. And we can talk as well about more informal stuff like we're doing today.

So the **Maritime Link Act**, the regulations actually under the act require an application for an assessment to be made before energy flows over

the Maritime Link under the Nalcor transactions as that is a defined term in that Act. And so we are planning to deliver the project, commission it and provide to Nova Scotia Power to operate no later than January 1st, 2018 so we need to set the assessment before then.

The challenge that we have as we think about that is that while we are confident about our commissioning date we know that the way these projects work there will continue to be costs incurred post commissioning that are really part of the capital costs of the project so they'll extend into 2018. We'll be closing out the final big contracts, for example, we're trying to avoid any claims but we are realistic and to the extent there are claims we need a little time to close them off. So we won't know our final costs before energy flows. So we have to comply with that legislation but we would really rather be able to come back to you with our final costs. So that being said this is the way we think it will work best in our current plan.

So I've just got three phases here. The first one is this quarter and it's actually not NSPML but NSPI. So there's two components of

costs here, one is the recovery of revenue and then the other is payment of that revenue to NSPML. So NSPI has to recover the revenue from its customers and under the rate stabilization plan legislation that's recently been enacted. They are compelled to bring forward their three-year base cost of fuel covering the years that include when the Maritime Link comes on. And so we understand NSPI is working away on that and you'll see it in this quarter. And I don't know that I can speak much more to the NSPI application on that other than to say we are expecting that NSPI's base cost of fuel for the FAM during this period is going to commence the recovery of funds necessary to pay the NSPML assessment. And we have provided publically available information to NSPI about the costs. You've heard it today from Brian and Rick, we are on budget and on schedule to deliver on January 1st, 2018. And so we would expect the assessment, at least for NSPI's assumption of revenue recovery, to be based upon that information. And that will ensure that when the project comes online that the FAM is recovering the funds to pay the assessment. But it doesn't set the

assessment, we have to, as NSPML, bring that application ourselves under the act and under the **Public Utilities Act**. So we will do that. We haven't picked a specific date for that application, in order to maintain flexibility to see how the construction plays out, especially the construction this year which is important. But we could, frankly, bring an application anytime between today and whatever date is necessary to complete the process to have it in place for January 1st, 2018. So, you know, let's say over the course of the next 18 months you'll see an application from us. And since we won't have final costs our current thinking is that that application will be again based upon publically available information about the costs. And if we stay on track, on schedule, the delivery day of January 1st, 2018, I actually expect, sitting here today, it should be the same number that NSPI recovers in its revenue would be out initial assessment. And that will stay in place until our final costs are known and filed with the Board and approved and a new assessment set.

So anticipating that you would want to set

assessments effective January 1st for payments and revenue recovery purposes so there's an ability to have a smooth transition it's likely that that first assessment will stay in place through 2018. We would hope to be back with our final cost filing with the Board in 2018. And give the Board and stakeholders time to review those costs. The Board will of course set its process for that and, you know, consider any of the substantive questions about the capital cost or about the financing and make a final approval about the costs. If we are able to deliver the costs, you know, on budget it should match the initial assessment. If we are exactly on time and on budget to the assumptions today then January 1st, 2018 you'll have a project at $1.55 billion. If we can bring it in under budget, then that assessment would have to be adjusted to reflect the lower costs that we actually ended up incurring for customers.

So we're seeing this in three phases, NSPI is going to start the process to set the revenue recovery as part of its base cost of fuel rate stabilization plan. We will have to come in to set what is probably going to be the same

assessment level for a shorter period of time as we can have. When our final costs are known we'll be back, file them all, be completely transparent about it and have what we're calling the final assessment set.

Into the future, of course, we are operating, we'll operate the line, we'll be a very small utility just operating one transmission line which, in fact, NSPI is actually going to manage in terms of the rights to use the transmission line and that kind of thing. But we'll be operating and maintaining the line and this will have some employees but we'll have annual operating and maintenance costs. So we would expect over the next 35 years after commissioning that we'll have to come back on a regular basis, but not likely annually, to revisit those costs from time to time and reset the assessment. We haven't – I think refined, the thinking, about how often that would be or how that would look like but we don't expect we're setting, you know, revenue recovery from NSPI to NSPML for a 35-year period when we come back in 2018. But certainly we'll have to come back in 2018 with final costs to get that closer

from the Board.

So I hope that was clear about our expectations and I'm happy to take any questions about that or over time have more discussions with each of you about, you know, what you want to see in each phase of these applications. I would say, if I could as I'm not seeing any questions, just on the informal kind of engagement. We organized today because even though we're filing quarterly reports and we've come out to see some of you from time to time and have one on one conversations we have a sense that we can be more transparent about how the project is going. And we can share with you some of the details about the construction. Some of the challenges we're facing, like we have today on the safety side, that we are enhancing our practices once we have some experience in the field that we can explain to you some of the things that you might be wondering about. We've had questions, you probably have seen from the Board, in terms of the IRs and filings that we've made over the past couple of years about financing. And we tried to use this as a mechanism to be more transparent and share with

you exactly what we've been doing and what we've been experiencing. And it's our view today that when we come back with our final costs if we have done our job in that transparency then you'll have, you'll know what you're seeing, you'll see what you were expecting to see during that filing. There will be very few surprises. You'll know whether something is causing you concern anymore or not and that should be, hopefully in that way, a very smooth process where we're answering any of your final questions about what happened as we closed out the project. But otherwise you'll have a sense of what it took to build the Maritime Link, what those final costs are and how they're going to be recovered.

And so, you know, we are very appreciative of you being here today to listen to some of these matters. We also want to be speaking to the things that are on your mind. We've prepared a survey, it's just a one-page, it takes you two minutes to fill it out maybe. I'd appreciate if folks would do that and give us your feedback on whether today was worthwhile or whether there's something you'd like to hear from us, a topic you'd you like to hear from us on the next time

we might get a chance to be together. And if there are other ways you'd like to hear from us about the project we're happy to consider those ideas too. But I think you'll have known from your past experience that technical conferences, reports to the Board, these are the key tools that we have to communicate. And of course the opportunity to visit you in your own offices from time to time which we've done in the past with some of you, we're happy to do that as well.

Anyone have any questions at all about today? Any questions for Rick or Ken or Brian, Alison?

(no questions)

Do you want me to wrap up?

MS. GREENOUGH: I just want to mention we do have a copy of the survey if folks don't have one in their package.

MR. GALLANT: The survey was in your package, just the one page, if you can fill it out and leave it for us. You don't have to put your name on it but if you want to then if you have any questions we can contact you directly. We'd appreciate your feedback and of course if you think of something after you've gone today

you know how to reach all of us. Mary Ellen or I are happy to take your questions at any time. Again, thanks Alison for being here. Thank you to everyone for being here and we'll see you soon.

[RECORDING ENDED AT 3:27 P.M.]

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I hereby certify that I have transcribed the foregoing and that it is a true and accurate transcript of the NSP Maritime Link Incorporated Technical conference, taken by way of electronic recording in Halifax, Nova Scotia on February 23, 2016.

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Rita Newton, Certificate No. 2006-56

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Halifax, Nova Scotia

March 24, 2016