
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 Q3 2016

October 15, 2016

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1 **1.0 INTRODUCTION**

2

3 This is the Q3 2016 Quarterly Report for the Maritime Link as directed by the Utility
4 and Review Board (UARB) where the UARB ordered in its Supplemental Decision:

5

6 [115]....detailed reports must be filed by NSPML on a semi-
7 annual basis, on June 15 and December 15 each year. The reports
8 shall commence December 15, 2013. Updated status reports must
9 be filed quarterly.

1 **2.0 UPDATE OF PROJECT SCHEDULE WITH VARIANCE EXPLANATION**

2
3 As per Enerco U-31, sections 1.1, 1.2, and 1.3, this section provides an update on the
4 project schedule, along with a variance explanation and general status updates.
5

6 Please refer to Attachment 1 for the Detailed Project Schedule for the Level 1 Project
7 Schedule.
8

9 **2.1 Gates and Milestones**

10
11 The Project remains on schedule for commissioning and commencement of
12 operations scheduled by the end of Q4 2017.
13

14 **2.2 Safety**

15
16 As previously reported, the project safety procedure review for new upcoming field
17 activities by contractors is continuing to be followed. In this quarter, safety reviews
18 prior to the start of work included such activities as the civil and marine related work
19 at Big Lorraine site, the structural steel construction of the HVdc converter buildings
20 and the mobilization activities at Granite Canal substation site. These reviews are in
21 addition to the other safety activities outlined in the Safety Plans for each site. As
22 well, tool box safety discussions with each crew and Field Level Risk Assessments
23 (FLRAs) are standard activities each morning at the various construction sites by the
24 contractors.
25

26 **2.3 Abengoa Update**

27
28 In February 2015 NSPML entered into a contract with Abengoa S.A., a Spanish
29 energy company, for the transmission line construction on the Maritime Link Project.
30 On November 25, 2015 Abengoa S.A. filed a notice under Spanish law, which
31 provides for pre-insolvency protection in Spain, giving the company up to 4 months
32 to reach an agreement with creditors to avoid a full insolvency process. NSPML

1 retained external experts to provide advice with respect to this development to protect
2 customers' interests in ensuring the Project will continue to be completed on schedule
3 and within budget. In February 2016 NSPML reached agreement on a Term Sheet
4 and Project Account Agreement involving Abengoa, its key subcontractor, PowerTel
5 Utilities Contracting, and the performance bond sureties. These agreements were
6 designed to maintain stability for the Project despite this period of financial
7 uncertainty for Abengoa. The agreements established monthly productivity targets for
8 Abengoa. The productivity target for March was not achieved, thereby requiring
9 Abengoa to provide a recovery plan for review by NSPML. On April 22, 2016,
10 NSPML rejected Abengoa's Recovery Plan, issued a Notice of Default to Abengoa
11 and issued a Notice of Claim on the Performance Bond. The productivity targets for
12 April, May and June were not achieved. Following discussions with Abengoa and the
13 Performance Bond Sureties, on June 30, 2016, NSPML issued a call on the \$38.5
14 million Letter of Credit that was associated with the Abengoa Transmission Line
15 Contract. On July 20, 2016 NSPML announced that a replacement contractor had
16 been selected. A copy of the announcement is attached as Attachment 2. While
17 transmission line construction of the HVdc lines is behind schedule due to Abengoa's
18 lack of performance, timely completion is achievable with a new contractor now in
19 place (see Section 2.10 below for further detail). PowerTel continues as the contractor
20 for the Grounding Lines in NS and NL, and for the AC Line which is located in NL.
21 Abengoa has disputed NSPML's decisions and the dispute resolution process is being
22 followed in accordance with the Abengoa Transmission Line Construction Contract.

23 24 **2.4 Commercial Activities**

25
26 The key major procurement activities are presented in Table 1 with an update of the
27 status for each initiative.

1 **Table 1**

2

Commercial Activity	Status in June 2016	Initiative Number	Status in October 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	Contracts closeouts are in progress.
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
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	Contract closeouts are in progress.
Transmission Line Construction	The Contract was awarded to Abengoa S.A. in February 2015.	E13-95	This contractor has been replaced.

Commercial Activity	Status in June 2016	Initiative Number	Status in October 2016
		<p>E16-284</p> <p>E16-269</p>	<p>The contract with PowerTel was re-assigned to NSPML from Abengoa for the completion of the two Grounding Lines and the HVac Transmission Line in NL.</p> <p>The contract for the construction of the HVdc Transmission Lines was awarded to a joint venture of Emera Utility Services and Rokstad Power Corporation. (see detail in Section 2.10)</p>
<p>Transmission Line Conductors</p>	<p>The Contract for the supply of conductors was awarded to Midal Cables in March 2015.</p> <p>The contract for the supply of OPGW was awarded to Composite Power Group Inc. in June 2015.</p> <p>This is also within the scope of the E13-87 initiative.</p>	<p>E13-87</p>	<p>Contract close out is in progress</p> <p>Contract closeout is in progress</p>

Commercial Activity	Status in June 2016	Initiative Number	Status in October 2016
Horizontal Directional Drill (HDD) Construction Program	<p>Contract awarded to Directional Horizontal Drilling (DHD) in January 2016</p> <p>E13-157 was divided into two contracts.</p> <p>E13-157 A 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 materials.</p> <p>E13-158 for marine intervention services was awarded in April 2016 to DOF Marine.</p> <p>The supply of the HDD casing (E15-238) was awarded to East Coast Tubulars Limited in October 2015.</p>	<p>E13-156</p> <p>E13-157</p> <p>E13-158</p> <p>E15-238</p>	<p>The closeout of all HDD construction contracts is in progress.</p>
Accommodations Operations	<p>The contract for the accommodations operations services was awarded to East Coast Catering in April 2015.</p>	<p>E13-89</p>	<p>Contract continues and may be extended.</p>

1 **2.4.1 Land Access Agreements**

2
3 NSPML has continued to progress the applications before the UARB pursuant to the
4 Expropriation Act to determine the appropriate compensation for the remaining
5 parcels. Two applications in Nova Scotia remain outstanding and are scheduled for
6 hearing. Applications have been filed in Newfoundland and Labrador with respect to
7 the remaining parcels in that province and will proceed once the arbitration panel
8 processes have been established. Rights associated with access trails, as well as
9 additional easements relating to guying anchors and line adjustments, are continuing in
10 2016 as necessary in both provinces.

11
12 **2.4.2 Funding**

13
14 As in prior months, Funding and Drawdown Requests containing comprehensive
15 details of costs for the upcoming month were submitted to the Collateral Agent and
16 Government of Canada as necessary, and all requested funds were received on
17 schedule. Please refer to Attachment 3 for the IE Draw Confirmation Certificates for
18 the period. These draws permit payments to Material Project Participants to be paid
19 with the proceeds of the ML Construction Loan under the payment terms of the
20 Material Project Documents and the ML Credit Agreement.

21
22 **2.4.3 Joint Development Agreements**

23
24 NSPML continues to work with Nalcor and NS Power to finalize the remaining
25 operational agreements arising from the Formal Agreements with Nalcor. Of the 24
26 items originally identified for completion, only 8 items remain outstanding.

1 **2.5 Engineering Activities**

2
3 Commissioning of the Maritime Link continues to align with the in-service target date
4 of Q4 2017. Engineering is captured in three main categories across several Work
5 Breakdown Structures (“WBS’s”):
6

- 7 • HVdc Submarine Cable Supply and Installation – cable design and manufacturing
8 is being engineered by the supplier of the cable, Nexans, which will include
9 performance criteria consistent with service life and reliability targets subject to
10 approval by NSPML. In this period, Nexans engineering activities continued. The
11 primary areas related to cable design included completion of type testing, pull in
12 procedures, storage and maintenance requirements and rock impact testing
13 procedures. Engineering related to marine activities included progress on Cable
14 Loadout and Laying procedures, cable protection analysis and assessing other third
15 party contractors required for the 2017 installation program.
16
- 17 • The HDD drilling program was completed in this period.
18
- 19 • HVdc Converters and Substations - engineering is included in the contract awarded
20 to ABB for the supply and installation of these assets. Advances continued in the
21 HVdc design of the Control and Protection system, civil designs, and the plant
22 electrical mechanical designs. Structural, electrical and station designs also
23 advanced for the HVac systems for the Woodbine, Granite Canal and Bottom
24 Brook locations. Designs for the telecommunications systems advanced in the
25 period. The Engineering team is actively engaged in Factory Acceptance Testing
26 (FAT) of many key electrical components at the manufacturing facilities. More
27 than 2000 engineering drawings are progressing through final approval to sustain
28 manufacturing, installation and construction schedules.
29
- 30 • Overland Transmission– Designs for the transmission and grounding lines are
31 complete and in-field modifications resulting from the field construction activities
32 are ongoing.

1 **2.6 Submarine Cables (Marine)**

2

3 At Futtsu, Japan, cable manufacturing proceeded with armoring on Batch 1. Paper
4 lapping, impregnation and lead sheathing on Batch 2 were completed. Preparations are
5 underway to join Batch 1 and 2 and then complete armoring of Batch 2. Electrical
6 Type Testing of the cable was also completed in this period.

7

8 At Halden, Norway, cable manufacturing continued with stranding completed on all
9 four Batches of this cable. Paper lapping was completed on Batch 103, and it is
10 currently in the impregnation tank. Paper lapping is in progress for Batch 101. The
11 quality issues reported in the previous month, related to paper repairs, were addressed
12 and are under final review by third party advisors. The manufacturing completion date
13 at Halden remains on schedule as required.

14

15 The third party inspections at the manufacturing facility in Futtsu and Halden are
16 ongoing.

17

18 The manufacturing of the Land Cables for the Transition Sites were completed and are
19 scheduled for shipment from Halden, Norway in Q4, 2016.

1 **2.7 Horizontal Directional Drilling (HDD) Boreholes**

2

3 The bore holes at Cape Ray in NL were
4 successfully completed in June. The
5 contractor remobilized and the boreholes at
6 Point Aconi in NS were successfully
7 completed in August. The bore holes are
8 capped at both sites and are ready for the
9 2017 marine cable installation activities.
10 This concluded the HDD program, on
11 schedule and within budget.



HDD Site at Point Aconi June 2016

13 **2.8 Converters and Substations**

14 At the Bottom Brook location, the structural steel and roof cladding for the HVdc
15 Converter building is more than 70% complete. Preparation for the concrete flooring is
16 in progress with gravels laid, wire mesh and grounding wire partially complete. At the
17 DC yard, 194 precast foundations are installed. At the new AC switch yard, all 29
18 gantry towers and 18 gantry bridges were completed. Assembly of disconnect switches
19 and base supports along with the all 12 circuit breaker steel foundations are installed.

20

21 At the Woodbine location, approximately
22 70 % of the steel erection and roof decking
23 is complete for the HVdc Converter
24 building. Preparation for the concrete
25 flooring progressed. DC yard foundations
26 advanced during the quarter with 60 of 410
27 foundations installed. For the AC
28 switchyard, 315 of 325 AC foundations are
29 placed. Installation of trench boxes and
30 underground conduit for cables continued
31 and the duct bank from the AC to DC yard is approximately 70% complete.



Bottom Brook

1 At the Granite Canal location, the contractor mobilized to site and 52 of 69 pre cast
2 foundations are installed. Cast in place foundations are approximately 80% complete.

3
4 Manufacturing
5 and fabrication,
6 Factory
7 Acceptance Tests
8 (FAT), and
9 transportation of
10 the electrical
11 components and
12 subsystems for
13 both the
14 substations and



15 converter stations from the overseas suppliers progressed in the period. A significant
16 milestone was reached with delivery of the first transformer to Woodbine along with
17 other key components such as IGBT valves, breakers, disconnect switches.

18
19 **2.9 Right of Way Clearing Contractor(s) – Transmission Lines**

20
21 Final completion of all right of way tree clearing in NL was achieved in May, 2016.
22 Final completion in NS was achieved in Q4 of 2015.

23
24 **2.10 Construction Contractor(s) – Transmission Lines**

25
26 The replacement contract for the NS and NL DC Transmission Lines was awarded to a
27 joint venture of Emera Utility Services (EUS) and Rokstad Power Corporation
28 (ERJV). NSPML has complied with the requirements of the Affiliate Code of
29 Conduct, given that EUS is an affiliate of NSPML. Planning and mobilization was
30 completed and work is in progress as outlined in Table 2 below.

1 The contract for the AC Transmission Line and the two grounding lines was re-
2 assigned to be directly managed by NSPML rather than Abengoa; PowerTel remains
3 as the contractor. Progress on these lines continued as described in Table 2 below.
4 PowerTel set the last pole on the NS Grounding Line in August.
5
6 The target dates for the completion of all lines remains in Q2 2017.

Table 2

Transmission Line	Completion Target	Status
NL Grounding Line	September 2016	The NL grounding line has achieved approximately 98% completion.
NL DC Transmission Line	April 2017	Installation of foundations remains at 5% complete and the new contractor is mobilized and advancing the pre-assembly of towers in advance of installation.
NL AC Transmission Line	March 2017	Work on the foundations is 48% complete and approximately 28% of the structures/poles have been erected.
NS Grounding Line	September 2016	NS Grounding line has achieved Substantial Completion.
NS DC Transmission Line	April 2017	Installation of foundations is approximately 18% complete and the new contractor has mobilized and advanced the pre-assembly of towers prior to installation.

1 **2.11 Construction Contractor(s) – Site Preparation**

2

3 In NL, all site preparation work was finalized with the completion of work at Cape
4 Ray in April 2016. In NS, all site preparation work was completed in Q4 2015.

5

6 **2.12 Granite Canal Accommodations Operations**

7

8 The contract for the operations of the Granite Canal accommodations facility (E13-
9 89A) was awarded to East Coast Catering in April 2015. The camp has been in full
10 operation since July 2015.

11

12 **2.13 Grounding Sites**

13

14 The construction of the grounding site at Indian Head, NL was completed in July.

15

16 The construction of the
17 grounding site at Big
18 Lorraine in NS is in
19 progress and is scheduled
20 to be completed in
21 October 2016.

22

23 The construction scopes of
24 work will be followed by
25 the installation of the
26 electrical equipment at
27 both Grounding Sites



28 (E13-103 A/B). These contracts are expected to be awarded in Q3. The work is
29 forecasted to be completed in Q4 of 2016.

1 **2.14 Independent Engineer**

2
3 On June 15, 2016, the Independent Engineer (IE) conducted a site visit to all NS
4 construction sites including the Point Aconi Horizontal Directional Drilling and
5 Transition Compound sites, HVdc Transmission Line, Woodbine Converter Station
6 and Switchyard, Grounding Line, and Grounding Site at Big Lorraine. Please see
7 Attachment 4 for a copy of the IE's site visit report. In August, the IE conducted a site
8 visit in NL to all construction sites including the Indian Head Grounding Site,
9 Grounding Line, Cape Ray HDD and Transition compound site, Burgeo Highway
10 HVac line, Bottom Brook Converter Station and Switchyard, Granite Canal
11 Switchyard and Granite Canal HVac line. A third visit to construction sites in NS and
12 NL are planned in October. A site visit to the Nexan's manufacturing facility at
13 Halden was completed in September, with another visit to this facility planned in Q1,
14 2017. All of these visits are aligned with the increase in construction and
15 manufacturing activities this year. All site visit reports will be filed with the Quarterly
16 reports once completed.

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 June 30, 2016 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 cost forecast represented in the ML Project 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 \$1.577B.

Table 3

Description	Actual Costs					Total Project to Date	Forecast			Total Project Estimate at Completion
	2011-2013	2014	2015	Q1 2016	Q2 2016		Q3 2016	Q4 2016	2017	
Emera NL Project Management Costs	44,379	42,315	24,599	6,818	8,275	126,386	4,644	9,409	38,470	178,909
Nalcor Project Support Costs	-	15,232	425	(20)	241	15,879	101	25	100	16,104
Construction and Engineering Initiatives	14,975	167,980	259,750	83,891	89,966	616,562	155,908	150,520	299,775	1,222,766
Environmental Approval	2,651	4,378	1,082	81	255	8,447	770	3,559	8,603	21,379
Submarine and related	3,359	83,797	74,439	9,946	23,534	195,076	15,639	5,503	106,587	322,805
Converters, structures, and other ancillary equipment	1,517	48,747	106,195	40,317	47,347	244,123	105,531	81,333	108,357	539,342
AC and DC Transmission	7,448	31,057	78,035	33,547	18,830	168,918	33,968	60,126	76,228	339,239
Total	59,354	225,527	284,774	90,689	98,482	758,827	160,652	159,954	338,345	1,417,779
Escalation									33,954	33,954
Contingency								11,378	114,244	125,621
Grand Total	59,354	225,527	284,774	90,689	98,482	758,827	160,652	171,332	486,543	1,577,355

1 **Total Actual Project Costs at end of Q2, 2016 Compared to Previous Forecast**

2
3 The total actual project costs for Q2 2016 were \$29.9 million less than the costs for the
4 same period forecasted in the NSPML Quarterly Report of June 15, 2016. The
5 explanations of the variances are as follows:

- 6
- 7 • ENL Project Management and Nalcor Project Support: \$1.2 million higher cost
8 incurrence due to resourcing, legal, and land.
 - 9
 - 10 • Environmental Approval: \$2.2 million lower cost incurrence primarily due to the
11 timing of expenditures along with permitting, environment studies, and stakeholder
12 engagement costs.
 - 13
 - 14 • Submarine and related: \$1.3 million lower cost incurrence due to schedule and
15 efficiencies at the Horizontal Directional Drilling (HDD) sites at Cape Ray, NL
16 and Point Aconi, NS
 - 17
 - 18 • Converters, structures and other ancillary equipment: \$15.1 million lower cost
19 incurrence due to rescheduling of the engineering, procurement manufacturing
20 and civil construction activities for the Converter / Substations supply contract and
21 site preparation
 - 22
 - 23 • AC and DC Transmission: \$12.1 million lower cost incurrence attributable to the
24 lack of performance on the DC Lines by the former transmission line construction
25 contractor, Abengoa.

26
27 The variances do not change the forecasted in-service date of Q4 2017 and project
28 remains within budget. Progress to date on the DC components of Transmission Line
29 Construction remains a key focus; recovery plans are in progress and the completion
30 of this scope of work to enable Project completion by the end of 2017 remains
31 achievable.

1 **4.0 COST FLOW**

2

3

4

5

6

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8

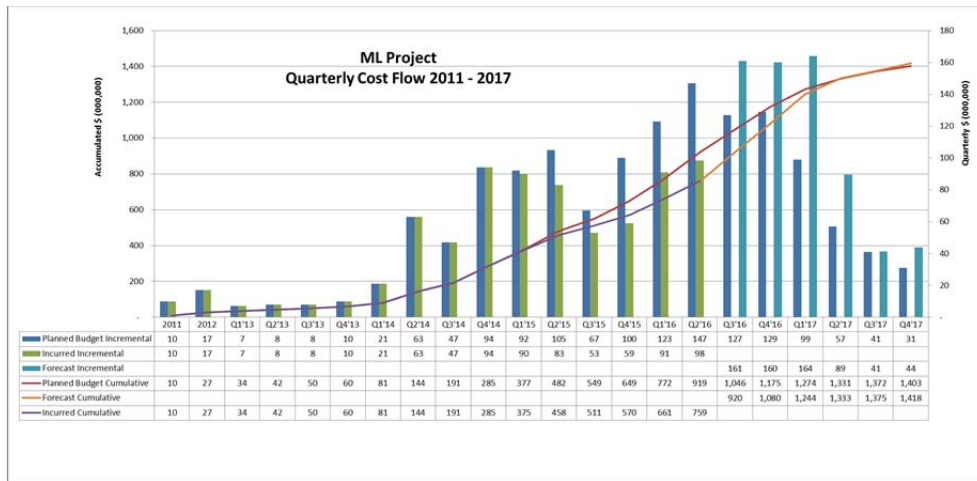
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10

11

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 for the base capital spending is now forecast at \$1.418 billion from \$ 1.403 billion and a corresponding decrease in contingency and escalation has been forecasted for the remainder of the project. The total of the base capital spending, escalation, and contingency amounts remains at \$1.577 billion.

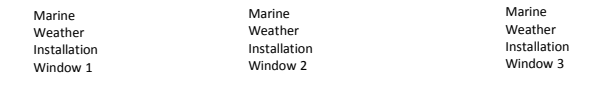
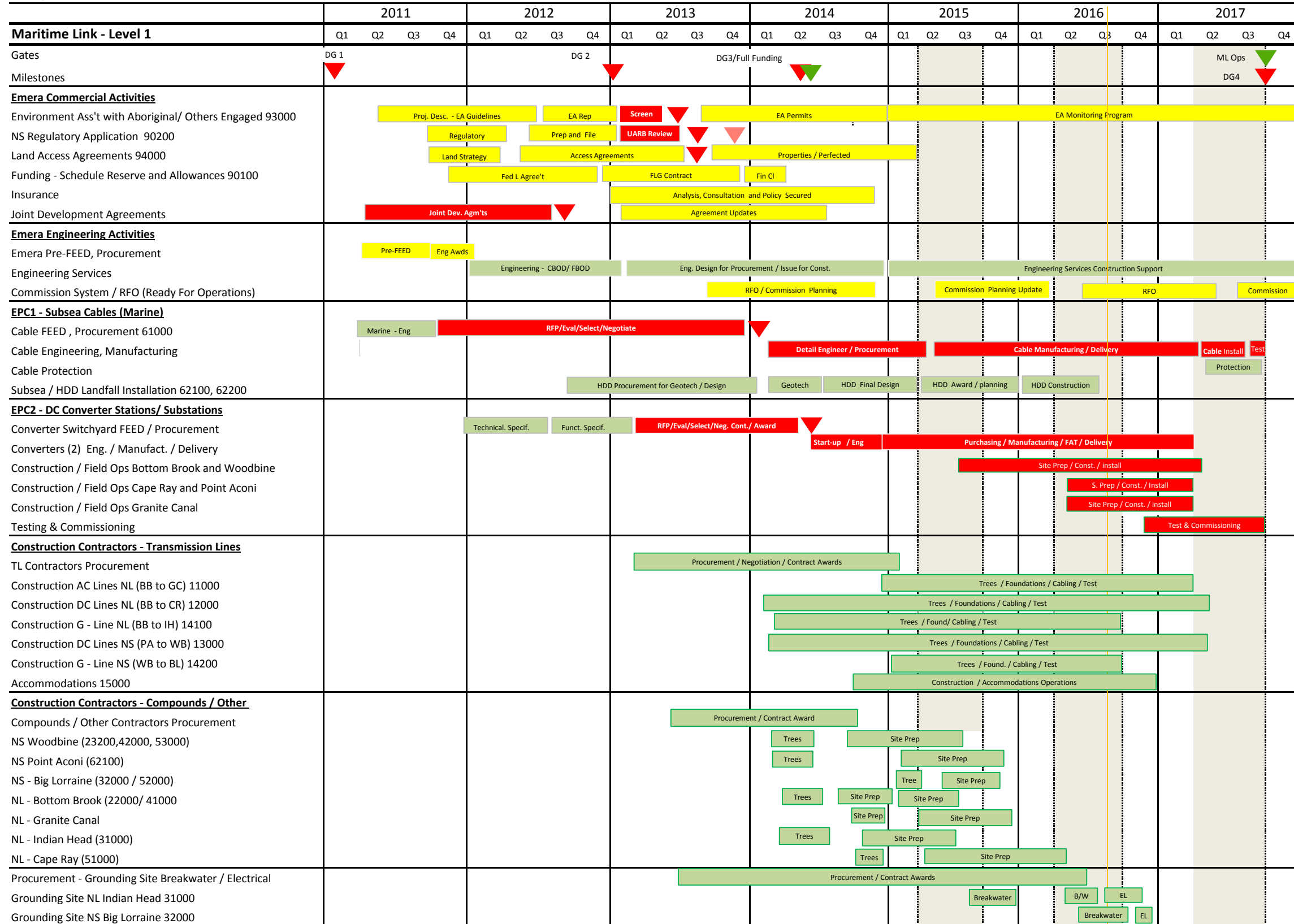
Table 4



12

Maritime Link Project Level 1 Project Schedule

Project Level 1 Schedule





News release

NSPML Replaces Transmission Line Contractor for Maritime Link Project

July 20, 2016 - St. John's, NL - NSP Maritime Link Inc. (NSPML), a subsidiary of Emera Inc. (TSX: EMA), today announced a new transmission line contractor for the Maritime Link Project. The original contractor, Abengoa S.A., has been under ongoing global creditor protection proceedings that have hampered the company's ability to perform its work. As a result, NSPML was forced to place Abengoa in default and to work with Abengoa's sureties, Liberty Mutual Insurance Company and Zurich Insurance Company (Sureties) to find a replacement contractor.

NSPML has selected EUS-Rokstad, a joint venture between Emera Utility Services (an affiliate of Emera Inc.) and Rokstad Power to complete construction of the High Voltage Direct Current (HVdc) transmission line work for the Maritime Link Project. NSPML will work with all parties to ensure a smooth transition of the work.

"Today's decision is based on acting in the best interest of the project and our Nova Scotia electricity customers. Our goal is to complete the Maritime Link Project on budget by late 2017. With the transition from Abengoa to EUS-Rokstad, this work can resume and be completed to meet our overall timeline," said Rick Janega, President and CEO of Emera Newfoundland and Labrador.

The selection of EUS-Rokstad by NSPML was based on a competitive procurement process administered by, and with third-party oversight from, Abengoa's sureties, and is compliant with NSPML's Code of Conduct for Affiliate Transactions. As part of the evaluation, contractors were required to meet NSPML's and the Sureties requirements, including with respect to costs and the ability to complete the HVdc transmission lines within required timelines.

EUS-Rokstad will construct the HVdc transmission lines in both provinces, including the construction of tower foundations; tower assembly and stringing of conductors. In addition, Abengoa's main subcontractor, Powertel Utilities Limited, will continue to have responsibility for the construction of the two grounding lines and the AC line while working directly with NSPML.

"We continue to advance all components of the Project in both provinces. With construction of the HVdc transmission lines set to resume immediately, we continue to be on budget and are on target to complete the Project by late 2017," says Janega.

As part of the agreement EUS will have responsibility for approximately 50km of HVdc transmission line in Nova Scotia. Rokstad will be responsible for approximately 140km of HVdc transmission line on the island of Newfoundland.

About The Maritime Link Project

The Maritime Link is part of a larger strategy to address the growing demand for more renewable energy. The Maritime Link will create more energy options and reduce dependency on fossil fuel generation. By connecting the island of Newfoundland to the North American grid for the first

time in history, the Link will create a new electricity loop in Atlantic Canada, providing access to market for the region's abundance of clean, renewable energy. For more information on the Maritime Link visit www.EmeraNL.com.

-30-

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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 June 20, 2016 (the "Construction Report"); and
- (b) the Borrower's funding request dated June 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

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

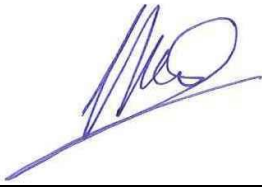
Commissioning Date will not occur prior to the Date Certain, or that the total Project Costs will exceed [\$1,577,354,028] with the following exceptions:

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: June 28, 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 July 20, 2016 (the "Construction Report"); and
- (b) the Borrower's funding request dated July 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

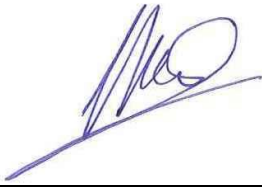
Commissioning Date will not occur prior to the Date Certain, or that the total Project Costs will exceed [\$1,577,354,028] with the following exceptions:

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: July 27, 2016

MWH CANADA, INC.



By: _____

Title: IE Team Leader

SCHEDULE "Q"

DRAW CONFIRMATION CERTIFICATE BY INDEPENDENT ENGINEER

ML PROJECT FINANCING

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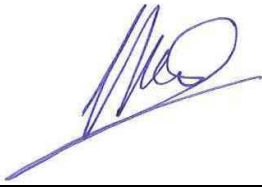
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Dated: August 29, 2016

MWH CANADA, INC.



By: _____

Title: IE Team Leader

SCHEDULE "Q"

DRAW CONFIRMATION CERTIFICATE BY INDEPENDENT ENGINEER

ML PROJECT FINANCING

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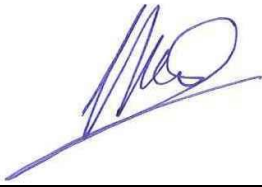
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Dated: September 29, 2016

MWH CANADA, INC.



By: _____

Title: IE Team Leader



LCP - ML PROJECT

SITE VISIT REPORT JUNE 15, 2016

Prepared for: Natural Resources Canada and Emera

IE Point of Contact: Nik Argirov

Date: August 21, 2016

Quality Assurance Statement

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

Disclaimer

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1. GENERAL

The MWH Independent Engineer (IE) team, together with a representative of Natural Resources Canada participated in the site visit for the Maritime Link (ML) project in Nova Scotia on June 15, 2016. Emera senior management representative, Ken Meade, Assistant Project Manager, accompanied the MWH team as listed below.

IE team:

- Nik Argirov (IE Team Lead)
- Tim Little (IE Geotechnical Subject Matter Expert (SME))
- Paul Hewitt (IE Cost & Schedule SME)
- Hamdy Khalil (IE Transmission Lines SME)

Visits were made to the following project sites:

- Point Aconi landfall site
- Transmission Line Materials storage yards
- HVDC line from Point Aconi to Woodbine (with stops at towers 151, 144, 164)
- Woodbine Converter station and AC switchyard expansion
- Grounding line from Woodbine to Big Lorraine
- Big Lorraine grounding site

Transportation to all sites was by road. The team started at the Sydney Maritime Link project office on the morning of June 15 for a Field Level Risk Assessment (FLRA) and to pick up hard hats and safety vests & glasses. The team then visited the above-listed project sites and returned to the Sydney office at the end of the day for a trip closure meeting. Joseph Krupski of Natural Resources Canada joined the meeting via conference call. Photographs of major features were taken during the site visits to document the current status of construction; selected photos are included in this report.

The IE team noted that safety was a top priority throughout the site visits. At each project site, a representative from either Emera or the site contractor reviewed the applicable FLRA with the IE team and escorted the team around the site.

2. NOVA SCOTIA PROJECT SITES – JUNE 15, 2016

In Nova Scotia the subsea cables will come ashore just west of the existing Point Aconi thermal generating station. The Nova Scotia portion of the project includes approximately 46 km of ± 200 kV HVDC transmission line from Point Aconi to the Woodbine converter station site, and approximately 40 km of grounding line from Woodbine to the Big Lorraine grounding site. Associated infrastructure includes an onshore cable anchor and cable transition compound at Point Aconi, a transition compound, converter station and substation expansion at Woodbine, a marine ground at Big Lorraine, and two sections of underground cable each of about 1 km length at Point Aconi and Woodbine. Most of the Nova Scotia rights of way (ROW) for the new lines either parallel or are close to existing access roads or existing transmission rights of way.



The team started from Sydney in the morning, and first stopped at the local Maritime Link project office for a safety briefing and to pick up safety vests and hard hats. The team then proceeded in sequence to the following sites:

Point Aconi Landfall Site

The contractor, Direct Horizontal Drilling, was set up on site and surface casing installation was in progress. The IE team noted that the work site was very well-organized and tidy.

The initial 42-inch diameter steel casing was being installed at an angle of 16 degrees below horizontal. Casing installation is an incremental process. First a 36-inch diameter drill hole is advanced about 2 m using an auger bit, then the casing is driven to the end of the augured hole using a casing hammer. Following each incremental advance, an additional length of casing is then welded onto the top end. At the time of the site visit, the bottom of the casing was at a depth of 34.4 m, and contractor staff advised that the target depth was about 46 m. Based on drill cuttings being removed from the hole during the site visit, it appeared that the drill hole had reached the top of the sedimentary bedrock. Contractor staff advised that driving the last run of casing had been difficult, as evidenced by a split in the heavy duty casing hammer.

The IE team also viewed the stainless steel drilling string (tool) that will be used to drill the Horizontal Directional Drilling (HDD) hole and a Contractor representative explained the details of the drill bits, rods and steering mechanisms that will be used to achieve the designed hole alignment. The drilling fluid to be used was described as a “gel mud”. Drill cuttings that will be recovered are to be mixed with peat moss and placed in a designated location near the landfall site.

The contractor is currently trucking water for HDD requirements to the site from a nearby authorized pond. In anticipation of higher water demand during the subsea drilling, a temporary pumping system was being installed to supplement the water supply with seawater.



Photo 1 – HDD drill rig installing surface casing at 16 degrees below horizontal.



Photo 2 - Large 42-inch diameter pipe is a steel casing. Smaller pipe inside casing is the drill rod which connects to a 36-inch diameter auger bit being used to drill the pilot hole. Drill operator is located in glass booth at right side behind drill rig.



Photo 3 - Auger drill bit used to advance drill hole ahead of casing. Photo is taken from inside of drill operator's control room.



Photo 4 - Casing hammer used to drive 42-inch casing.



Photo 5 - Crack in casing hammer resulting from driving casing against high resistance.



Photo 6 - Drill bit and following drill rod sections. Blue sections contain movable components that are used to steer the drill along its design alignment.

Transmission Construction Materials storage yards



Photo 7 - General view of yard.



Photo 8 - Guy wire for towers.



Photo 9 - Threadbar anchors for tower footings.



Photo 10 - Grillage and tower steel.



Photo 11 - Grillage footing components.



Photo 12 - Vibration Dampers containers



Photo 13 - Type 1 grillage (footing) for rock conditions.



Photo 14 - Type 2 grillage (footing) for soil conditions.



Photo 15 - DC conductor spools.

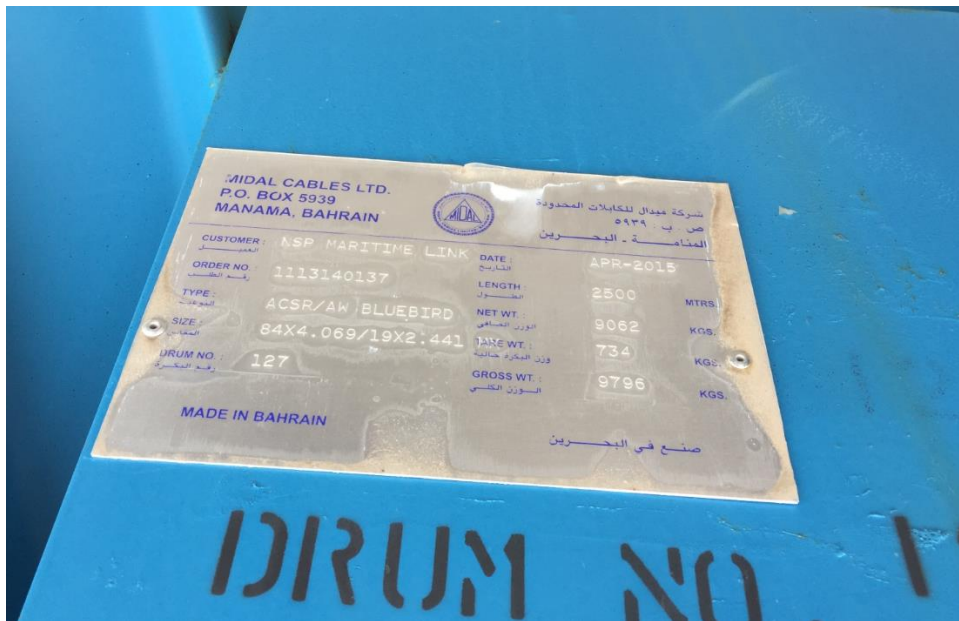


Photo 16 - ACSR Bluebird type conductor

HVDC line from Point Aconi to Woodbine

Total structures are 164; 48 Self-supporting and 116 guyed structures. Total installed structures are 3.



Photo 17 - Tower 151 (left) and adjacent tower (right).



Photo 18 - Tower 144



Photo 19 - Pin footing for tower 144.



Photo 20 - Marking to confirm the bolt torque



Photo 21 - Foundation preparation for tower 164 (last tower before Woodbine convertor station)



Photo 22 - Assembled type 2 grillages for tower 164 foundation. Rock covered slope in background is typical of permanent erosion protection along roads and ditches.

The IE team noted extensive use of shot rock for permanent erosion control on excavated soil surfaces along ditches, roads and substation areas. This cover appeared to well-installed and effective.

Also noted, the use of grillages on all soil types including rocky soil while there are no concrete foundation types.

Woodbine Converter station and AC switchyard expansion

At Woodbine, the new DC line will transition from overhead to underground where it will cross other existing overhead AC lines. IE observed significant advancement in construction progress of this site. Many of the cast in place as well as precast foundations in the AC switchyard expansion site are completed. The concrete foundations of the Converter building are completed and ready for erection of the steel frame of the building.



Photo 23 - Expansion of existing AC switchyard. Most of the concrete footings in foreground are precast.



Photo 24 - Components for new DC switchyard.



Photo 25 - Precast concrete sections for cable ducts.



Photo 26 - Converter station concrete foundation ready for the building steel structure erection.



Photo 27 - Converter station foundation.

Grounding line from Woodbine to Big Lorraine

Approximately 90% of the poles already installed with 80 poles remaining to be installed. Approximately 65% of the stringing is complete.



Photo 28 - Stringing grounding line across road near entrance to Woodbine converter station (PowerTel is contractor)

Big Lorraine Grounding Site

Since the last site visit in July 2015, the access road from the local highway to the waterfront had been constructed. Construction of the final section of access road along the waterfront to the grounding site was in progress. Overburden stripping of the alignment was almost completed, and drilling of blast holes to remove high points of bedrock to design grade had started. The IE team noted that sediment fencing and scattered straw were the primary measures for temporary erosion and sediment control and generally appeared to be effective.



Photo 29 - Rock berm for grounding element wells is to be constructed across this bay of water.



Photo 30 - Overburden stripping of access road alignment in progress.



Photo 31 - Access road alignment after stripping of overburden. Silt fences and straw bales are elements of erosion and sediment control. Light grey material in center background is piles of drill cuttings from drilling of blast holes.



Photo 32 - Access road alignment adjacent to water area where rockfill berm will be constructed.

3. COMMENTS

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