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# **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 Q2 2022**

**June 15, 2022**

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1 **1.0 INTRODUCTION**

2  
3 This is the Q2 2022 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.

10  
11 As per the UARB’s order in its Decision regarding the NSPML’s Application for final  
12 approval of Maritime Link Project Costs and approval of the 2022 cost assessment  
13 (M10206), NSPML continues its quarterly reporting to the UARB by way of this  
14 Report, with such ongoing reporting including financial data comparing capital and  
15 operating expenditures against budgeted amounts, reports on the status of Muskrat  
16 Falls Generating Station and Labrador Island Link commissioning, outstanding  
17 contractual, warranty and insurance claims, final close out punch list matters,  
18 outstanding expropriations, and outstanding operating agreements yet to be finalized.

19  
20 Given that the benefits to ratepayers prior to the Nova Scotia Block and Nalcor  
21 market-priced energy are secured by Nova Scotia Power through the Maritime Link,  
22 Nova Scotia Power continues to report on these in its Quarterly Fuel Adjustment  
23 Mechanism Report.

1 **2.0 UPDATE OF PROJECT SCHEDULE**

2

3 The Maritime Link was placed in-service on January 15, 2018.

4

5 Detail respecting the status of the Nalcor Project and Muskrat Falls is outlined in  
6 Section 2.9.

7

8 **2.1 Gates and Milestones**

9

10 On August 6, 2021, NSPML signed an Acceleration Agreement with Nalcor which  
11 commenced delivery of the NS Block starting August 15, 2021.

12

13 **2.2 Safety**

14

15 Safety is a fundamental core value and integral part of every aspect of NSPML's  
16 business.

17

18 In accordance with its COVID-19 Pandemic response and safe return to normal  
19 operations, NSPML continues to follow local epidemiology, best available pandemic  
20 protocols and jurisdictional health guidance. Masking and physical distancing  
21 requirements have been lifted across the organization with the masking and  
22 distancing being left up to the decisions and tolerances of each individual. Other  
23 pandemic requirements such as positive test reporting and close contact reporting  
24 remain. NSPML continues to be risk-focused in the assessment of all work activities  
25 ensuring that all high-risk work is reviewed and evaluated both before  
26 commencement of activities and through post- completion evaluations.

27

28 There have been no recordable incidents to date in 2022.

29

30 **2.3 Commercial Activities**

31

32 All key major procurement initiatives are now closed.

1 **2.3.1 Land Access Agreements**

2  
3 The majority of land rights are now in place, and NSPML is in the final stages of  
4 securing any outstanding rights; moving to expropriation for 54 parcels of land as  
5 required where agreement could not be reached, landowners could not be found, or  
6 title to a land parcel was imperfect. These easements do not impact the ability of the  
7 project to complete contract closeouts or to operate according to plan.

8  
9 **2.3.2 Funding**

10  
11 The final draw against the \$1.3 billion Federal Loan Guarantee was requested in  
12 February 2020.

13  
14 **2.3.3 Joint Development Agreements**

15  
16 NSPML continues to work with Nalcor and NS Power to finalize one agreement  
17 relating to regulation service which is anticipated to be concluded in 2022. The two  
18 remaining agreements are internal matters to Nalcor as they relate to the assignment by  
19 Nalcor of these agreements to an affiliate. Nalcor is not contractually required to  
20 assign the agreements to an affiliate. The status of these agreements does not impact  
21 the ability of the company to operate according to plan. Please refer to Attachment 1  
22 for a listing of the Agreements that remain to be concluded.

23  
24 **2.4 Engineering Activities**

25  
26 During execution of the Project, engineering was captured in three main categories  
27 across several Work Breakdown Structures (“WBSs”):

- 28  
29
- 30 • HVDC Submarine Cable Supply and Installation - Completed.
  - 31 • HVDC Converters and Substations – Completed.
  - Overland Transmission – Completed.

1 **2.5 Submarine Cables**

2  
3 As mentioned in the Q1 Report, a full survey of the cables was conducted in 2021 with  
4 no immediate concerns identified over the course of the campaign. Assessment of the  
5 results by NSPML continues.

6  
7 Planning for the marine survey campaign in 2022 is in progress with the intent to  
8 complete the survey in the second half of 2022.

9  
10 NSPML continues to mature its inspection, maintenance, and repair framework. This  
11 work includes consideration of a form of Contingency Services Agreement with  
12 Nexans (the Original Equipment Manufacturer) or other relevant contractors.

13  
14 **2.6 Converters and Substations**

15  
16 The Converters and Substations have been in service since January 2018 and continue  
17 to perform well.

18  
19 **2.7 Transmission Lines**

20  
21 The overhead transmission system continued to perform well into the fifth year of  
22 operations with no significant reliability or downtime impacts experienced.

23  
24 The inspection program for 2022 is underway with ground level inspections completed  
25 for the NL HVDC Line, NL Grounding Line, and the NL HVAC line. Remaining  
26 inspections for NL and NS lines will occur later in 2022. To date, no major issues have  
27 been identified in 2022.

28  
29 **2.8 Independent Engineer**

30  
31 NSPML remains engaged with the Independent Engineer (IE) related to the Operations  
32 phase of the Maritime Link, as per the Federal Loan Guarantee requirements.

1 The IE’s review of NSPML’s 2021 Operations and Maintenance activities is underway  
2 and will be filed with the UARB once completed.

3  
4 There have been no site visits by the IE so far in 2022; however, one is planned later  
5 this June.

6  
7 **2.9 Status of Nalcor Project and Muskrat Falls**

8  
9 **Muskrat Falls Assets**

10  
11 Units 1-4 are all in operation and have been released to the Newfoundland and  
12 Labrador system Operator for control. Maintenance outages are planned for each of  
13 the generator units through the 2<sup>nd</sup> half of 2022 on a unit by unit basis and expected to  
14 last about a month each that will include completion of remaining project punch list  
15 items as well as the internal inspection of the Unit 2 turbine that remains outstanding.

16  
17 **Synchronous Condensers at Soldiers Pond**

18  
19 The synchronous condenser (“SC”) 1 bearing has been replaced; re-assembly of the  
20 unit is ongoing. The cause of the bearing damage is currently unknown. GE Power’s  
21 Root Cause Analysis is pending further test results, which is expected to be finalized  
22 this month. The results and proposed resolution will be provided to LCP and Hydro  
23 when complete. GE Power’s Return to Service schedule for SC1 is currently July  
24 2022. SC2 and SC3 are online.

1           **Labrador Island Link**

2  
3           Commissioning activities on the Labrador Island Link continue with GE focused on  
4           software Factory Acceptance Testing, dynamic commissioning at site, and planned  
5           475MW testing on track for potential completion later this month. It is anticipated and  
6           planned that trial operations will proceed with the LIL operating at this level until  
7           demand and system load allows for subsequent high-power testing to occur.

8  
9           NSPML and Newfoundland and Labrador Hydro continue to coordinate testing.

10  
11   **2.10 Status of Benefits to NS Power Customers**

12  
13           Customer benefits received to date are being reported by NS Power with its Quarterly  
14           Fuel Adjustment Mechanism Report and otherwise in accordance with the Board's  
15           directions in Decision M10206.



1 **3.0 UPDATED COST SUMMARY**

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As per Enerco U-31, section 6, the details below outline the DG3 forecasted costs.

Table 2 provides an updated cost summary for the Maritime Link, which includes all actual costs incurred as of March 31, 2022 and forecasted total costs to close out the Project's construction activities. Both actual and forecasted totals have been updated to reflect The Board's decision relating to NSPML's Final Capital Cost Application.

NSPML continues to track and report costs, actual and forecast, consistent with the methodologies used in the cost forecast represented in the Maritime Link Project Application. Capitalized project costs reported to the end of March 2022 have been updated to reflect the Board's decision in relation to unrecoverable costs. Costs continue to be recorded in accordance with the Affiliate Code of Conduct. All costs provided are in Canadian dollars.

Actual AFUDC has been tracked and recorded monthly up to December 31, 2017 and has been adjusted from approximately \$209 million to approximately \$208 million in accordance with The Board's decision, and below the \$230 million amount originally estimated.

1 **Table 2 Updated Cost Summary for the Maritime Link Project**

2

(000's of Canadian Dollars)	Actual Costs						Estimate to Completion	Total Project Estimate at Completion (A)	
	Description	2011-2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021			Q1 2022
Emera NL Project Management Costs	194,834	966	657	950	(329)	(8,129)	188,949	6,157	195,105
Nalcor Project Support Costs	16,214	-	-	-	-	-	16,214	2	16,216
Construction and Engineering Initiatives	1,349,520	2,361	950	78	197	(12)	1,353,106	(1,382)	1,351,724
Environmental Approval	18,416	-	-	-	-	-	18,416	1	18,417
Submarine and related	343,449	-	-	-	-	-	343,449	2	343,451
Converters, structures, and other ancillary equipment	548,481	64	13	2	58	15	548,633	1,445	550,078
AC and DC Transmission	439,174	2,297	937	76	139	(27)	442,596	(2,830)	439,766
<b>Grand Total</b>	<b>1,560,568</b>	<b>3,327</b>	<b>1,607</b>	<b>1,028</b>	<b>(132)</b>	<b>(8,141)</b>	<b>1,558,269</b>	<b>4,777</b>	<b>1,563,045</b>

3

4

5 Note: Recovery of costs from third parties relating to transmission warranty claims  
6 continue to be advanced and will be reported once finalized.

7

8 **Total Actual Project Costs at end of Q1 2022 Compared to Previous Forecast**

9

10 As reflected in Table 2, the total actual project capital costs incurred during Q1 2022  
11 was a net credit of \$8,141,000 primarily relating to the adjustment for unrecoverable  
12 costs as outlined in The Board's decision.

1 **4.0 COST FLOW**

2

3 As per Enerco U-31, section 2.2, please refer to Table 3 below for the cost flow of the  
 4 Maritime Link. This cost flow report for the base capital spending is forecast at  
 5 \$1.563 billion in accordance with the Board’s decision relating to NSPML’s final  
 6 capital cost application.

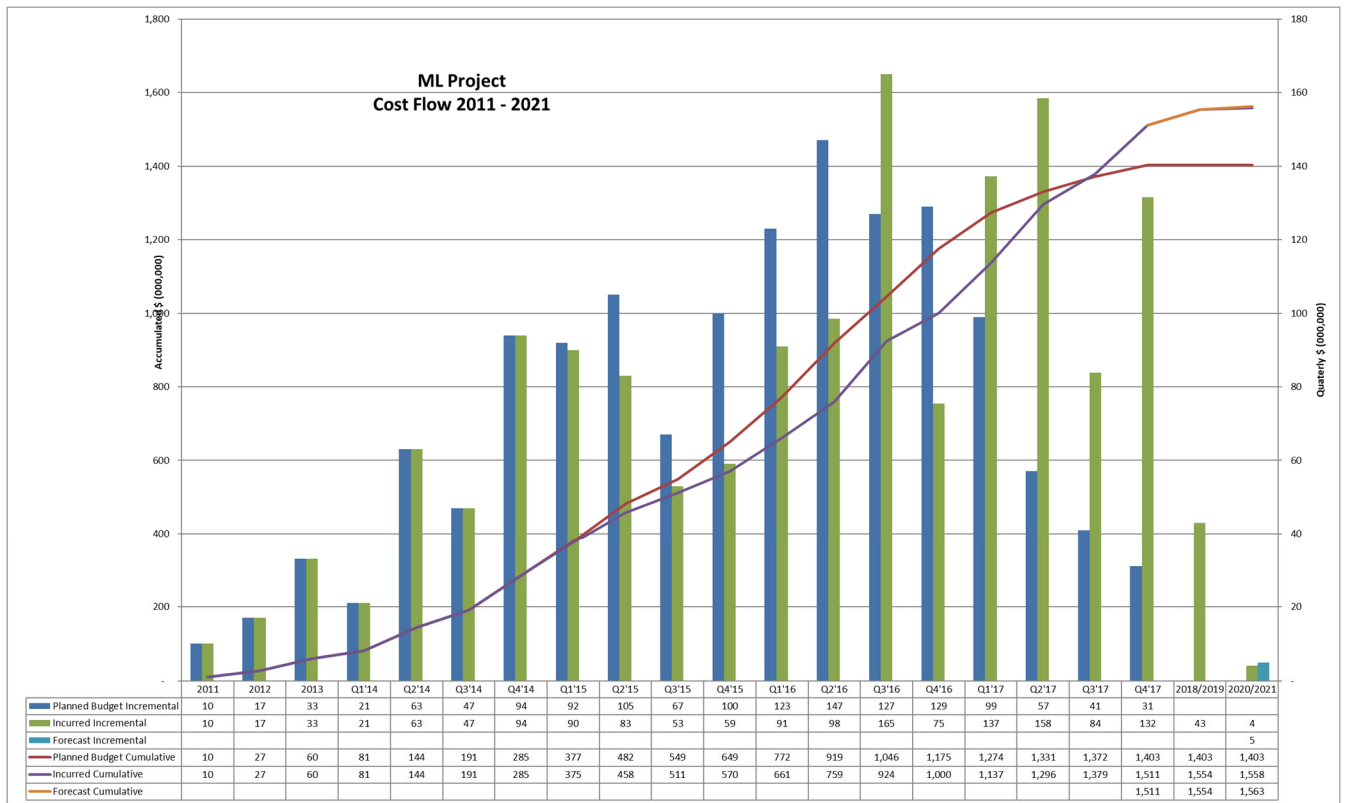
7

8 The remaining budget primarily relates to project close-out activities.

9

10 **Table 3 Maritime Link Cost Flow**

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1 **5.0 ASSESSMENT FINANCIAL UPDATE 2022**

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3 NSPML receives monthly cost recovery revenues from NS Power pursuant to the  
4 Board's order. NSPML anticipates that its 2022 operating and maintenance costs will  
5 be within the amount approved for the year.