

## 1. Historical changes and claims

The Change Control process utilised to date has not worked to the satisfaction of **tie** or SDS, with a number of change requests outstanding for a significant period of time. The action agreed for clearance of all these outstanding change control issues and future issues is to convene a special weekly Commercial Review meeting on Thursdays with a view to resolving all matters by the end of April 2007.

The current Project Director's Commercial Management meetings on Friday will continue to debate and close-out the larger more difficult historical claims on the table with a view to likewise reaching a settlement by the end of April. The objective is that **tie's** contractual position shall be reported to the project Board on 17<sup>th</sup> May.

The two principles governing the approach being adopted are firstly, that the fundamental principles of the contract are always maintained; and secondly, that a fair settlement is reached.

## 2. Change Control - Future

For future Change Requests (from 1<sup>st</sup> April 2007) a new process is introduced, based on early joint discussion of the matters arising from SDS change notifications. In summary, when the SDS team considers a change of scope should be recognised, it should firstly be raised verbally with the Engineering leadership team. If appropriate, SDS will then prepare a case for submission to the weekly Engineering Issues Group meeting which will consider the options for design and agree the best option to be taken forward. Any commercial and contractual issues arising, including the question of whether the case constitutes a change to the contract scope will be dealt with at the Thursday Commercial Review Meeting. If it is agreed that a change notice should be issued, **tie** will prepare the documentation as per contract and SDS will prepare a price estimate quantified to the level of detail required for **tie** approval. This change estimate will be submitted by SDS to **tie** as the basis for a Change Order.

The Project Director's Commercial Management meeting will continue to be held weekly on Fridays and will act as the forum for resolution of any change control matters which cannot be dealt with through the mechanisms described above.

## 3 Prolongation

PB is currently reviewing the case for a request for an Extension-of-Time under the contract. The interim conclusion from this review will be discussed at the Project Director's Commercial Review meeting scheduled for Friday 13 April. It is intended that the format and content of any request for additional costs associated with an Extension-of-Time should be agreed between **tie** and PB at this meeting. It is also noted that **tie** are preparing a counter claim, which will likewise be considered.

M Crosse for **tie**

S Reynolds for **PB**