
From: John Casserly
Sent: 30 October 2007 12:56
To: Allan.Ross@scotiagasnetworks.co.uk
Cc: Graeme Barclay; Michael Blake; Steven Bell; roger@gasutil.net
Subject: tie View Of Current SGN Contribution
Attachments: Summary of SGN C4 Estimate - tie view 24.10.07 25%.xls

Allan

Further to our previous discussions/meetings and in advance of our meeting on the 31/10/07 please find attached a detailed summary and substantiation of our global assessment of the SGN Contribution to the TRAM Project. The attached contains the following:

- A set of spreadsheets calculating the costs etc associated with the work scope discussed and agreed by Michael & Roger.
- The spreadsheets have been calculated with two different values for prime cost and provisional sum allowance of 52% and 25% - the reduced level of 25% has been taken for calculation based on C4 estimates produced by SGN for Turnhouse TRS which contain a range between circa 5%, 10% & 15%.
- The spreadsheets have been calculated on a reduced tie Design % from 5% to 2% and a reduced tie Overhead from 11% to 9% - these reductions are proposed by tie in an effort to reduce the global SGN Contribution.
- The attached spreadsheets contain the tie assessment of areas of opportunity to reduce the global SGN contribution including the tie assessment of the potential regulatory recovery available to SGN.
- The spreadsheets are summarised on the sheet entitled 'Options tie view' which amounts to a global SGN contribution of £1,185,409 based on provisional and prime cost allowances set at 25%.

As discussed previously we have assessed the SGN contribution in global terms. The attached assessment is the result of a number of meetings and discussions between the parties following SGN's high level assessment that their contribution maybe circa £2m to £3m greater than their anticipated contribution of circa £1.5m.

The meetings between SGN and tie have focused on the actual scope of the works to be undertaken to accommodate the TRAM with a joint view to minimise the actual works to be undertaken. This review in conjunction with a number of suggestions and options from both parties but in particular yourself, Roger Ferguson and Michael Blake has resulted in a significant potential reduction in the SGN contribution.

We trust you will find the above and the attached informative prior to our meeting on the 31/10/07 at which we can discuss the potential total SGN contribution to the TRAM Project with a view to Messrs Gallagher/Karam reaching an acceptable agreement for both parties as soon as possible.

Regards

John Casserly

Mobile 