Received / Issue	d 🎢		10	5
Document Number	000	834		
Signature				
For Information	E C			_
For Action				
File location &	·O *	<u></u>	o "S	03

(1) tie LIMITED

- and -

(2) THE CITY OF EDINBURGH COUNCIL

- and -

(3) TRANSCO PLC

~ and ~

(4) SCOTLAND GAS NETWORKS LIMITED

AGREEMENT

relating to

works concerning Scotland Gas Networks Limited equipment and apparatus and the removal of objection lodged by Transco plc in respect of Edinburgh Tram Line (Line one) Bill and Edinburgh Tram (Line Two) Bill

DLA Piper Rudnick Gray Cary Scotland LLP Rutland Square Edinburgh EH1 2AA

Tel: +44 (0) 8700 111 111 Fax: +44 (0) 131 242 5562

CONTENTS

1.	DEFINITIONS AND INTERPRETATION	2
2.	GENERAL OBLIGATIONS	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,7
3,.	CO-ORDINATED PROGRAMME OF WORKS	10
4.	DEVELOPMENT OF SCOPE OF ADVANCE DIVERSION WORKS	11
5.	MANAGEMENT OF THE ADVANCE DIVERSION WORKS	13
6.	WORKS AT GOGAR ROUNDABOUT	16
7.	COSTS, EXPENSES AND FINANCIAL CONTRIBUTIONS	16
8.	WITHDRAWAL OF OBJECTION	
9.	LIABILITY	19
10.	TRANSFER OF POWERS OF RESPONSIBILITY	19
11.	DISPUTE RESOLUTION PROCEDURE	20
12.	ASSIGNATION	25
13.	CONFIDENTIALITY	25
14.	NOTICES AND APPROVALS	
15.	MISCELLANEOUS	26
16.	GOVERNING LAW AND JURISDICTION	28
SCHI	EDULE	30
P	Part 1	30
A	Adjudication	30
P	Part 2	40
P	Panels For Adjudication	40
P	Part 3	42
N	Notices	42
P	Part 4	
T	ram Project Affected Area	43
P	art 5	44
V	Vorking Party	44
P	art 6	45
M	Aajor Transport Works	45
P	art 7	47
S	ide Letter	47

AGREEMENT

BETWEEN

- (1) **tie LIMITED**, (Company number SC230949), a wholly owned subsidiary of CEC, whose registered office is situated at City Chambers, High Street, Edinburgh EH1 1YJ ("tie") and its successors or assigns;
- (2) THE CITY OF EDINBURGH COUNCIL, the Local Authority for the said City constituted in terms of the Local Government etc. (Scotland) Act 1994 and having its principal offices at City Chambers, High Street, Edinburgh EH1 1YJ ("CEC") and its successors or assigns;
- (3) TRANSCO PLC, (Company number 0200600) (England and Wales) whose registered office is at 1-3 Strand, London WC2N 5EH ("Transco plc") and its successors or assigns; and
- (4) SCOTLAND GAS NETWORKS LIMITED, (Company number SC264065), whose registered office is situated at Inveralmond House, 200 Dunkeld Road, Perth, Perthshire, PH1 3AQ ("Scotland Gas").

WHEREAS:

- (A) CEC is currently promoting two private bills introduced to the Scottish Parliament on 29 January 2004, Edinburgh Tram (Line One) Bill and Edinburgh Tram (Line Two) Bill. Both Bills have achieved approval in principle. The tram lines form the proposed Edinburgh Tram Network.
- (B) tie has been appointed by CEC to act as agent for CEC in respect of the application for legal powers and the procurement of the funding, construction, commissioning, operation and maintenance of the Edinburgh Tram Network.
- (C) Transco plc lodged detailed objections in respect of the Bills as a result of its concern that the Bills did not provide adequate protective measures in relation to (i) the safety and operation of the equipment and apparatus for which Transco plc was responsible and (ii) its statutory rights and obligations.
- (D) Ownership and maintenance responsibilities in respect of the equipment and apparatus referred to above passed to Blackwater SC A Limited from Transco plc with effect from 1 May 2005. On 1 June 2005, Blackwater SC A Limited became a subsidiary of Scotia Gas

Networks plc and the name of Blackwater SC A Limited was changed to Scotland Gas Networks Limited.

- (E) The parties recognise that their respective objectives are served efficiently by a co-ordinated approach to programming and implementation of the Advance Diversion Works and Utility Works.
- (F) The parties have agreed that the objections to the Bills lodged by Transco plc shall be withdrawn on the basis that the parties acknowledge and accept as binding on each other and their successors or assigns (statutory or otherwise) the following terms and conditions:

IT IS HEREBY AGREED as follows

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Agreement the following terms shall have the following meanings, unless the context requires otherwise:
 - "Acts" means the Bills as passed with Royal Assent as Acts of the Scottish Parliament:
 - "Adjudication Procedure" means that part of the Dispute Resolution Procedure set out in part 1 of the Schedule;
 - "Advance Diversion Works" means, subject to clause 6.2 with respect to the Gogar Works (as defined in clause 6.1 hereof), (i) all Authorised Works relating to the Apparatus and, in particular the 'diversionary work' as defined in, and for the purposes of, the 2003 Regulations (ii) the scope of which shall be defined in accordance with the provisions of clause 4 of this Agreement, and (iii) are agreed pursuant to clauses and 2.8 and 5.6;
 - "Agreement" means this agreement and its Schedule;
 - "Annual Programme" means in respect of each period of 12 months from the beginning of April in one year to the end of March the following year, except the Current Year, the Utility's street by street programme (as agreed with HSE) for carrying out replacement, refurbishment or upgrading works to Apparatus located above, below, across or upon the Limits of Deviation;

- "Apparatus" means any mains, pipes, pressure governors, ventilators, cathodic protection or other equipment, apparatus belonging to or maintained by a gas transporter within the meaning of Part 1 of the Gas Act 1986 for the purposes of the transportation and/or supply of gas and includes any structure for the lodging within that structure of apparatus or any structure required for giving access to apparatus;
- "Approval Bodies" means any authority or body concerned with the provision of consents, approvals, permits, licences or other enabling action in connection with the Edinburgh Tram network;
- "Authorised Undertaker" shall mean CEC, tie acting on behalf of CEC, or any party to whom the powers of the authorised undertaker under the Acts is duly transferred;
- "Authorised Works" means the works to be authorised by the Acts;
- "Bill" means the Edinburgh Tram (Line One) Bill or the Edinburgh Tram (Line Two) Bill both introduced to the Scottish Parliament on 29 January 2004 and "Bills" means each Bill taken together;
- "C3 proposals" means any proposed scheme submitted under section C3 of Appendix C to the Code;
- "C4 budget estimates" means detailed estimates provided under section C4 (iii) of Appendix C of the Code;
- "C4 scheme" means a final detailed scheme (without C4 budget estimates) submitted under section C4 (i) and (ii) of Appendix C of the Code;
- "Code" means the Code of Practice entitled "Measures Necessary where Apparatus is affected by Major Works (Diversionary works)" dated June 1992, as revised and re-issued from time to time:
- "Confidential Information" means all documents, materials and other information or data (whether technical or commercial) of a confidential nature relating to the subject matter of this Agreement;
- "Current Annual Programme" means the Utility's current street by street programme (as agreed with HSE) for carrying out replacement, refurbishment or

upgrading works to Apparatus located above, below, across or upon the Limits of Deviation during the Current Year;

"Current Year" means the period from 1 March 2005 till 30 April 2006;

"Current 5 Year Programme" means the Utility's linear meterage programme for replacement, refurbishment or upgrading works to Apparatus as submitted to OFGEM for the period from 1 April 2002 till 31 March 2007;

"DKE" means the developed kinematic envelope which is the maximum width under any circumstances of a tram in motion at a particular point on the Edinburgh Tram Network;

"Dispute" means a dispute or difference arising between the parties under this Agreement;

"Dispute Resolution Procedure" means the procedure set out in clause 11 of this Agreement;

"Edinburgh Tram Line 1" means a loop through north Edinburgh city centre with Leith, Newhaven, Granton, Roseburn and Haymarket and passing through the Waterfront Development Area, as such route may be further developed and/or amended;

"Edinburgh Tram Line 2" means western line from Edinburgh city centre to Edinburgh Park, the Gyle, Gogarburn and Edinburgh Airport/Newbridge, with possible extensions to Livingston and South Queensferry, as such route may be further developed and/or amended;

"Edinburgh Tram Network" means Edinburgh Tram Line 1 and Edinburgh Tram Line 2 or either of them, as may be amended from time to time, together with any modification, line extension, spur, interconnection and any additional line which may be developed and implemented by tie on instruction from CEC;

"Framework Agreement" means the agreement referred to in clause 5.1 of this Agreement;

"Framework Contractor" means the utilities diversion contractor to be appointed by tie to carry out the Advance Diversion Works;

"Initial Condition Survey" means a survey carried out in pursuance of clause 4.5 of this Agreement;

"Indirect Losses" means any damage, cost, third party claim, expense or loss incurred by a party to this Agreement as a consequence of a breach of this Agreement or a negligent act or omission which relates to loss of profits or revenue, loss of use, loss of production or output, interruption or loss of business or business opportunity or other consequential or indirect loss;

"Limits of Deviation" means the limits described in the plans lodged with the Bills submitted by tie to the Scottish Parliament;

"New Condition Survey" means a survey carried out under clause 5.8 of this Agreement;

"Next 5 Year Programme" means the Utility's linear meterage programme for replacement, refurbishment or upgrading works to Apparatus to be submitted to OFGEM for the period from 1 April 2007 till 31 March 2012;

"Related Contracts" means in respect of Edinburgh Tram Line 1 and Edinburgh Tram Line 2 or either of them, the agreements entered into or to be entered into by tie in respect of *inter alia* the funding, financing, design, construction, operation and maintenance thereof:

"Relevant Authority" means any public body or organisation with responsibilities or involvement with regard to the Edinburgh Tram Network;

"Schedule" means the schedule in seven parts subscribed and attached as relative to this Agreement;

"Side Letter" means a letter from tie to the Utility substantially in the form set out in part 7 of the Schedule;

"tie Programme" means the master programme developed by tie and provided to the Utility within 45 days following provision by the Utility of the information required pursuant to clause 4;

"Tram Project Affected Area" means the anticipated limits of the Edinburgh Tram Network as set out in the drawings in part 4 of the Schedule;

"Tram Supplier" means the tram supplier to be procured by tie in relation to the supply of trams for the Edinburgh Tram Network;

"Utilities Diversion Strategy" means the methodology, resources, procurement and contracts applied by the to optimise the construction productivity during the execution of the Authorised Works and to minimise disruption while safeguarding the interests of the Utility and other statutory undertakers and utilities named in part 5 of the Schedule in an agreed manner which does not compromise design, procurement and delivery of the Edinburgh Tram Network to budget and programme;

"Utility" means Scotland Gas Networks Limited:

"Utility Works" means replacement, refurbishment or upgrading works relevant to the Advance Diversion Works which have been or shall be determined by the Utility pursuant to the Current Annual Programme and/or any subsequent Annual Programme which complies with the Current 5 Year Programme and/or the Next 5 Year Programme matched to statutory requirements or as otherwise needed for legal compliance and scheduled to take place in relation to Apparatus located above, below, across or upon the Limits of Deviation;

"the 1991 Act" means the New Roads and Street Works Act 1991 or any statutory revision or re-enactment thereof and any regulations made thereunder; and

"the 2003 Regulations" means The Road Works (Sharing of Costs of Works) (Scotland) Regulations 2003.

- 1.2 The provisions of the 1991 Act shall apply to the parties and to the subject matter of this Agreement (unless the context requires otherwise) including as to the conferred powers of the 1991 Act for tramways in the Authorised Undertaker.
- 1.3 In the event of any ambiguity between and with regard to the terms of the Bills (or the Acts, as the case may be) and the terms of this Agreement, the terms of this Agreement shall apply.
- 1.4 The singular includes the plural and vice versa and any one gender includes the others.
- 1.5 Headings are for reference only and shall not affect or be used in the interpretation of this Agreement.

- 1.6 Any reference to a statute, bye-law, regulation, rule, code of practice, standard order or other designated legislation is to that statute, bye-law, regulation, rule, code of practice, standard order or other designated legislation as amended, modified or replaced from time to time and to any bye-law, regulation, rule, code of practice, standard, order or other designated legislation made thereunder.
- 1.7 Any reference to the word "person" or "persons" or to words importing persons include individuals, firms, corporations, government agencies, committees, departments, authorities and other bodies, incorporated or unincorporated, whether having separate legal personality or not.
- 1.8 Any reference to the date of this Agreement shall mean the last date of execution of this Agreement.
- 1.9 Any reference to a numbered provision of a Bill includes a reference to the equivalent provision of the relevant Act.
- 1.10 Except as otherwise provided in this Agreement and unless the context otherwise requires, words and expressions to which a meaning is assigned in the Bills have the same respective meaning in this Agreement.

2. GENERAL OBLIGATIONS

- 2.1 tie and CEC shall ensure that the Authorised Undertaker uses such skill and care as is expected of a competent developer to co-ordinate the overall planning and supervision and execution of the Authorised Works in accordance with the terms of this Agreement and throughout the progress of the Authorised Works shall ensure that the Utility is fully informed of all material matters concerning the Advance Diversion Works.
- 2.2 Without prejudice to the provisions of clause 11, tie and CEC shall ensure that the Authorised Undertaker uses all reasonable endeavours to co-operate with the Utility to resolve all issues arising between them resulting from the programming, construction and maintenance of the Advance Diversion Works.
- 2.3 In all cases relating to this Agreement, tie, CEC and the Utility agree to act reasonably and (without prejudice to that generality) where reference is made in this Agreement to the satisfaction of any party, such satisfaction shall be reasonable satisfaction and where any party is required under this Agreement to give its consent

- or approval to any matter or thing, such consent or approval shall be given as a notice in writing not to be unreasonably withheld or delayed.
- 2.4 The Utility shall obtain the prior consent of tie before carrying out any physical changes to any land within the Limits of Deviation which may have a material effect on the ability of the Authorised Undertaker to carry out or procure the carrying out of the Authorised Works, the parties acting reasonably in assessing what may or may not be considered to be a material effect.
- 2.5 The parties undertake to each other that they will not use any means or take any action, or procure any other person to do so, that would have the effect of nullifying, undermining or rendering less effective or ineffective any provision of, or the underlying purpose of, this Agreement.
- 2.6 In respect of its ability to enter into this Agreement, the Utility warrants that it has full authority under its memorandum and articles of association, it has obtained or does not require the consent, authority or licence of any third party and that by entering into this Agreement it will not be or become in breach of any other agreement, arrangement or legal obligation of any nature.
- 2.7 tie and CEC shall ensure that the Authorised Undertaker shall not execute the placing, installation, bedding, packing, removal, connection or disconnection of any Apparatus, or execute any filling around the Apparatus (where the Apparatus is laid in a trench) within 600 millimetres of the Apparatus or where the Apparatus is operating at or in excess of seven bar pressure within 1500 millimetres of the Apparatus.
- 2.8 With regard to stray current which is reasonably assessed as emanating from the Edinburgh Tram Network:
 - 2.8.1 tie and CEC agree that adequate stray current protective measures shall be provided for relevant Apparatus including as a priority cathodic protective measures giving due cognisance to the existing levels of stray current at the time of the design and immediately preceding the commissioning phase of the Edinburgh Tram Network. For the avoidance of doubt, "adequate" for these purposes shall be interpreted to include meaning that no measures may be provided.

- 2.8.2 In the event that the Utility considers on reasonable grounds presented to tie that the Authorised Undertaker has installed inadequate stray current protective measures the Utility may require that a stray current survey (with a scope agreed by the parties) be carried out by an independent third party, to be selected and agreed by tie and the Utility (the "Independent Surveyor"), to establish conclusively the position.
- 2.8.3 If the stray current survey referred to in clause 2.8.2 above conclusively shows that any damage caused to Apparatus has arisen as a result of inadequate stray current protective measures, then, to the extent that the survey referred to conclusively establishes that the Authorised Undertaker is responsible for all or a proportion of the damage (the "Relevant Damage"), tie and CEC shall ensure that the Authorised Undertaker
 - 2.8.3.1 pays any such proportion of the cost of making good the Relevant Damage; and
 - 2.8.3.2 pays any proportion as may be determined by the Independent Surveyor of the cost for the provision of such adequate stray current protective measures as may be determined in the relevant stray current survey referred to.
- 2.9 In relation to the proposals submitted to the Utility pursuant to clause 5.6, the parties shall consult with a view to the inclusion of agreed matters within the scope of the Advance Diversion Works.
- 2.10 The parties shall act in good faith in the exercise of their obligations under this Agreement.
- 2.11 tie shall undertake the role of client representative under the Framework Agreement.
 tie shall engage a technical support services provider who shall provide professional services relative to the effective cost, time and quality management of the Framework Contractor. Within the scope of services for the Framework Agreement, it is envisaged that adequate quality assurance and inspection services will be undertaken either directly by tie or with the support of the technical services provider.

2.12 The Utility shall designate a Utility project manager to act as counterpart to tie's representative and such project manager and tie's representative shall meet on a monthly basis (or at such other intervals as may be agreed) to review the performance of this Agreement and, in particular, the development, management and control of the Framework Contractor.

3. CO-ORDINATED PROGRAMME OF WORKS

The parties acknowledge and agree that the minimum disruption to the public, minimum diversionary works with minimum out-turn costs and safety in relation to all works contemplated by this Agreement are important mutual objectives in relation to the execution of the Advance Diversion Works and the Utility Works.

- 3.1 The Utility shall provide tie with:
 - 3.1.1 its Current Annual Programme at the last date of execution of this Agreement;
 - 3.1.2 each Annual Programme developed by the Utility for the period between March 2006 until March 2012 and that as soon as reasonably practicable after the Utility has determined the works which will fall to form part of each respective Annual Programme;
 - 3.1.3 its Current 5 Year Programme within 30 days of the last date of execution of this Agreement; and
 - 3.1.4 its Next 5 Year Programme as soon as reasonably practicable after this has been agreed and approved by the HSE.
- 3.2 The Utility shall on a yearly basis and in connection with each Annual Programme, provide tie with such data, information, summary technical detail and explanation as tie may reasonably request and/or require with a view to assisting tie to understand how the Utility determines the works which will form part of each respective Annual Programme.
- 3.3 With regard to determining the extent and detail of the works in respect of each Annual Programme between March 2006 until March 2012, the Utility shall ensure that it does not exclude such item or items of works as it would ordinarily include in each respective Annual Programme based on the criteria for that year, that it would

normally apply to assess the works which ought to form part of each Annual Programme, were it not for the Advance Diversion Works scheduled for that year or any subsequent year.

- 3.4 In the event that tie at any time in any given year facilitates the Framework Contractor carrying out any works which would otherwise be Utility Works under the relevant Annual Programme for that year, the Utility shall be responsible for meeting the cost, as arising under the Framework Agreement, for the carrying out of such Utility Works by the Framework Contractor.
- 3.5 In the event that the Current Annual Programme or the Annual Programme to the year ending March 2007 and/or the Annual Programme to the year ending March 2008 include any Utility Works then the Utility shall use best endeavours to execute and complete such Utility Works within eighteen months of the date of Royal Assent for the first Bill to be enacted by the Scottish Parliament.
- 3.6 The Utility shall facilitate the implementation of the Utility Works referred to above, including early or adjusted commencement and implementation so as to complement the Utilities Diversion Strategy and the tie Programme where reasonably practicable.
- 3.7 For the avoidance of doubt, unless expressly agreed in writing by the parties, the Utility Works shall not form part of the Advance Diversion Works.

4. DEVELOPMENT OF SCOPE OF ADVANCE DIVERSION WORKS

In pursuance of section 143(1) of the 1991 Act applying by virtue of 1.2 above, the Utility shall work in collaboration with and assist tie in the development of the Utilities Diversion Strategy and in particular enable the timely production of the scope, technical specification and overall programme for the Advance Diversion Works based on existing C3 proposals upgraded to a level C4 scheme and that within 42 days' of receiving a request therefor from tie. Without prejudice to that generality, on request and reasonable notice by tie, the Utility shall:

4.1 provide C4 budget estimates in respect of the Advance Diversion Works but only insofar as such C4 budget estimates can be provided without any reference being made to, or engaging with, any third parties, the Utility being required to identify to tie any caveats in respect of the C4 budget estimates of which tie should be made

- aware as a result of the fact that the Utility did not go to the open market to assist in the production of such C4 budget estimates;
- 4.2 provide, insofar as such data is available, all relevant contemporary data including contemporary condition surveys relating to the presence and location of all buried and above ground Apparatus within the Limits of Deviation and particularly focusing upon the DKE plus two metres on either side thereof;
- 4.3 provide, insofar as such plans are available, plans showing locations and depths of all buried and above ground Apparatus within the Tram Project Affected Area;
- 4.4 confirm (insofar as it can on the basis of the information provided by tie) that the Advance Diversion Works do not adversely affect its assets or operations having satisfied itself in relation to the following:
 - 4.4.1 the extent, design, scope and programme of the Authorised Works;
 - 4.4.2 the proposed position of any alternative Apparatus to be provided or constructed with a view to ensuring that the Utility will be afforded the necessary facilities for the maintenance and renewal of that alternative Apparatus and, in particular,
 - 4.4.2.1 within the Limits of Deviation, (in relation to Apparatus that is not in a road or that is in a road that has been, or is proposed to be, permanently stopped up under section 6 of the Bills) such servitude or other rights as may be necessary, and to the reasonable satisfaction of the Utility;
 - 4.4.2.2 such off street servitude or other off street rights of access as the Utility may require to secure (the reasonable costs of such servitude or other rights of access being met by the Authorised Undertaker);
 - 4.4.3 the Utility's requirement, other than in the event of an emergency, to be able to maintain, repair or replace as necessary the Apparatus post construction of the Edinburgh Tram Network without adversely affecting or interrupting the operation and maintenance of the Edinburgh Tram Network;

- 4.4.4 that neither the Advance Diversion Works nor any Utility Works will result in the Utility being in breach of its obligations as a statutory undertaker as defined in the 1991 Act or any other statutory, regulatory, contractual or other obligation;
- 4.5 facilitate the carrying out by **tie**, at **tie**'s option, of a survey of the condition of all Apparatus in, upon, under, below or across the DKE plus two metres on either side, thereof, such survey to be carried out at **tie**'s cost ("Initial Condition Survey");
- 4.6 work closely with **tie** in relation to implementation of the Utilities Diversion Strategy in accordance with **tie's** Programme in order to minimise diversion requirements having due regard for safety and out-turn costs and in particular to identify and recommend appropriate adjustment to any programme of works by the Utility likely to compromise or adversely affect the programme for the stopping up or diversion of any streets or roads for the purposes of the Authorised Works; and
- 4.7 attend, at tie's expense, (subject to any relevant costs being reasonable, notified to and approved by tie in advance) and participate in meetings as may be reasonably required by tie, including but not limited to meetings (i) for the procurement selection of the Framework Contractor; (ii) concerning any working party established by the parties named in part 5 of the Schedule for the purpose of input to the Utilities Diversion Strategy; and (iii) during execution of the Authorised Works.

5. MANAGEMENT OF THE ADVANCE DIVERSION WORKS

- On receipt of the technical specification and scope of the Advance Diversion Works, the C4 scheme and C4 budget estimates referred to in clause 4 above, the shall instigate a public procurement to invite third parties to tender competitively for the appointment as Framework Contractor to carry out the Advance Diversion Works under a multi-utility Framework Agreement and the Utility hereby agrees to the managing this process and letting the relevant contract.
- 5.2 tie and CEC shall afford the Utility proper opportunity, through agreed involvement in the competitive procurement selection of the Framework Contractor, to satisfy itself that the Framework Contractor is suitably qualified and experienced and possesses the necessary skill and expertise to execute the proposed scope of works. The Utility shall have a period of 42 days from that date of receipt of the Framework Agreement from tie to provide any comments to tie in relation to any provisions of

the Framework Agreement which have a particular bearing on the Utility's interests and in doing so tie shall also afford the Utility proper opportunity to satisfy itself that the Framework Agreement sufficiently protects the Utility's interests, in particular that the Framework Agreement contains appropriate warranties with respect to the Apparatus and the Utility's statutory duties.

- In the event that certain of the Advance Diversion Works may only be carried out by the Utility by virtue of a statutory or other regulatory obligation, the Utility hereby agrees:
 - 5.3.1 to being appointed by the Framework Contractor to execute such works or to instruct tie to procure the appointment of a suitable party to execute such works on behalf of the Utility, in either case subject to such reasonable and usual industry specific terms and conditions and within such timescales as may be stipulated by tie and the Framework Contractor;
 - 5.3.2 that the cost of carrying out the works referred to in clause 5.3.1 above shall be stipulated in the C4 budget estimates to be provided by the Utility under clause 4.
- 5.4 The Utility shall be entitled to inspect at any time the carrying out of the Advance Diversion Works with the prior consent of tie and upon reasonable notice (at least one business day) to the Framework Contractor, such inspection to be co-ordinated with tie.
- 5.5 tie and CEC shall ensure that the Authorised Undertaker provides the Utility with not less than 28 days' notice in writing of its intention to stop up any street under section 7 of each of the Bills respectively in any case where any Apparatus is under, in, upon, over, along or across that street, tie agreeing that, if practicable and subject to any changes to the critical path of the tie Programme, it shall endeavour to provide an indication of the Authorised Undertaker's intention to stop up any street as specified above prior to the Framework Contractor commencing the Advance Diversion Works.
- 5.6 tie shall consider for inclusion in the Advance Diversion Works detailed specifications for multi-utility under track crossings at suitable intervals (no less than 800m) at positions which tie considers would safeguard the Edinburgh Tram

14

Network, against the need for the Utility, to initiate works likely to naturally disrupt the Authorised Works of the Edinburgh Tram Network.

- Any variation to the scope of the Advance Diversion Works occasioned by the Utility Works and which are not identified specifically by the Utility prior to the appointment of the Framework Contractor shall be dealt with in accordance with the change control mechanism in the Framework Agreement. In cases where the Utility ought to have foreseen with all due diligence such variation prior to the appointment of the Framework Contractor, the Utility shall be responsible for any resultant costs. In all other cases, the resultant costs shall be apportioned in accordance with this Agreement.
- In the event that the Utility considers on reasonable grounds presented to tie that the Framework Contractor, has compromised or damaged any Apparatus, the Utility shall be entitled to require a condition survey ("New Condition Survey") to establish the position. If such New Condition Survey shows that there is no material change to the condition of the Apparatus from the Initial Condition Survey or that there is damage and that such damage is proven not to have been caused by the Framework Contractor, the cost of the survey and all reinstatement works and additional cost caused by any delay to the Advance Diversion Works shall be to the account of the Utility. If the New Condition Survey shows damage for which the Framework Contractor, is responsible, the cost of the survey, making good the damage and all other proportional additional cost shall be borne by Authorised Undertaker or the Framework Contractor (as the case may be).
- 5.9 The parties agree that in the event that during the Advance Diversion Works the Framework Contractor uncovers equipment belonging to a statutory undertaker or other person which has not been previously referenced pursuant to clause 4, the Utility shall:
 - 5.9.1 assist the Framework Contractor in identifying whether the Utility is the owner of such equipment;
 - 5.9.2 attend the relevant site as required by the Framework Contractor; and
 - 5.9.3 insofar as the Utility is the owner of such equipment, facilitate:

15

- 5.9.3.1 obtaining any relevant approvals as may be necessarily required by the Framework Contractor; and
- 5.9.3.2 the production of any information reasonably required for a variation of the Advance Diversion Works

and that with a view to enabling the Framework Contractor to perform the Framework Agreement to programme, the Utility accepting that it shall approach and perform its obligations under this clause 5.9 as if the uncovering of the equipment referred to above by the Framework Contractor is "emergency works" as defined in the 1991 Act.

6. WORKS AT GOGAR ROUNDABOUT

- 6.1 tie shall ensure that the Authorised Undertaker provides the Side Letter to the Utility in respect of the works referred to in the Side Letter ("the Gogar Works") as soon as reasonably practicable after the last date of execution of this Agreement.
- 6.2 For the avoidance of doubt the Gogar Works shall not form part of the Advance Diversion Works.
- 6.3 The Utility shall ensure that the Gogar Works are carried out using suitably qualified and experienced contractors possessing the necessary skill and expertise to execute the proposed scope of works and that in accordance with such programme as may be determined by tie and CEC taking into account the programme for the Advance Diversion Works and any lead time required by the Utility as specified in the Side Letter.

7. COSTS, EXPENSES AND FINANCIAL CONTRIBUTIONS

- 7.1 The parties agree that, without limitation, in respect of Advance Diversion Works which are subject to the provisions of the 1991 Act, the categories of Authorised Works listed in part 6 of the Schedule shall be 'major transport works' for the purposes of the 1991 Act and the 2003 Regulations.
- 7.2 In the event that any of the Authorised Works resulting in Advance Diversion Works are not "major transport works" for the purposes of the 2003 Regulations, whether by agreement of the parties or otherwise:

7.2.1 if Apparatus

- 7.2.1.1 of better type, of greater capacity or of greater dimensions is placed in substitution for existing Apparatus of worse type, of smaller capacity or of small dimensions except where this has been solely due to using the nearest currently available type; or
- 7.2.1.2 (whether existing Apparatus or Apparatus substituted for existing Apparatus) is placed at a depth greater than the depth at which the existing Apparatus was situated

then if the placing of such Apparatus involves cost in the relocation of the Apparatus exceeding that which would have been involved if the Apparatus placed had been of the existing type, capacity or dimensions, or at the existing depth, as the case may be, the Utility shall pay to the Authorised Undertaker a sum equal to such excess cost; or

- 7.2.2 if the Advance Diversion Works include the installation of new Apparatus provided in substitution for Apparatus already in place for more than 1/20th of its stated design life prior to such installation so as to confer on the Utility any financial benefit by deferment of the time for renewal or refurbishment of the Apparatus in the ordinary course, the Utility shall pay to the Authorised Undertaker a sum representing that benefit as calculated in accordance with the Code.
- 7.3 tie and CEC shall ensure that the Authorised Undertaker shall pay to the Utility:
 - 7.3.1 in connection with Advance Diversion Works relating to Apparatus situated in roads, those costs, charges and expenses reasonably incurred by the Utility under clause 4 and clause 5 of this Agreement, which are:
 - 7.3.1.1 recoverable in pursuance of the 1991 Act and the 2003 Regulations; and
 - 7.3.1.2 marginal costs which are incurred with the prior written approval of tie (such approval not to be unreasonably withheld) and which are not recoverable under the 1991 Act or the 2003 Regulations;

- 7.3.2 in connection with Advance Diversion Works relating to Apparatus which are not situated in a road and therefore not covered under clause 7.3.1 above, all reasonable expenses incurred by the Utility as a result of carrying out its obligations under clause 4 and 5 of this Agreement, such amount calculated at rates as may be agreed between the parties using suitable industry and discipline benchmarks.
- 7.3.3 with regard to the Utility Works, where the cost of the Utility Works as a result of such works being carried out in pursuance of clause 3 ("the actual cost"), exceeds the cost of the Utility Works had it not been for the Utility's obligations under clause 3 ("the budgeted cost"), such cost as may be agreed between the parties which is based on the difference between the actual cost and the budgeted cost; and
- 7.3.4 with regard to the Gogar Works, such reasonable and properly attributable proportion of the cost (such cost to be agreed in advance between the parties) for carrying out the Gogar Works, the parties taking into account the fact that the Utility may carry out the Gogar Works as a result of instructions from third parties as well as tie and/or CEC.
- 7.4 The parties agree that tie shall make provision for effective financial control regarding requirement for the release of funds in order to secure entitlements to sum equal to such excess cost.
- 7.5 For the purposes of cost sharing under the 1991 Act and the 2003 Regulations the scope of the Advance Diversion Works developed up to level C3 certainty shall be "the initial set of plans and estimates" for the purposes of the definition of "allowable costs" under the 2003 Regulations.

8. WITHDRAWAL OF OBJECTION

Transco plc shall, as soon as reasonably practicable after the date of this Agreement or such other date as the parties agree, withdraw its objections unconditionally and irrevocably in respect of the Apparatus by submitting a formal Letter or Letters of No Objection (signed by an appropriate corporate officer) in respect of the Bills to the Private Bills Unit of the Scottish Parliament, and contemporaneously forward a copy of such letter or letters to CEC and tie.

8.2 The Utility shall ensure that the formal Letter or Letters of No Objection referred to in clause 8.1 above are accompanied with a letter or letters from the Utility acknowledging and supporting the decision to withdraw the objections.

9. LIABILITY

- 9.1 Nothing in this Agreement shall impose any liability on CEC or tie with respect to any damage, cost, claim, expense or loss which is attributable to a breach of this Agreement by, or the negligent act or omission of, the Utility, or of any person in their employment, or of their contractors or agents, and any liability of CEC and/or tie under this Agreement shall be reduced proportionately to the extent to which any damage, cost, claim, expense or loss is attributable to the breach, negligent act or omission of the Utility or of any person in their employment, or of their contractors or agents.
- 9.2 Nothing in this Agreement shall impose any liability on the Utility with respect to any damage, cost, expense or loss which is attributable to a breach of this Agreement by, or the negligent act or omission of, CEC and/or tie, or of any person in their employment, or of their contractors or agents, and any liability of the Utility under this Agreement shall be reduced proportionately to the extent to which any damage, cost, claim, expense or loss is attributable to the breach, negligent act or omission of CEC and/or tie or of any person in their employment, or of their contractors or agents.
- 9.3 Notwithstanding clauses 9.1 and 9.2, no party shall have any liability to any other party in relation to Indirect Losses, save to the extent the Utility demonstrates that it has incurred statutory liability under applicable customer charter requirements to private households (but not commercial or industrial) customers for interruption or loss of service due to the breach of contract or the negligent act or omission of the Framework Contractor, in which event the Utility shall have recourse to the extent of the Framework Contractor's indemnity to tie and CEC which shall be on terms equivalent to standard in the industry.

10. TRANSFER OF POWERS OF RESPONSIBILITY

10.1 If any of the powers of the Authorised Undertaker are transferred to another person or body (whether corporate or unincorporated) ("the transferree") under section 64 of each of the Bills , tie and CEC shall procure a direct covenant from the transferree in favour of the Utility that the transferee shall observe and perform such of the obligations of and restrictions on the Authorised Undertaker under this Agreement as relate to the exercise of the powers which have been transferred.

10.2 Upon tie and CEC procuring the direct covenant referred to in clause 10.1 above, tie and CEC shall be released from any obligation under this Agreement to observe and perform the obligations and restrictions which relate to the exercise of the powers which have been transferred.

11. DISPUTE RESOLUTION PROCEDURE

- 11.1 The parties agree that this clause 11 shall have effect for the resolution of any Dispute.
- Any Dispute shall, in the first instance, be referred to the Internal Resolution Procedure (the "Internal Resolution Procedure") in accordance with clause 11.10.
- 11.3 None of the parties shall commence any court proceedings until the Dispute Resolution Procedure has been completed, under exception that the Dispute Resolution Procedure shall not apply so as to prevent any of the parties seeking an interim order, or interim relief, in the Scottish courts.
- 11.4 In the event that any court proceedings whatsoever are initiated by any party against the other party or parties (as the case may be) to the Dispute, the parties agree that the Court of Session, Scotland, shall have exclusive jurisdiction.
- 11.5 The parties to the Dispute shall not be entitled to suspend the performance of any undisputed obligations under this Agreement merely by reason of the reference of any Dispute to the Dispute Resolution Procedure.
- Subject to **tie's** discretionary rights set out in paragraph 41 to paragraph 43.3 of part 1 of the Schedule to require that a Dispute and a Related Dispute (as defined in paragraph 41 of part 1 of the Schedule) be dealt with together at an appropriate stage of the Dispute Resolution Procedure, the provisions of this clause 11 are mandatory and binding upon the parties.
- 11.7 Unless a party refers a Dispute to the Dispute Resolution Procedure within three months of the date on which the event, matter or situation giving rise to the Dispute first occurred, such party shall be deemed to have irrevocably waived any right to

refer such Dispute to the Dispute Resolution Procedure under exception that if such party was not aware, and could not with reasonable diligence have been aware, that such event, matter or situation had occurred, this clause 11.7 shall have effect as if for the reference herein to the date on which such event, matter or situation has occurred, there was substituted a reference to the date when such party first became or could with reasonable diligence have become aware that such event, matter or situation had occurred. This clause 11.7 is without prejudice to the rights of any other party to this Agreement to raise in defence to any Dispute any defence (including without prejudice to the preceding generality, any defence of retention, compensation or set-off) which would otherwise be available to it.

- Except in relation to the matters provided for in paragraphs 1 to 40 of part 1 of the 11.8 Schedule and subject to the provisions of clause 11.9, in the event that any party pursues any Dispute under the Dispute Resolution Procedure, and in the event that such party fails to observe any time limit or timescale provided for in the Dispute Resolution Procedure in relation to the pursuit or progression of such Dispute, such party shall, immediately upon such failure occurring, be deemed to irrevocably waived any right to pursue or progress such Dispute any further. In that event, such party shall be deemed to have elected not to have referred such Dispute or to have withdrawn such Dispute from the Dispute Resolution Procedure and shall be deemed to have irrevocably waived any right to refer any Dispute arising from the same or substantially the same Dispute or similar circumstances to the Dispute Resolution Procedure and shall be liable for payment of the whole fees incurred by any adjudicator who has acted in respect of such Dispute. This clause 11.8 is without prejudice to the rights of any party to this Agreement to raise in defence to any Dispute any defence (including, without prejudice to the preceding generality, any defence of retention, compensation or set-off) which would otherwise be available to it.
- 11.9 Notwithstanding the provisions of clause 11.8 above, in the event that a party who pursues any Dispute under the Dispute Resolution Procedure fails to observe any time limit or timescale provided for in the Dispute Resolution Procedure in relation to the pursuit or progression of the Dispute, the other relevant party (or parties as the case may be) may elect to waive such failure, in which event the time limit or timescale to which such failure relates shall be extended at the discretion of such other party or parties to the Dispute and the Dispute shall progress in accordance with

the Dispute Resolution Procedure, subject that all other time limits and timescales provided for in the Dispute Resolution Procedure which are affected by such extension shall be deemed to have been extended to give effect to such extension of the time limit or timescale to which such failure relates.

Internal Resolution Procedure

- 11.10 The following procedure is the Internal Resolution Procedure referred to in clause 11.2;
 - in the event of any Dispute arising, the representatives of the parties shall seek to resolve the Dispute at a meeting to be convened within three business days of written notification by one party to the other parties that it wishes to initiate the Internal Resolution Procedure in respect of that Dispute ("Notification"). Such Notification shall be given in accordance with the provisions of clause 14 of this Agreement;
 - 11.10.2 further meetings may follow the meeting referred to in clause 11.10.1, but in any event, if the Dispute is not resolved within seven business days of Notification, each party shall, before the expiry of the period of 10 business days from Notification, serve, in accordance with the provisions of clause 14 of this Agreement, a written position paper ("Position Paper") upon the other parties. Each party's Position Paper shall state in reasonable detail that party's position and required objectives in relation to the Dispute, any required redress, and, where possible, any comment on the position of the other parties;
 - 11.10.3 upon such service of the Position Paper by the party initiating or pursuing the Dispute, the Director of City Development of CEC and the chief executive (or equivalent) of the other parties (or their respective deputies in the event of their unavailability) shall seek to resolve the Dispute by meeting in good faith to discuss and negotiate upon the Dispute without recourse to legal or other proceedings;
 - 11.10.4 in the event that resolution of the Dispute is achieved by the Director of
 City Development of CEC and chief executive (or equivalent) of the
 other parties, the resolution shall be reduced to writing and, once it is

- signed by the duly authorised representatives of the parties, shall be binding on such parties;
- 11.10.5 unless concluded by a written legally binding agreement, all discussions and negotiations connected with the Dispute shall be conducted in confidence and without prejudice to the rights of the parties to the Dispute in any future legal or other proceedings, nor may such matters be produced or relied upon in evidence in any such proceedings.
- 11.11 In the event that any Dispute is not resolved by the Internal Resolution Procedure within a period of 30 business days from Notification (or longer if so agreed by the parties to the Dispute) then the following provisions of this clause 11.11 shall apply;
 - 11.11.1 the Director of City Development of CEC and the chief executive (or equivalent) of the other parties (or their respective deputies in the event of their unavailability) shall, within a further period of five business days, seek to agree that the Dispute shall be resolved by any one of the following procedures:
 - 11.11.1.1 mediation in accordance with clauses 11.12 to 11.14; or
 - 11.11.1.2 adjudication in accordance with the provisions of part 1 of the Schedule in which event the Referring Party must give its Notice of Adjudication to the other parties within five business days of the date of expiry of the period of 35 business days from Notification (or longer if so agreed by the parties to the Dispute); or
 - 11.11.1.3 litigation before the Court of Session, Scotland, in which event the Summons or Petition in any such litigation shall be signetted and served within 10 business days of the date of expiry of the period of 35 business days from Notification (or longer if so agreed by the parties to the Dispute).
 - In the event that the Director of City Development of CEC and the chief executive (or equivalent) of the other parties (or their respective deputies in the event of their unavailability) are unable to agree that the Dispute be resolved by the procedures described in clauses 11.11.1.1 to 11.11.1.3,

the party initiating or pursuing the Dispute shall refer the Dispute to mediation (and thereafter adjudication if necessary) in accordance with clause 11.12 to 11.14.

Mediation

- The parties shall attempt in good faith to resolve the Dispute by a procedure of 11.12 mediation in accordance with the Centre for Effective Dispute Resolution mediation rules or Model Mediation Procedure in force at the commencement of the mediation, (or in the event that the Centre for Effective Dispute Resolution has ceased to exist as at the time of the commencement of the mediation, mediation rules or a model mediation procedure offered by any other body offering commercial mediation services which shall be selected by the parties, which procedures shall be commenced within five business days of the date of expiry of the period of 35 business days from Notification (or longer if so agreed by the parties). In the event that any such mediation rules or model mediation procedure conflicts with any provision of this clause 11, the provisions of this clause 11 shall take precedence. In the event that any timescales contained in such mediation rules or model mediation procedure conflicts with the timescales referred to in this clause 11, the timescales contained in such mediation rules or model mediation procedure shall be amended accordingly such that the timescales referred to in this clause 11 shall be adhered to.
- 11.13 In the event that resolution of the Dispute is achieved in consequence of such mediation procedure, such resolution shall be reduced in writing and, once it is signed by the duly authorised representatives of the parties, shall be binding on the parties. Unless concluded by a written legally binding agreement, all discussions and negotiations connected with the mediation procedure referred to in clause 11.12 shall be concluded in confidence and without prejudice to the rights of the parties and any future legal or other proceedings. Nor may such matters be produced or relied upon in evidence in any such proceedings.
- 11.14 If any Dispute to which this clause 11 relates is not resolved by the mediation procedure referred to in clause 11.12 and 11.13 within a period of 55 business days from Notification (or longer if so agreed by the parties to the Dispute), the mediation procedure shall be terminated and, unless the party initiating or pursuing the Dispute withdraws the Dispute, the Dispute shall within a further five business days, be referred to adjudication in accordance with part 1 of the Schedule.

12. ASSIGNATION

Unless expressly stated otherwise, the parties to this Agreement shall not assign, novate or otherwise transfer the whole or any part of the Agreement without the prior written consent of the other parties, such consent not to be unreasonably withheld or delayed.

13. CONFIDENTIALITY

- 13.1 Each party agrees that, except as permitted by clause 13.2:
 - 13.1.1 all Confidential Information shall be treated as strictly confidential and shall not be divulged in any way to any third party without the prior approval of the other parties; and
 - 13.1.2 it shall procure that its respective officers, employees and agents shall keep confidential and not disclose to any person any Confidential Information.
- 13.2 The parties shall be entitled to divulge any Confidential Information without the approval of the other parties in the following circumstances:
 - 13.2.1 to any officer or servant of the party in question or any person engaged in the provision of goods or services to or for him if disclosure is necessary to enable the party in question to perform an obligation under this Agreement or to enforce its rights under this Agreement, upon obtaining an undertaking of strict confidentiality from such officer, servant or person;
 - 13.2.2 to any professional advisers or consultants of such party engaged by or on behalf of such party and acting in that capacity upon obtaining an undertaking of strict confidentially from such advisers or consultants;
 - 13.2.3 to any lender, security trustee, bank or other financial institution from whom such party is seeking or obtaining finance, or any advisers to any such entity, upon obtaining an undertaking of strict confidentiality from the entity or advisers in question;
 - 13.2.4 to the extent that is has been become available to the public other than as a result of any breach of an obligation of confidence;

- 13.2.5 pursuant to the order of any court or tribunal of competent jurisdiction;
- 13.2.6 to the Scottish Executive;
- 13.2.7 to the Scottish Ministers; and
- 13.2.8 to the extent required by any legislation including the provisions of the Freedom Of Information (Scotland) Act 2002.

14. NOTICES AND APPROVALS

- 14.1 Any notice or approval to be given under this Agreement shall be in writing.
- Any notice or approval shall be delivered by hand or by post to the relevant address set out in part 3 of the Schedule and shall be deemed to have been received:
 - 14.2.1 if sent by hand, at the time of receipted delivery;
 - 14.2.2 if sent by post, five working days after posting.

15. MISCELLANEOUS

- 15.1 If any provision of this Agreement shall be held to be illegal, invalid, void or unenforceable under the laws of any jurisdiction, the legality, validity and enforceability of the remainder of this Agreement in that jurisdiction shall not be affected, and the legality, validity and enforceability of the whole of this Agreement shall not be affected in any other jurisdiction.
- 15.2 Transco and the Utility warrant, jointly and severally, to tie and CEC that all information which has been given in writing or otherwise by any of the directors or officers or professional advisers of Transco, the Utility and/or Scotia Gas Networks plc to any of the directors or officers of tie in relation to:
 - 15.2.1 the transfer of ownership, obligations and liability (statutory and otherwise) in respect of all Apparatus by Transco to its subsidiary company, Blackwater SC A Limited, on 1 May 2005;
 - 15.2.2 the change of name of Blackwater SC A Limited to Scotland Gas Networks Limited;

26

- 15.2.3 the transfer of shares in the Utility from Transco to Scotia Gas Networks plc on 1 June 2005; and
- 15.2.4 the assumption by the Utility of all of Transco's obligations, rights and liabilities in respect of the Apparatus

in the course of the negotiations leading up to the signing of this Agreement was, when given, true, complete and accurate in all respects and there is no fact or matter not disclosed in writing to tie and/or CEC which renders any such information untrue, inaccurate or misleading.

- 15.3 Nothing in this Agreement shall create a partnership, association or joint venture or establish a relationship of principal and agent.
- 15.4 No waiver by any party of any default or defaults by the other parties to this Agreement in the performance of any of the provisions of this Agreement shall operate or be construed as a waiver of any other or further default or defaults whether of a like or different character.
- 15.5 No failure or delay by any party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise by that party of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege.
- 15.6 No amendment to this Agreement shall be effective unless in writing and signed on behalf of the parties.
- Nothing in this Agreement shall confer on any third party a right to enforce any term of this Agreement by virtue of the doctrine of *jus quaesitum tertio*.
- This Agreement contains all of the expressed terms of and constitutes the entire agreement between the parties relating to the subject matter of this Agreement and supersedes and extinguishes any prior drafts, undertakings, representations, warranties and arrangements of any nature, whether in writing or oral, relating to such subject matter. Each party to this Agreement acknowledges that it has not been induced to enter into this Agreement by any representation, warranty or undertaking not expressly incorporated into it.

15.9 The parties shall each be responsible for their own costs and expenses (including legal expenses) in connection with the withdrawal of objection pursuant to clause 8 negotiation and execution of this Agreement.

16. GOVERNING LAW AND JURISDICTION

- 16.1 This Agreement shall be governed by and construed in accordance with the laws of Scotland.
- 16.2 Save as expressly provided otherwise, the parties irrevocably agree that the courts of Scotland are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with this Agreement.

IN WITNESS WHEREOF this and the preceding twenty seven pages and the Schedule attached as relative hereto are executed as follows:

For and on behalf of tie LIMITED at Edinburgh on which says 2005 by:	
Authorised Signatory	Witness
Machael Bellan Davis Bords	Marketin Strategistury Agentie
Full Name (Please print in full)	Full Name (Please print in full)
	2236449
	Commission that SUT. Address

28

Anthorized Simustan	
Authorised Signatory	Witness
Full Name (Please print in full)	Full Name (Please print in full
	STYL CHAMBORS
	Address
	Trc 1669}
For and on behalf of TRANSCO PLC at WAKENIES on 2 September 2005 by:	
Director/Authorised Signatory	Witness
MARK JAMES TRACLINESS	A
Full Name (Please print in full)	Full Name (Please print in full)
MEMBER OF BOARD SEALING COMMITT	
MEMBER OF BOARD SEALING COMMITT	Address (Witness only)
MEMBER OF BOARD SEALING COMMITT	
MEMBER OF BOARD SEALING COMMITT	Address (Witness only)
	Address (Witness only)
For and on behalf of SCOTLAND GAS	Address (Witness only)
For and on behalf of SCOTLAND GAS NETWORKS LIMITED at Partle	Address (Witness only)
For and on behalf of SCOTLAND GAS NETWORKS LIMITED at Park	Address (Witness only)
For and on behalf of SCOTLAND GAS NETWORKS LIMITED at Park	Address (Witness only)
For and on behalf of SCOTLAND GAS NETWORKS LIMITED at Park on 12* Angust 2005 by:	Address (Witness only)
For and on behalf of SCOTLAND GAS	Address (Witness only)
For and on behalf of SCOTLAND GAS NETWORKS LIMITED at Park on 12* Angus 2005 by: Director	Address (Witness only)
For and on behalf of SCOTLAND GAS NETWORKS LIMITED at 2005 by: Director	Address (Witness only) Grahan Gerald Jussins
Full Name (Please print in full) Witness	Director Canan Gerald Jussies Full Name (Please print in full)
Full Name (Please print in full)	Director Canan Gerald Jussies Full Name (Please print in full)
Full Name (Please print in full) Witness	Director Cahan Gerald Jussies Full Name (Please print in full) Witness
NETWORKS LIMITED at Part on 2005 by: Director Full Name (Please print in full) Witness Full Name (Please print in full)	Director Cana Gerald Josses Full Name (Please print in full) Witness Full Name (Please print in full)

This is the Schedule referred to in the preceding Agreement between tie Limited, The City of Edinburgh Council, Transco PLC and Scotland Gas Networks Limited

SCHEDULE

Part 1

Adjudication Procedure

In the event that a party refers a Dispute to adjudication in terms of clause 11.11.1 or 11.14 of this Agreement or exercises a statutory right available to it (if any) under the Housing, Grants Construction & Regeneration Act 1996, to raise adjudication proceedings, such adjudication shall be conducted in accordance with paragraphs 2 to 40 of this part 1 of the Schedule wherein the reference to "days" is a reference to calendar days.

Notice of intention to seek adjudication

- 2. Any party to this Agreement may give written notice (the "Notice of Adjudication") of the intention to refer a Dispute to adjudication and the party or parties giving such notice shall be the "Referring Party" for the purposes of this Agreement.
- 3. The Notice of Adjudication shall be given to the other party or parties (as the case may be) to the Dispute and the party or parties receiving the Notice of Adjudication shall each be the "Responding Party".
- 4. The Notice of Adjudication shall set out briefly:
 - 4.1 the nature and a brief description of the Dispute and the parties involved;
 - 4.2 details of where and when the Dispute has arisen;
 - 4.3 the nature of the redress which is sought; and
 - 4.4 the names and addresses of the parties (including the addresses which the parties have specified for the giving of notices).

- 5. The adjudicator selected to consider the Dispute shall be selected from one of the panels ("Panels") appointed by the parties in accordance with the following:
 - there shall be four Panels, one in respect of legal matters, ("Legal Panel"), one in respect of construction matters and construction/operation interface matters ("Construction Panel"), one in respect of operational and maintenance matters ("Operations Panel") and one in respect of financial matters ("Financial Panel").
 - 5.2 each Panel shall be comprised of four members, who are listed in part 2 of the Schedule to this Agreement.
 - if any member of a Panel resigns or dies or becomes incapax or ill to the extent of being unable to reasonably discharge his duties as a member of the Panel, a replacement shall be appointed by the parties to the Dispute as soon as practicable. Any such replacement shall be wholly independent of tie, CEC, the Utility or any Relevant Authority, any Approvals Body, the Tram Supplier or any party associated with the Edinburgh Tram Network, and any successor to or subsidiary or parent of any of the aforementioned parties. If the parties to the Dispute are unable to agree on the identity of such replacement(s), the President or Vice President for the time being of The Chartered Institute of Arbitrators (Scottish Branch) or the Institution of Civil Engineers shall appoint such replacement(s) within 30 days of any application for such appointment by any party to the Dispute.
- 6. The Referring Party shall at the same time as giving the Notice of Adjudication to the Responding Party will send to each of the members of the relevant Panel a copy of the Adjudication Notice and a request that each member of the relevant Panel advises the parties within three days as to whether or not he is able and willing to act. The parties shall attempt to agree within two further days as to which one of the members of the relevant Panel who responded indicating that they are able and willing to act shall be requested to act as adjudicators. In the event that such agreement is reached, the Referring Party shall, within a further period of one day, request the member of the relevant Panel upon whom agreement has been reached to act as adjudicator. In the event that such agreement is not reached, the Responding Party or Parties (as the case may be) shall, within a further period of two days, select one of the members of the relevant Panel who responded indicating that they are able and willing to act and the Referring Party shall request that member to act as adjudicator.

- 7. If no member of the relevant Panel indicates that he is able and willing to act within three days of receiving a request to act as adjudicator, the Referring Party shall request the Chairman or the Vice-Chairman for the time being of The Chartered Institute of Arbitrators (Scottish Branch) or the Institution of Civil Engineers to select a person to act as adjudicator.
- 8. Any person appointed, requested or selected to act as adjudicator in accordance with paragraphs 6, 7 and 11 shall be a natural person acting in his personal capacity. A person appointed, requested or selected to act as an adjudicator shall be wholly independent of tie, CEC, the Utility, any Relevant Authority, any Approvals Body, the Tram Supplier, any party in contract or providing goods or services in relation to the Edinburgh Tram Network, and any successor or subsidiary or parent of the aforementioned parties.
- The request referred to in paragraph 7 shall be accompanied by a copy of the Notice of Adjudication.
- 10. The Chartered Institute of Arbitrators (Scottish Branch) or the Institution of Civil Engineers must communicate the selection of an adjudicator to the Referring Party within three days of receiving a request to do so.
- Where the Chartered Institute of Arbitrators (Scottish Branch) or the Institute of Civil Engineers fails to comply with paragraph 10 above, the Referring Party may:
 - 11.1 agree with the other parties to request a specified person to act as adjudicator; or
 - 11.2 request any other adjudicator nominating body to select a person to act as adjudicator.

 An "adjudicator nominating body" shall mean a body (not being a natural person and not being a party to the Dispute) which holds itself out publicly as a body which will select an adjudicator when requested to do so by a Referring Party.
- 12. The person requested to act as adjudicator in accordance with the provisions of paragraph 6, paragraph 7 or paragraph 11 shall indicate whether or not he is willing to act within two days of receiving the request.
- Where an adjudicator has been selected in accordance with paragraph 6, 7 or 11, the Referring Party shall, not later than seven days from the date of the Notice of Adjudication, refer the Dispute in writing (the "Referral Notice") to the adjudicator.
- 14. A Referral Notice shall be accompanied by copies of, or relevant extracts from the Agreement and such other documents as the Referring Party intends to rely upon.

- 15. The Referring Party shall, at the same time as he sends to the adjudicator the documents referred to in paragraph 13 and paragraph 14, send copies of those documents to the Responding Party.
- 16. The adjudicator may, with the consent of the parties, adjudicate at the same time on more than one Dispute under the Agreement.
- 17. The parties may agree to extend the period within which the adjudicator may reach a decision in relation to all or any of these Disputes.
- 18. An adjudicator may resign at any time on giving notice in writing to the parties.
- 19. An adjudicator must resign where the Dispute is the same or substantially the same as one which has previously been referred to adjudication, and a decision has been taken in that adjudication.
- Where an adjudicator ceases to act under paragraph 18 or 19, or dies or becomes incapax or ill to the extent of being unable to reasonably discharge his duties;
 - 20.1 the Referring Party may serve a fresh notice in accordance with paragraphs 2 to 4 and shall in accordance with paragraphs 5 to 12 request an adjudicator to act; and
 - 20.2 if requested by the new adjudicator, the parties shall supply him with copies of all documents which they had made available to the previous adjudicator.
- 21. The parties may at any time agree to revoke the appointment of the adjudicator and in such circumstances the fees and expenses of that adjudicator shall, subject to paragraph 22, be determined and payable in accordance with paragraphs 38 and 39.
- Where the revocation of the appointment of the adjudicator is due to the default or misconduct of the adjudicator, the parties shall not be liable to pay the adjudicator's fees and expenses.

Powers of adjudicator

- 23. The adjudicator shall:
 - 23.1 act impartially in carrying out his duties and shall do so in accordance with any relevant terms of the Agreement and shall reach his decision in accordance with Scots law; and

- 23.2 avoid incurring unnecessary expense.
- 24. The adjudicator may take the initiative in ascertaining the facts and the law necessary to determine the Dispute, and shall decide on the procedure to be followed in the adjudication. In particular, he may:
 - 24.1 request the other parties to the Dispute to supply him with such documents as he may reasonably require including, if he so directs, any written statement from the other parties supporting or supplementing the Referral Notice and any other documents given under paragraphs 13 to 15;
 - 24.2 conduct the adjudication in the English language and decide whether a translation of any document is to be provided and, if so, by whom, by when, and at whose cost;
 - 24.3 meet and question the other parties to the Dispute and their representatives;
 - 24.4 subject to obtaining any necessary consent from a third party or the parties, make such site visits and inspections as he considers appropriate, whether accompanied by the parties or not;
 - 24.5 subject to obtaining any necessary consent from a third party or the parties, procure the carrying out of any tests or experiments, and make directions as to the conditions for and responsibility for the cost of the same;
 - 24.6 obtain and consider such representations and submissions as he requires, and, provided he has notified the parties to the Dispute of his intention, appoint experts, assessors or legal advisers;
 - 24.7 give directions as to the timetable for the adjudication, any deadlines, or limits as to the length of written documents or oral representations to be complied with; and
 - 24.8 issue other directions relating to the conduct of the adjudication.
- 25. The parties shall comply with any request or direction of the adjudicator in relation to the adjudication.
- 26. If, without showing sufficient cause, a party fails to comply with any request, direction or timetable of the adjudicator made in accordance with his powers, fails to produce any document or written statement requested by the adjudicator, or in any other way fails to

comply with a requirement under these provisions relating to the adjudication, the adjudicator may:

- 26.1 continue the adjudication in the absence of that party or of the document or written statement requested;
- 26.2 draw such inferences from that failure to comply as may, in the adjudicator's opinion, be justified in the circumstances;
- 26.3 make a decision on the basis of the information before him, attaching such weight as he thinks fit to any evidence submitted to him outside any period he may have requested or directed;
- 26.4 disqualify any part or parts of that party's submissions affected by the failure to comply; and
- 26.5 grant the other parties proper opportunity to consider and respond to any evidence or representation made late.
- 27. Subject to any agreement between the parties to the contrary, the other parties may be assisted by, or represented by, such advisers or representatives (whether legally qualified or not) as he considers appropriate.
- 28. The adjudicator shall consider any relevant information submitted to him by the other parties and shall make available to them any information to be taken into account in reaching his decision.
- 29. The adjudicator and the parties shall not disclose to any other person any information or document provided in connection with the adjudication which the party supplying it has indicated is to be treated as confidential, except to the extent that disclosure is required by law or is necessary for the purposes of, or in connection with, the adjudication, or the information is already in the public domain.

Adjudicator's decision

- 30. Unless otherwise agreed in accordance with paragraphs 42.1 and 43.1, the adjudicator shall reach his decision not later than:
 - 30.1 twenty eight days after the date of the Referral Notice mentioned in paragraph 13;

- 30.2 forty two days after the date of the Referral Notice if the Referring Party so consents;
 or
- 30.3 such period exceeding twenty eight days after the Referral Notice as the parties to the Dispute may, after the giving of that notice, agree.
- 31. Where the adjudicator fails, for any reason, to reach his decision in accordance with paragraph 30:
 - 31.1 the other party or parties (as the case may be) may serve a fresh notice in accordance with paragraphs 2 to 4 and shall request an adjudicator to act in accordance with paragraphs 5 to 13; and
 - if requested by the new adjudicator the parties shall supply him with copies of all documents which they had made available to the previous adjudicator.
- 32. As soon as possible after he has reached a decision, the adjudicator shall deliver a copy of that decision to each of the parties.
- 33. The adjudicator shall decide the matters in the Dispute and may make a decision on different aspects of the Dispute at different times.
- 34. The adjudicator may take into account any other matters which the parties agree should be within the scope of the adjudication or which are matters under the Agreement which he considers are necessarily connected with the Dispute and, in particular, he may:
 - open up, review and revise any decision taken or any notice certifying payment given by any person referred to in the Agreement, unless the Agreement states that the decision or notice certifying payment is final and conclusive;
 - decide that any of the parties to the Dispute is liable to make a payment under the Agreement (whether in sterling or some other currency) and, subject to the terms of the Agreement, when that payment is due and the final date for payment.
- 35. The adjudicator shall provide written reasons for his decision.

Effect of the decision

36. In his decision, the adjudicator may, if he thinks fit, order one, some, or all of the parties (as the case may be) to comply peremptorily with his decision or any part of it. In the absence of

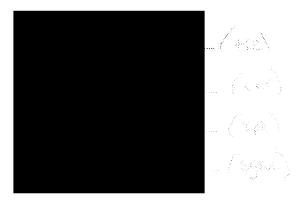
- any directions by the adjudicator relating to the time for performance of his decision, the parties shall be required to comply with any decision of the adjudicator immediately on delivery of the decision to the parties in accordance with paragraph 32.
- 37. The decision of the adjudicator shall be binding on the parties, and they shall comply with it, until the Dispute is finally determined by legal proceedings or by agreement between the parties.
- 38. The adjudicator shall be entitled to the payment of such reasonable amount as he may determine by way of fees and expenses incurred by him and the parties shall be jointly and severally liable to pay that amount to the adjudicator.
- 39. Without prejudice to the right of the adjudicator to effect recovery from the parties in accordance with paragraph 38, the parties shall each be liable to pay an equal share of the adjudicator's fees and expenses.
- 40. The adjudicator shall not be liable for anything done or omitted in the discharge or purported discharge of his functions as adjudicator unless the act or omission is in bad faith, and any employee or agent of the adjudicator shall be similarly protected from liability.

Related disputes

- Notwithstanding the terms of clauses 11.2, 11.3, 11.6, 11.7, 11.8 and 11.9 of this Agreement, in the event that a dispute or potential dispute under, or in connection with any of the Related Contracts, has arisen or arises out of substantially the same issues of fact and/or law (as the case may be) as a Dispute under the Agreement (a "Related Dispute"), then providing that the Related Contract contains dispute resolution provisions in terms substantially the same as set out in the Dispute Resolution Procedure (save for necessary changes), tie may require and direct that the Dispute and the Related Dispute be dealt with together at an appropriate stage of the Dispute Resolution Procedure.
- 42. In the event that a Related Dispute has already been referred to the decision of an adjudicator in accordance with the provisions of the Related Contract, and the is of the opinion that a Dispute is to be (but has not yet been) referred to adjudication under part 1 of the Schedule, the may refer the Dispute, or may by notice in writing to the other party or parties to the Dispute require that the Dispute be referred (as the case may be) to the adjudicator appointed under the Related Contract to decide upon the Related Dispute, and:

- 42.1 the adjudicator shall, if practicable, hear the Dispute at the same time as the Related Dispute and shall request such extension of time for producing his decision or award as he may require in order to reach a decision in respect of each of the Dispute and the Related Dispute at the same time. The parties shall agree to such request for an extension of time except in the event that the Dispute or the Related Dispute relates to "construction operations" within the meaning ascribed to that term by the Housing Grants, Construction and Regeneration Act 1996 (if applicable) (unless otherwise agreed by the parties, all parties to the Related Dispute and the adjudicator);
- 42.2 except in the event that the Dispute or the Related Dispute relates to "construction operations" within the meaning ascribed to that term by the Housing Grants, Construction and Regeneration Act 1996 (if applicable) (unless otherwise agreed by the parties, all parties to the Related Dispute and the adjudicator), the adjudicator shall have power (if so requested by tie) to make his decisions or awards in the Dispute and the Related Dispute in such a manner as if the rules applicable in the Court of Session, Scotland as to the joining of one or more defenders or third parties or conjoining actions were applicable to the parties to the Dispute and the Related Dispute, and to the adjudicator; and
- 42.3 tie shall procure that, as soon as practicable, the other party or parties to the Related Dispute shall give the other party or parties to the Dispute copies of the Related Contract, the Referral Notice in the Related Dispute and any other documentation provided to the adjudicator by any party to the Related Dispute.
- 43. In the event that a Dispute has already been referred to the decision of an adjudicator, and tie is of the opinion that a Related Dispute is to be (but has not yet been) referred to adjudication, tie may refer the Related Dispute to the adjudicator appointed under the Adjudication Procedure to decide upon the Dispute, and:
 - 43.1 the adjudicator shall, if practicable, hear the Related Dispute at the same time as the Dispute and shall request such extension of time for producing his decision or award as he may require in order to reach a decision in respect of each of the Dispute and the Related Dispute at the same time. The parties shall agree to such request for an extension of time except in the event that the Dispute or the Related Dispute relates to "construction operations" within the meaning ascribed to that term by the Housing Grants, Construction and Regeneration Act 1996 (if applicable) (unless otherwise agreed by the parties, all parties to the Related Dispute and the adjudicator);

- 43.2 except in the event that the Dispute or the Related Dispute relates to "construction operations" within the meaning ascribed to that term by the Housing Grants, Construction and Regeneration Act 1996 (if applicable) (unless otherwise agreed by the Parties, all parties to the Related Dispute and the adjudicator), the adjudicator shall have power (if so requested by tie) to make his decisions or awards in the Dispute and the Related Dispute in such a manner as if the rules applicable in the Court of Session, Scotland as to the joining of one or more defenders or third parties or conjoining actions were applicable to the parties to the Dispute and the Related Dispute, and to the adjudicator;
- 43.3 as soon as practicable, tie shall give to the other party or parties to the Dispute copies of the Related Contract, the Referral Notice in the Related Dispute and any other documentation provided to the adjudicator by any party to the Related Dispute.



Panels For Adjudication

CONSTRUCTION/OPERATIONAL

Alan Wilson



Peter Chapman



Tony Canham



Guy Cottam



FINANCIAL

Nigel Lowe Nigel Lowe Consulting Limited 27 Old Gloucester Street LONDON WC1N 3XX

John Hunter

Hunter Consulting Commercial Centre Stirling Enterprise Park STIRLING FK7 7BF

Bryan Porter



Eric Monzer



LEGAL

Gordon Reid, QC



Robert Howie, QC



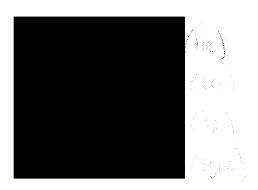
Lord Dervaird (Prof. John Murray, QC)



Gordon Coutts, QC







Part 3

Notices

1. Transco plc's address for the service of notices is:

Company Secretary 1-3 Strand London WC2N 5EH

All written notices to be marked: "URGENT: ATTENTION COMPANY SECRETARY"

2. Scotland Gas Networks Limited's address for the service of notices is:

Company Secretary Scotland Gas Networks Limited Inveralmond House 200 Dunkeld Road Perth PH1 3AQ

All written notices to be marked: "URGENT ATTENTION COMPANY SECRETARY"

3. CEC's address for the service of notices is:

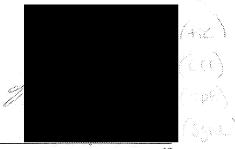
City of Edinburgh Council City Chambers High Street EDINBURGH EH1 1YJ

All written notices to be marked: "URGENT: ATTENTION DIRECTOR OF CITY DEVELOPMENT"

2. tie's address for the service of notices is:

tie Limited Verity House 19 Haymarket Yards EDINBURGH EH12 5BH

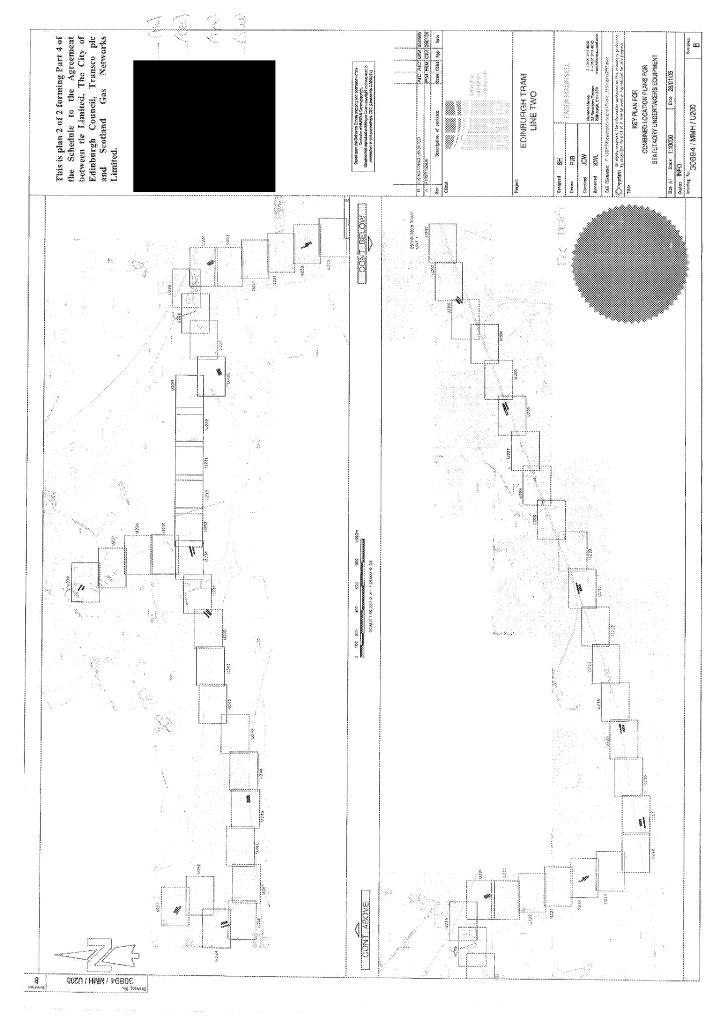
All written notices to be marked: "URGENT: ATTENTION CHIEF EXECUTIVE"

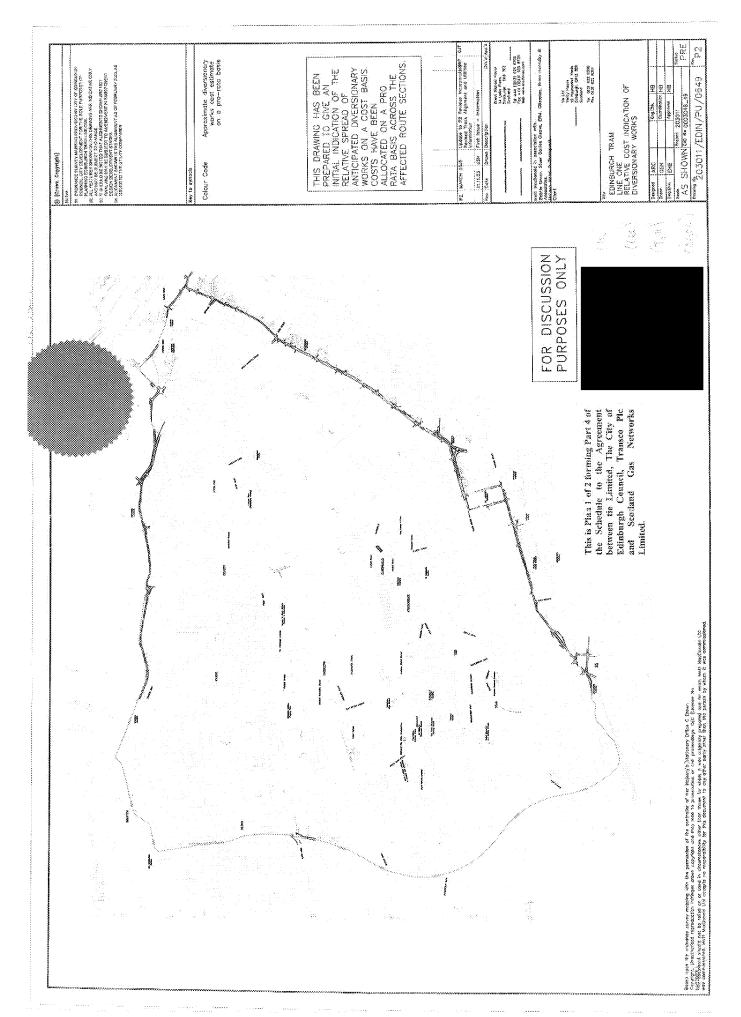


Part 4

Tram Project Affected Area

43





Working Party

Scottish Water

BT

Scottish Power PLC

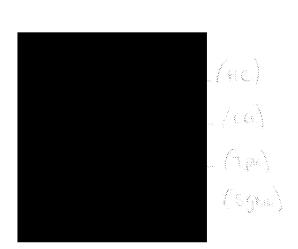
Thus PLC

Cable and Wireless Public Limited Company

Scotland Gas Networks Limited

NTL Group Limited

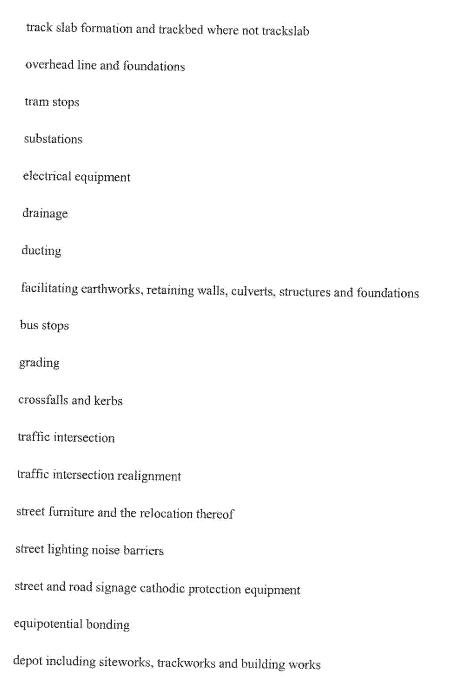
NTL National Networks Limited



Part 6

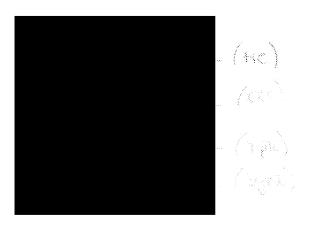
Major Transport Works

Any works relating to, or involving the construction, repair, removal, isolation, protection, reinforcement or enhancement of the following shall be major transport works for the purposes of the 1991 Act and the 2003 Regulations:



seawall reconstruction/protection overtrack structures

highway, street and footpath repathing as a result of any of the above



determined and scoped out by tie, such estimate to be provided within 60 days of tie's request ("the Gogar Works").

- 3. Subject to **tie** accepting the C4 budget estimate referred to in paragraph 2 above, **tie** shall provide Scotland Gas with sufficient notice (as may be agreed between the parties) (in accordance with the provisions for notice contained in clause 14 of the Agreement) of the date by which the Gogar Works require to be completed.
- Scotland Gas shall use prevailing UK public and EU procurement procedures to appoint a suitably qualified and experienced contractor possessing the necessary resource, skill and expertise to execute the Gogar Works.
- Scotland Gas shall seek to minimize so far as possible any out-turn costs referable to the Gogar Works.
- 6. Scotland Gas shall ensure that the Gogar Works are completed by the date specified in the notice referred to in paragraph 3 of this letter and, as far as is reasonably practicable, that the Gogar Works dovetail with tie's Programme for the Edinburgh Tram Network. In the event of a delay to the completion of the Gogar Works which tie can show is attributable to Scotland Gas, Scotland Gas shall indemnify tie in respect of any damages, losses, expenses and/or claims suffered or incurred as a result of such delay.
- 7. In the event of a delay to the completion of the Gogar Works which Scotland Gas can show is attributable to the Authorised Undertaker, the Authorised Undertaker shall indemnify Scotland Gas in respect of any damages, losses, expenses and/or claims suffered or incurred as a result of any such delay.
- Notwithstanding the provisions of paragraphs 6 and 7 above, no party shall have any liability to any other party in respect of Indirect Losses.
- Scotland Gas shall attend and participate in such meetings as may reasonably be deemed necessary by tie to discuss progress and any issues arising.
- 10. tie shall ensure that the Authorised Undertaker pays to Scotland Gas such reasonable and properly attributable proportion of the cost of carrying out the Gogar Works. The method and timing of the payment shall be agreed between the parties. The amount payable shall be

agreed in advance, such amount to be calculated, as appropriate, having taken into account any proportion of the cost of carrying out the Gogar Works which may be attributable to any instruction received or about to be received by Scotland Gas from third parties to carry out works to Apparatus in the Gogar Area.

11. Except as provided for in paragraphs 7 and 10 above of this letter, tie and the Authorised Undertaker shall have no obligation to make any further payments to Scotland Gas. In particular, neither tie nor the Authorised Undertaker shall have any liability to Scotland Gas for any damage, loss, expense, claim, loss of revenue, interruption of business, loss of business or business opportunity, loss of use, loss of production or output or any consequential loss or indirect loss occasioned or suffered by Scotland Gas as a result of carrying out or procuring the carrying out of the Gogar Works.

12. Scotland Gas, acting in the capacity as agent for tie, shall undertake such negotiations as may be necessary in the circumstances to secure such rights of access (by way of legal servitude of otherwise) as may be necessary in respect of Apparatus diverted as part of the Gogar Works, Scotland Gas ensuring that it keeps tie appraised of such negotiations and that it seeks the express prior written approval of tie prior to accepting any terms and conditions of such rights of access.

Please confirm your acceptance of the terms of this letter and the plan annexed to this letter by executing the duplicate copy of this letter and returning it to tie at the address shown below.

SIGNED for and on behalf of tie Limited

by

at

on

We, Transco PLC, hereby accept the terms of this letter and the plan annexed hereto

SIGNED	for and	on.	behalf of Transco	PI.	\sim
OZOL ILIZ	sor arta	Oth	ochan or mansco		ı

by

at

on

We, Scotland Gas Network Limited hereby accept the terms of this letter and the plan annexed hereto.

SIGNED for and on behalf of Scotland Gas Networks Limited

by

at

on

