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LIGHT RAIL

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SLR-ALR-M90-000-LET-0100024

20 April 2015

Jeff Goodling  
TfNSW's Representative  
TfNSW, a New South Wales Government agency  
Level 11  
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Dear Jeff

**Sydney Light Rail – Project Deed – Deed of Adjustment Works to Network Assets & draft Adjustment Guidelines – Ausgrid**

We refer to the Deed of Adjustment Works to Network Assets between TfNSW and Ausgrid (the "Deed"), which is referenced in the Project Agreements.

We note that the Deed makes reference to certain Ausgrid 'Adjustment Guidelines' and that a draft set of these guidelines were the subject of discussion during the Proposal Period (as defined in the Deed).

Under clause 5.2(b), it is TfNSW's obligation to agree Adjustment Guidelines with Ausgrid and to provide a copy to OpCo. The heading in clause 5 infers it was intended that this agreement would be reached and the agreed Adjustment Guidelines provided to OpCo during the Proposal Period.

We confirm that the Adjustment Guidelines were not finalised or agreed during the Proposal Period and were never incorporated into the Project Agreements as a set of guidelines or otherwise.

Following an initial coordination meeting with Ausgrid on 27 February 2015, which is a date post Contract Execution and post Financial Close, OpCo was provided by Ausgrid with a draft, unsigned copy of a document reference Document No. CESLR- 0043 entitled '*CBD and South East Rail: Adjustment Guidelines for Ausgrid Network Assets*' dated March 2015 (the "draft Guidelines").

We consider that the draft Guidelines have no contractual standing and do not form part of the contractual requirements set out in the Deed. Rather, the Deed provides for the obligations of the parties in relation to the scope and responsibilities (including responsibility for resources) for the Adjustment Works.

From a preliminary review of the draft Guidelines it is apparent that:



- (a) the approach taken by Ausgrid to the treatment of utilities is inconsistent with the initial Treatment Plans that were collaboratively developed with Ausgrid during the Proposal Period; and
- (b) the scope of the draft Guidelines is substantially wider than that envisaged in the Deed.

We are concerned that the draft Guidelines, if implemented as they are currently drafted, will have significant time and cost implications for the Project.

Notwithstanding the above, it is relevant to consider there is a risk sharing arrangement between TfNSW and OpCo in the Project Deed to cover this scenario and, while we will continue to liaise with Ausgrid, we would appreciate TfNSW's assistance to resolve this matter.

Yours sincerely

**Glenn Bentley**  
**OpCo Representative**  
**ALTRAC Light Rail Partnership**