

# Price Reviews

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# MPLS Migration

- **OBS offer made in 2004**
- **Approved by**
  - ECMWF Council in Dec 2004
  - RMDCN community April 2005
- **Contract negotiations**
  - New Service Level Agreement
  - GTTR, Service Rebates, Availability
- **8<sup>th</sup> May 2006 Supplement no 4 was signed**
- **18<sup>th</sup> June 2008 Migration completed**

# Liquidated Damages

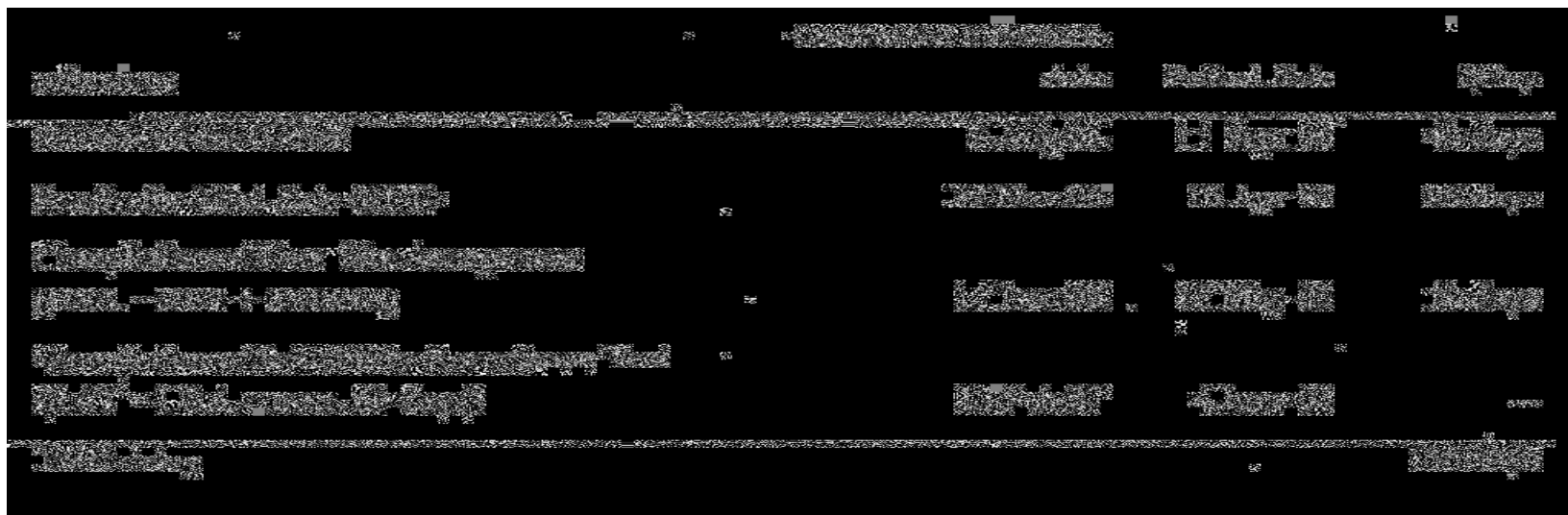
- **Due to the late delivery of the new Network**

**3.2 In the event that the Contractor fails to meet any Milestone Date contained in Schedule 5, the Contractor shall pay ECMWF or the Acceding Party (as the case may be) liquidated damages, being a genuine pre-estimate of damages and not a penalty, for any loss sustained by ECMWF or a User resulting from the delay during the period from the relevant Milestone Date (as amended, where applicable, pursuant to Clause 15 of the Principal Agreement) to the date on which the Contractor achieves such milestone.**

**3.3 Liquidated damages for each day of delay shall amount to 0.1 per cent of such part of the New Charges as shall be payable in respect of the first 12 months of the Service from the successful passing of the New Reliability Acceptance Test, subject to a maximum of 7 per cent. The Contractor shall have no liability for liquidated damages as a result of the act or omission on the part of ECMWF or any Acceding Party.**

**3.4 Such liquidated damages shall be paid in full satisfaction of the Contractor's liability for delay provided that in the event of any such delay the Contractor shall, at the request of ECMWF, arrange all such additional resources as may be reasonably necessary to fulfil the Contractor's obligations as early as practicable, at no additional charge to ECMWF or the Acceding Parties.**

# Project Delay



- 0.1 % per day delay; max. 7% (= 70 days)
- ECMWF informed OBS of this by letter on 19/9/2007  
<..\Contract\Supplement-4\Letter to OBS on liquidated damages for delays in the migration of the RMDCN.pdf>
- OBS confirmed this and as the LD are a % of the first 12 months of Service Charges they would act on this after 18 June 2008

# Price Review 2007

- **First MPLS Price Review was scheduled for 1 April 2007**
- **Although Service was not operational OBS was still obliged to offer a Price Review**
- **Offer was 10% on IP Bandwidth Charges only (No reduction on Access Line, Router and Management charges)**
- **Overall reduction 5.52% (per site this varied between 0 and 10%)**
- **Total Redistribution Charges reduced from ~£14.5K to £9.25K**

## Price Review 2008

- As part of the ECMWF TAC Subgroup on RMDCN a market survey was done by The Network Collective (a consultancy company)
- This indicated that we should get a significant reduction of the Charges for the RMDCN by OBS
- OBS has given us a first offer of an overall reduction of 28% (per site this varies between 0% and 58%)
- This offer does not include any reduction in Access Line Charges; this is still being addressed with OBS.