

**SCHEDULE 2 - EXHIBIT 1B**

**DATED [ \_\_\_\_\_ ]**

**NATIONAL GRID ELECTRICITY TRANSMISSION PLC (1)**

**and**

**[ \_\_\_\_\_ ] (2)**

**THE CONNECTION AND USE OF SYSTEM CODE**

**BILATERAL CONNECTION AGREEMENT**

**[FOR A DIRECTLY CONNECTED POWER STATION (REGO USER)]**

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**At [ \_\_\_\_\_ ]**

**Reference: [ \_\_\_\_\_ ]**

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[FOR A NON-EMBEDDED CUSTOMER SITE]

[FOR AN INTERCONNECTOR OWNER]

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- Appendix B Connection Charges**
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THIS **BILATERAL CONNECTION AGREEMENT** is made on the [ ] day of [ ] 200[ ]

## BETWEEN

- (1) **National Grid Electricity Transmission plc** a company registered in England with number 2366977 whose registered office is at 1-3 Strand, London, WC2N 5EH (**"The Company"**, which expression shall include its successors and/or permitted assigns); and
- (2) [ ] a company registered in [ ] with number [ ] whose registered office is at [ ] (**"User"**, which expression shall include its successors and/or permitted assigns)

## WHEREAS

- (A) Pursuant to the **Transmission Licence**, **The Company** is required to prepare a Connection and Use of System Code (**CUSC**) setting out the terms of the arrangements for connection to and use of the **GB Transmission System** and the provision of certain **Balancing Services**.
- (B) The **User** has applied for [Connection to] [and use of] [Modification of its existing **Connection** to [and use of]] the **GB Transmission System** and pursuant to the **Transmission Licence** **The Company** is required to offer terms in this respect.
- (C) The **User** has applied for connection [and use] in the capacity of a [ ] as set out in Paragraph 1.2.4 of the **CUSC**. The Power Station is a REGO Power Station.
- (D) **The Company** and the **User** are parties to the **CUSC Framework Agreement** (being an agreement by which the **CUSC** is made contractually binding between **CUSC Parties**).
- (E) This **Bilateral Connection Agreement** is entered into pursuant to the **CUSC** and shall be read as being governed by it.
- [(F) The parties are also on even date herewith entering into a **Construction Agreement**.]

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**NOW IT IS HEREBY AGREED** as follows:

## 1. DEFINITIONS, INTERPRETATION AND CONSTRUCTION

Unless the subject matter or context otherwise requires or is inconsistent therewith, terms and expressions defined in Section 11 of the **CUSC** have the same meanings, interpretations or constructions in this **Bilateral Connection Agreement** [and the following terms and expressions shall have the meaning set out below:-

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**“Construction Agreement”** the agreement made between the parties of even date herewith for the carrying out of construction works;

**“Charging Date”** as defined in the **Construction Agreement**;

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**“DTEC Charging Date”** as defined in the **Construction Agreement**;

**“DTEC Period”** the period between and including the **Operational Notification** and the **WCW Completion Date**;

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**“Operational Notification”** the notification issued by **The Company** pursuant to Clause 7 of the **Construction Agreement**.

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**“WCW Completion Date”** as defined in the **Construction Agreement**.

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## 2. COMMENCEMENT

This **Bilateral Connection Agreement** shall commence on [        ].

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## 3. THE CONNECTION SITE AND TRANSMISSION CONNECTION ASSETS

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The **Connection Site** and **Transmission Connection Assets** to which this **Bilateral Connection Agreement** relates is more particularly described in Appendix A.

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## 4. CONNECTION CHARGES

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The **Connection Charges** payable by the **User** in accordance with the **CUSC** in respect of the **Transmission Connection Assets** set out in Appendix A [(including the **One-Off Charge**)] are set out in Appendix B. These **Connection Charges** shall be payable by the **User** from the **earlier of the DTEC Charging Date or Charging Date**.

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## 5. USE OF SYSTEM

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5.1 The right to use the **GB Transmission System** shall commence on the issue of the **Operational Notification** by reference to **DTEC** during the **DTEC Period** (if any) and thereafter by reference to **Transmission Entry Capacity**.

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5.2 Use of System Charges shall be payable by the User from the earlier of the DTEC Charging Date or Charging Date.

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Deleted: [CUSC Implementation Date] [or] [

6. CREDIT REQUIREMENTS

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The amount to be secured by the User from [date] is set out in the Secured Amount Statement issued from time to time and as varied from time to time in accordance with Section 2 of the CUSC.

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7. CONNECTION ENTRY CAPACITY AND TRANSMISSION ENTRY CAPACITY

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7.1 The Connection Entry Capacity in relation to the Generating Units and the Connection Site and the DTEC and the Transmission Entry Capacity in relation to the Connection Site, are specified in Appendix C.

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7.2 Appendix C Part 4 will set out the BM Unit Identifiers of the BM Units registered at the Connection Site under the Balancing and Settlement Code. The User will provide The Company with the information needed to complete details of these BM Unit Identifiers as soon as practicable after the date hereof and thereafter in association with any request to modify the Transmission Entry Capacity and The Company shall prepare and issue a revised Appendix C incorporating this information. The User shall notify The Company prior to any alteration in the BM Unit Identifiers and The Company shall prepared and issue a revised Appendix C incorporating this information.

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7.3 The Company shall monitor the Users compliance with its obligation relating to DTEC and Transmission Entry Capacity against the sum of metered volumes of the BM Units set out in Part 4 of Appendix C submitted by the User for each Settlement Period.

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8. COMPLIANCE WITH SITE SPECIFIC TECHNICAL CONDITIONS

The site specific technical conditions applying to the Connection Site are set out in Appendices F1 to F5 to this Bilateral Connection Agreement as modified from time to time in accordance with Paragraph 6.9 of the CUSC.

9. TERM

Subject to the provisions for earlier termination set out in the CUSC this Bilateral Connection Agreement shall continue until the User's

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Equipment is **Disconnected** from the **GB Transmission System** at the **Connection Site** in accordance with Section 5 of the **CUSC**.

**10. VARIATIONS**

10.1.1 Subject to Clause 10.2, 10.3 and 10.4 below, no variation to this **Bilateral Connection Agreement** shall be effective unless made in writing and signed by or on behalf of both **The Company** and the **User**.

10.2 **The Company** and the **User** shall effect any amendment required to be made to this **Bilateral Connection Agreement** by the **Authority** as a result of a change in the **CUSC** or the **Transmission Licence**, an order or direction made pursuant to the **Act** or a **Licence**, or as a result of settling any of the terms hereof. The **User** hereby authorises and instructs **The Company** to make any such amendment on its behalf and undertakes not to withdraw, qualify or revoke such authority or instruction at any time.

10.3 **The Company** has the right to vary Appendices A and B in accordance with this **Bilateral Connection Agreement** and the **CUSC** including any variation necessary to enable **The Company** to charge in accordance with the **Charging Statements**, or upon any change to the **Charging Statements**.

10.4 Appendices A and B shall be varied automatically to reflect any change to the **Construction Works or Transmission Connection Assets** as provided for in the **Construction Agreement**.

**11. GENERAL PROVISIONS**

Paragraph 6.10 and Paragraphs 6.12 to 6.26 of the **CUSC** are incorporated into this **Bilateral Connection Agreement** *mutatis mutandis*.

**IN WITNESS WHEREOF** the hands of the duly authorised representatives of the parties hereto at the date first above written

SIGNED BY )  
[name] )  
for and on behalf of )  
National Grid Electricity Transmission plc )

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Any restriction or information provision (as each of those terms are defined or construed in Section 43(1) of the Restrictive Trade Practices Act 1976) contained in this **Bilateral Connection Agreement** shall not take effect or shall cease to have effect: ¶ <#>if a copy of this **Bilateral Connection Agreement** is not provided to the Department of Trade and Industry ("DTI") within 28 days of the date of this **Bilateral Connection Agreement**; or ¶ <#>if, within 28 days of the provision of that copy to the DTI, the DTI gives notice of objection to the party providing it.¶

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SIGNED BY )  
**[name]** )  
for and on behalf of )  
**[User]** )

**APPENDIX A**

**TRANSMISSION CONNECTION ASSET/CONNECTION SITE**

Company: [ ]

Connection Site: [ ]

Type: [ ]

Part 1 - Pre-Vesting Assets

<u>Allocation</u>	<u>Description</u>	<u>Age</u> (As at [ ])	<u>Year</u>
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Part 2 - Post-Vesting Assets

<u>Allocation</u>	<u>Description</u>	<u>Age</u> (As at [ ])	<u>Year</u>
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Part 3 - Energy Metering Systems (\*)

<u>Allocation</u>	<u>Description</u>	<u>Age</u> (As at [ ])	<u>Year</u>
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(\*) FMS, Energy Metering Systems - The Electronics components have a 15 year replacement period. The Non-Electronics components have a 40 year replacement period.

All the above are inclusive of civil engineering works. At double busbar type substations, ownership of main and reserve busbars follows ownership of section switches.

Diagram Reference: [ ]

Appendix Reference: [ ]

Agreement Reference: [ ]

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**APPENDIX B**

**CONNECTION CHARGES/PAYMENT**

Company: [ ]

Connection Site: [ ]

Type: [ ]

(1) Connection Charges

The Connection Charges set out below may be revised in accordance with the terms of this Bilateral Connection Agreement and/or the Construction Agreement and/or the CUSC and/or the Charging Statements

**Part 1 - Pre-Vesting Assets**

The Connection Charge for those assets extant at 31st March 1990 and specified in Appendix A Part 1 will be at an annual rate for the period [ ] to [ ] of £[ ] where

Rate of Return = [ ]%

Transmission Costs

Part A Site specific maintenance element = £[ ]  
 Part B Other transmission costs element = £[ ]

**Part 2 - Post-Vesting Assets**

The Connection Charge for those assets installed for this agreement after 31st March 1990 and specified in Appendix A Part 2 will be at an annual rate for the period [ ] to [ ] of £[ ] where

Rate of Return = [ ]%

Transmission Costs

Part A Site specific maintenance element = £[ ]  
 Part B Other transmission costs element = £[ ]

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**Part 3 - Energy Metering Systems**

For FMS, Energy Metering Systems assets, installed for this agreement as specified in Appendix A Part 3 the Connection Charge will be at an annual rate for the period from [ ] to [ ] of £[ ]

**Part 4 - Miscellaneous Charges**

The miscellaneous charge shall be £[ ] in respect of the period from [ ] to [ ] payable as an estimated indexed charge in twelve monthly instalments subject to adjustment in accordance with the terms of this Bilateral Connection Agreement and/or the CUSC and/or the Charging Statements

**Part 5 - One-off / Transmission Charges**

The transmission charge shall be £[ ] in respect of the period from [ ] to [ ] payable as an estimated indexed charge in twelve monthly instalments subject to adjustment in accordance with the terms of this Bilateral Connection Agreement and/or the CUSC and/or the Charging Statements

(2) Payment

The Connection Charges for Parts 1 to 6 shall be payable in equal monthly instalments as specified in Paragraph 6.6 of the CUSC

Appendix Reference: [ ]

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**APPENDIX C (Power Stations)**

**CONNECTION ENTRY CAPACITY, DTEC AND TRANSMISSION ENTRY CAPACITY**

Company:

Grid Supply Point/Connection Site:

**Part 1 Connection Entry Capacity**

Connection Entry Capacity (CEC) expressed as an instantaneous MW figure

	CEC(MW)
Power Station	[       ]
Generating Unit	
Genset 1	[       ]
Genset 2	[       ]
Genset 3	[       ]
Genset 4	[       ]

**Part 2 Transmission Entry Capacity**

Transmission Entry Capacity (TEC) expressed in average MW taken over a half hour settlement period

TEC(MW)	
Power Station	[       ]

**Part 3 DTEC**

DTEC expressed in average MW taken over a half hour settlement period

<u>DTEC(MW)</u>	
<u>Power Station</u>	<u>[       ]</u>

**Part 4 BM Units comprising Power Station**

T_BMU 1	(Associated with Genset 1)
T_BMU 2	(Associated with Genset 2)
T_BMU 3	(Associated with Genset 3)
T_BMU 4	(Associated with Genset 4)
T_BMU SD-1	(Station Demand)
T_BMU AD-1	(Additional Trading Site Demand)

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(Interconnector Owners)**

**CONNECTION ENTRY  
CAPACITY AND  
TRANSMISSION ENTRY  
CAPACITY**

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¶  
Company:¶  
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Connection Site:¶  
¶  
¶  
**Part 1 . Connection Entry  
Capacity**¶  
¶  
Connection Entry Capacity  
(CEC) expressed as an  
instantaneous MW figure¶  
¶  
 . . . . . CEC(MW)¶  
Interconnector . . . . . [ . ]¶  
¶  
¶  
**Part 2 . Transmission Entry  
Capacity**¶  
¶  
Transmission Entry Capacity  
(TEC) expressed in average  
MW taken over a half hour  
settlement period¶  
¶  
Interconnector . . . . . [ . ]¶  
¶  
¶  
**Part 3 . BM Units comprising  
Interconnector**¶  
¶  
All BMU's starting with an  
identifier [>\_FRA for example].  
No need to list all individual  
BMU's¶  
¶  
¶  
**Part 4 . Figure for the  
Purposes of CUSC Paragraph  
9.6**¶

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**APPENDIX FI**  
**SITE SPECIFIC TECHNICAL CONDITIONS:**  
**AGREED BALANCING SERVICES**

**APPENDIX F2**

**[NOT USED]**

**APPENDIX F3**

**SITE SPECIFIC TECHNICAL CONDITIONS:**

**SPECIAL AUTOMATIC FACILITIES**

**APPENDIX F4**

**SITE SPECIFIC TECHNICAL CONDITIONS:**

**PROTECTION AND CONTROL RELAY SETTINGS**

**FAULT CLEARANCE TIMES**

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**APPENDIX F5**

**SITE SPECIFIC TECHNICAL CONDITIONS:**

**LOAD SHEDDING FREQUENCY SENSITIVE RELAYS**

**END OF SCHEDULE 2 - EXHIBIT 1**

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