

CUSC - SECTION 1

APPLICABILITY OF SECTIONS AND RELATED AGREEMENTS STRUCTURE

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CUSC - SECTION 1

APPLICABILITY OF SECTIONS AND RELATED AGREEMENTS STRUCTURE

1.1 INTRODUCTION

- 1.1.1 The **CUSC** is divided into different sections, including sections dealing specifically with **Connection** to and **Use of System**, the provision of **Balancing Services, Interconnectors** and other sections of more general application.
- 1.1.2 Compliance with the various sections by a **User** is dependent on the nature of that **User's** connection and/or use in any given instance. A **User** may be party to the **CUSC** in a number of different categories.
- 1.1.3 This Section also deals with the requirement for a **User** to enter into **Bilateral Agreements, Construction Agreements** and **Mandatory Services Agreements**.
- 1.1.4 The **CUSC** and the proforma **Bilateral Agreements** set out as Exhibits 1, 2 and 5 of Schedule 2 are drafted to reflect the standard terms in relation to **The Company's** charges (an indicative price agreement). Where a **User** chooses to have a different charging option, where provided for in the **Charging Statements** current at the time of application for the relevant **Bilateral Agreement**, that **Bilateral Agreement** will provide for the specific terms relating to the charging option and for the relevant paragraphs of Section 2 to apply (or be disapplied) subject to those specific terms. This may lead to the areas covered by the relevant **Bilateral Agreement** being wider in certain circumstances.

1.2 APPLICABILITY

- 1.2.1 Each **User** is required to comply with the various Sections of the **CUSC** as provided for in this Section 1. Each Section may contain further detail in relation to particular categories of connection and/or use.
- 1.2.2 The different categories of connection and/or use reflect the types of utilisation which can exist. For example a **User** could have a directly connected **Power Station** and also be acting as a **Supplier**. In that case that **User** will need to comply in relation to two categories of connection and/or use, and its obligations in relation to each will differ.
- 1.2.3 Section 1, Sections 5 to 8 and 11 of the **CUSC** apply to all categories of connection and/or use, and therefore should be complied with by all **Users**, subject as specifically provided in those

Sections. Section 4 of the **CUSC** applies to **Users** who provide **Balancing Services** to **The Company**, and contains its own provisions on applicability to such **Users**.

- 1.2.4 In relation to Sections 2, 3, 9 and 15 the following table sets out the applicability of those Sections in addition to those Sections referred to in Paragraph 1.2.3:

	Categories	Applicable Sections
1.	Power Station directly connected to the GB Transmission System (including in the case of OTSDUW Build , a Power Station connected prior to the OTSUA Transfer Time by means of OTSUA)	2 and 3 and 15
2.	Non-Embedded Customer Site	2 only
3.	Distribution System directly connected to the GB Transmission System	2 only and, where a Construction Agreement is associated with Distributed Generation , 15
4.	Suppliers	3 only
5.	Embedded Power Station except those which are the subject of a BELLA	3 only and, where the subject of a BEGA , 15
6.	Small Power Station Trading Parties	3 only
7.	Interconnector User	9 Part II only
8.	Interconnector Error Administrator	9 Part II only
9.	Interconnector Owner	9 Part I only and 15
10.	Distribution Interconnector Owner	3 Only
11.	Embedded Exemptable Large Power Stations whose Boundary Point Metering System is either SMRS registered or is registered in CMRS by a User who is responsible for the Use of System Charges associated with the BM Unit registered in CMRS	None

Users, when making a **Connection Application** or **Use of System Application** (in each case in the form of the relevant exhibit),

should identify the category for which they are applying.

- 1.2.5 Each **Bilateral Agreement, Use of System Supply Confirmation Notice** or **Use of System Interconnector Confirmation Notice**, will set out the category of connection and/or use to which it relates.
- 1.2.6 Where a Paragraph states a category of connection and/or use, or type of **User**, to which that Paragraph (or part of that Paragraph) applies, the application of that Paragraph (or part of Paragraph) shall be limited to the **User** in relation to that category of connection and/or use, or type of **User**, described.
- 1.2.7 Where a Paragraph does not state a category of connection and/or use, or type of **User**, to which that Paragraph (or some part of that Paragraph) applies, that Paragraph (or part of the Paragraph) shall apply to all types of **Users** and categories of connection and/or use.
- 1.2.8 Where a Paragraph is stated “as between **The Company** and that **User**”, rights and obligations under that Paragraph shall arise only between **The Company** and each **User** individually to whom that Paragraph applies. Accordingly, no **User** shall enjoy any rights nor incur any obligations against any other **User** pursuant to the terms of any such Paragraph.
- 1.2.9 Notwithstanding any other provision of this **Code**, where a **User** owns or operates an **Exemptable Embedded Large Power Station** which is **Embedded** in part of a **Distribution System** or the **System** of any other **User** where and to the extent that such part of the system in which the **Exemptable Embedded Large Power Station** is **Embedded** is not directly or indirectly connected to the **GB Transmission System**, that **User** need not comply with paragraphs 1.3, 1.7, 6.3.6 and 6.3.7 in respect of that **Exemptable Embedded Large Power Station**.

1.3 **BILATERAL AGREEMENTS, CONSTRUCTION AGREEMENTS AND MANDATORY SERVICES AGREEMENTS**

1.3.1 Bilateral Agreements

- (a) Each **User** in respect of each category of connection and/or use with a direct connection to the **GB Transmission System** shall enter into and comply with a **Bilateral Connection Agreement** in relation to such connection and/or use as identified in Paragraph 1.3.1(d).
- (b) Each **User** in respect of each category of connection and/or use with an **Embedded Power Station** (except those which are the subject of a **BELLA**) and/or in

relation to a **Small Power Station Trading Party** and/or a **Distribution Interconnector** shall enter into and comply with a **Bilateral Embedded Generation Agreement** in relation to such use as identified in Paragraph 1.3.1(d).

- (c) Each **User** in respect of its **Embedded Exemptable Large Power Station** whose **Boundary Point Metering System** is registered in **SMRS** or is registered in **CMRS** by another **User** who is responsible for the **Use of System Charges** associated with the **BM Unit** registered in **CMRS** shall enter into and comply with a **BELLA** as identified in Paragraph 1.3.1(d).
- (d) Exhibits 1, 2 and 5 in Schedule 2 to the **CUSC** contain the forms of **Bilateral Agreements** contemplated to be entered into pursuant to this Paragraph 1.3, being:
 - (i) Exhibit 1 – **Bilateral Connection Agreement**: direct connection to the **GB Transmission System (Power Station** directly connected to the **GB Transmission System, Distribution System** directly connected to the **GB Transmission System, Non-Embedded Customer Site and/or Interconnector)**;
 - (ii) Exhibit 2 – **Bilateral Embedded Generation Agreement**: embedded use of system (**Embedded Power Station** (except those which are the subject of a **BELLA**) and/or in relation to a **Small Power Station Trading Party** and/or **Distribution Interconnector**);
 - (iii) Exhibit 5 – **BELLA**: provisions associated with such **Embedded Exemptable Large Power Stations** who have no rights and obligations under Section 3 of the **CUSC**.

1.3.2 Construction Agreements

Each **User** who wishes to construct or modify a direct connection to the **GB Transmission System** or commence or modify use by his **Embedded Power Station** or **Distribution Interconnector**, or any **Distributor** who wishes to connect a **Relevant Embedded Medium Power Station** or **Relevant Embedded Small Power Station** to his system shall enter into and comply with a **Construction Agreement** in respect of any construction works required as a result of that connection or

Modification, together with a **Bilateral Agreement** as identified in Paragraph 1.3.1 or, as appropriate, an agreement to vary such **Bilateral Agreement**. In any case under the **OTSDUW Arrangements**, paragraph 1.5 applies to such **Construction Agreement**.

1.3.3 Mandatory Services Agreements

- (a) **The Company** and each **User** if a **Generator** shall, as between **The Company** and that **User**, in respect of the **Generating Units, DC Converters** and **Power Park Modules** from which that **User** is required to provide the **Mandatory Ancillary Services** in accordance with the **Grid Code**, enter into and comply with a **Mandatory Services Agreement** where applicable in accordance with Paragraph 1.3.3(b) in a form to be agreed between **The Company** and that **User** but based substantially on the form set out in Exhibit 4 in Schedule 2 (with necessary changes to enable the operation of those provisions, and those in Section 4 and Schedule 3 where the **Generating Units, DC Converters** or **Power Park Modules** (as the case may be) are not registered as **BM Unit(s)**).
- (b) Each **User** and **The Company** shall, as between **The Company** and that **User**, not later than 6 months (or such lesser time as may be agreed) prior to the expected **Commissioning Programme Commencement Date**, have entered into a **Mandatory Services Agreement** providing for payment for **Mandatory Ancillary Services** to be supplied by the **User** to **The Company**. In the event of a **Mandatory Services Agreement** not having been entered into by the said date, either party shall be entitled to initiate the procedure for resolution of the issue as an **Other Dispute** in accordance with Paragraph 7.4 to settle the terms of the said **Mandatory Services Agreement**. **The Company** shall not **Energise** the **User's Equipment** or in the case of an **Embedded Power Station** issue an **Operational Notification** until the said **Mandatory Services Agreement** shall have been entered into by both parties.

1.3.4 General Provisions

- (a) **Bilateral Agreements** and **Construction Agreements** which are entered into between **The Company** and

Users shall be in or substantially in the relevant exhibited form of **Bilateral Agreement** and/or **Construction Agreement** unless the parties thereto agree otherwise.

- (b) Each and every **Bilateral Agreement, Mandatory Services Agreement** and **Construction Agreement** entered into by a **User** and in force from time to time shall constitute a separate agreement governed by the terms of the **CUSC** and will be read and construed accordingly. For the avoidance of doubt no **User** shall enjoy any rights nor incur any obligations against any other **User** pursuant to the terms of any **Bilateral Agreement, Mandatory Services Agreement** or **Construction Agreement**.

1.4 CONNECT AND MANAGE ARRANGEMENTS

1.4.1 Any **Offer** or **Modification Offer** made to an **Applicant** or **User** in the category of:

- (a) a **Power Station** directly connected to the **National Electricity Transmission System**; or
- (b) an **Embedded Power Station** which is the subject of a **Bilateral Embedded Generation Agreement** or a **Bilateral Embedded Licence Exemptable Large Power Station Agreement**; or
- (c) where such **Offer** or **Modification Offer** is associated with **Distributed Generation**, a **Distribution System** directly connected to the **National Electricity Transmission System**,

shall be offered on the basis of the **Connect and Manage Arrangements**.

1.4.2 Transitional Arrangements

The Company shall as soon as reasonably practical after the **Connect and Manage Implementation Date** and in any event by the end of the **Connect and Manage Transition** issue:

- (a) a revised **Offer** on the basis of the **Connect and Manage Arrangements** as regards any **Offer** issued but not accepted pursuant to the **Interim Connect and Management Arrangements**
- (b) an offer to vary each **Existing ICM Construction Agreement** such that it is in a form and on terms

consistent with a **Construction Agreement** entered into on the basis of the **Connect and Manage Arrangements**; and/or

- (c) a **Modification Offer** as regards any **Bilateral Agreement** entered into on the basis of the **Interim Connect and Manage Arrangements** which would require amendments in order to comply with the **Connect and Management Arrangements**,

in each case on terms no less advantageous than those contained in offers made or agreements entered into pursuant to the **Interim Connect and Manage Arrangements**. The **Applicant** or **User** (as appropriate) shall be entitled to accept such a proposal or continue with its existing arrangements.

1.5 OTSDUW ARRANGEMENTS

1.5.1 Any **Offer** or **Modification Offer** made to an **Applicant** in respect of a **New Connection Site** located in **Offshore Waters** shall, unless the **Applicant** indicates otherwise, be made on the assumption that the **User** (following agreement with **The Company**) will undertake **OTSDUW Build**. For the avoidance of doubt, this shall not prevent the **Applicant** and **The Company** from agreeing (prior to signing the **Construction Agreement**) that the scope of **OTSDUW** will be narrower than that set out in the **Offer** or that **OTSDUW** will not be undertaken by the **User**.

1.5.2 Provisions of the **CUSC** which apply in relation to **OTSDUW** and **OTSUA**, and/or a **Transmission Interface Site**, shall (in any particular case) apply up to the **OTSUA Transfer Time**, whereupon such provisions shall (without prejudice to any prior non-compliance) cease to apply, without prejudice to the continuing application of provisions of the **CUSC** applying in relation to the relevant **Offshore Transmission System** and/or **Connection Site**.

1.5.3 OTSUA Completion Notice

1.5.3.1 In the case of **OTSDUW Build**, **The Company** will issue the **OTSUA Completion Notice** to the **Authority** on the **OTSUA Completion Notice Trigger Date** and **The Company** shall also provide a copy of such **OTSUA Completion Notice** to the **User**.

1.5.3.2 In respect of any **OTSUA Operational** at the **OTSUA Commissioning Period Effective Date**, **The Company** will issue the **OTSUA Completion Notice** to the **Authority** as soon as practicable within 10 **Business Days** after the **OTSUA Commissioning Period Effective Date** and **The Company** shall also

provide a copy of such **OTSUA Completion Notice** to the **User**. An **OTSUA Completion Notice** issued in accordance with this paragraph 1.5.3.2 for any **OTSUA Operational at the OTSUA Commissioning Period Effective Date**, shall be issued with effect from the same date for all **OTSUA Operational at the OTSUA Commissioning Period Effective Date**.

1.5.4 Implementation

Each **Existing Offshore Agreement** shall be read and construed on and from the **OTSUA Commissioning Period Effective Date** such that:

- (a) the defined terms within it, and the effect of those defined terms, shall be deemed to have the meanings they would have had if those agreements had been entered into after the **OTSUA Commissioning Period Effective Date**; and
- (b) the relevant Clauses within each **Existing Offshore Agreement** are amended and new Clauses introduced into each **Existing Offshore Agreement** so that each **Existing Offshore Agreement** is consistent in form and content with the changes introduced in **CUSC** Schedule 2 Exhibit 1 (Bilateral Connection Agreement) and Schedule 2 Exhibit 3A (Offshore Construction Agreement) on the **OTSUA Commissioning Period Effective Date**,

and **The Company** and the **User** shall as quickly and as reasonably practicable take any steps as may be necessary to enable the **Existing Offshore Agreements** to be construed as if those agreements had been entered into after the **OTSUA Commissioning Period Effective Date**.

1.6 CATEGORIES OF USE WITHOUT BILATERAL AGREEMENTS

- 1.6.1 Three categories of use of the **GB Transmission System** do not require a **Bilateral Agreement** to be entered into as all the relevant provisions are included in the **CUSC** itself. These relate to **Suppliers, Interconnector Users** and **Interconnector Error Administrators** who in those categories of connection and/or use

have no physical presence on the system. Further provisions on this are contained in Section 3 and Section 9 Part II.

1.7 BELLA APPLICATION

- 1.7.1 A **User** in respect of its **Embedded Exemptable Large Power Station** whose **Boundary Point Metering System** is registered in **SMRS** (or who intends to so register) or in **CMRS** by a **User** who is responsible for the **Use of System Charges** associated with the **BM Unit** registered in **CMRS** (or who intends to so register), shall complete and submit to **The Company** a **BELLA Application** and comply with the terms thereof.
- 1.7.2 **The Company** shall make a **BELLA Offer** to that **User** as soon as practicable after receipt of the **BELLA Application** and (save where the **Authority** consents to a longer period) in any event not more than 3 months after receipt by **The Company** of the effective **BELLA Application**. The **BELLA Offer** shall be in the form of a **BELLA**.
- 1.7.3 The **BELLA Offer** shall remain open for acceptance for 3 months from its receipt by that **User** unless either that **User** or **The Company** makes an application to the **Authority** under Paragraph 1.7 of the **CUSC**, in which event the **BELLA Offer** shall remain open for acceptance until 14 days after any determination by the **Authority** pursuant to such application.
- 1.7.4 Upon acceptance of the **BELLA Offer** (as offered by **The Company** or determined by the **Authority**) by the **User** and execution by **The Company**, the **User's** rights and obligations pursuant thereto shall commence in accordance with its terms. Such rights and obligations shall continue until the **BELLA** is terminated.
- 1.7.5 A **User** who is required by this Paragraph 1.7 to submit a **BELLA Application** shall not energise or operate its **Embedded Exemptable Large Power Station** until it has entered into a **BELLA** with **The Company** and until **The Company** has issued the **User** with an **Operational Notification** in accordance with the terms of the **BELLA**.

1.8 AUTHORITY'S RIGHT TO DETERMINE IN RESPECT OF A BELLA

- 1.8.1 If, after a period which appears to the **Authority** to be reasonable for the purpose, **The Company** or the **User** have failed to enter into a **BELLA** in respect of the **Embedded Exemptable Large Power Station** either **The Company** or the **User** may apply to the **Authority** for the **Authority** to settle any terms of the **BELLA Offer** in dispute.
- 1.8.2 Upon such application, the **Authority**, pursuant to section 7 (3) (c) of the **Act**, may settle any terms in dispute between **The Company** and the **User** in respect of such **BELLA** in such manner as appears to the **Authority** to be reasonable having (in so far as relevant) regard in particular to the following considerations:
- (a) that the performance by **The Company** of its obligations under the **BELLA** should not cause it to be in breach of those provisions referred to at paragraph 5 of Standard Condition C8 of the **Transmission Licence**;
 - (b) that any methods by which **The Company's** transmission system is connected to any other **System** for the transmission or distribution of electricity accord (insofar as applicable to **The Company**) with the **Grid Code**, the **STC** and the **Distribution Code**;
 - (c) that the terms and conditions of the **BELLA** so settled by the **Authority** and of any other agreements entered into by **The Company** pursuant to Paragraph 1.7 should be in as similar a form as is practicable.
- 1.8.3 Where the **Authority** settles any terms in dispute, the **User** and **The Company** shall forthwith enter into the **BELLA** as settled.
- 1.8.4 If either the **User** or **The Company** proposes to vary the terms of the **BELLA** in a manner provided for under such agreement, the **Authority** may, at the request of **The Company** or the **User**, settle any dispute relating to such variation in such manner as appears to the **Authority** to be reasonable.

END OF SECTION 1

CUSC - SECTION 2

CONNECTION

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CUSC - SECTION 2

CONNECTION

2.1 INTRODUCTION

- 2.1.1 This Section deals with connection to the **National Electricity Transmission System of User's Equipment at Connection Sites** and certain related issues.
- 2.1.2 Part I of this Section 2 sets out general provisions relating to connection to the **National Electricity Transmission System**, Part II sets out provisions related to charging for connection and Part III sets out the credit requirements related to **Termination Amounts**. Section 3 which deals with **Use of System** will also be applicable in relation to a **Power Station** directly connected to the **National Electricity Transmission System**.
- 2.1.3 In the case of **OTSDUW Build**, if the **Transmission Interface Site** is **Operational** prior to the **OTSUA Transfer Time**, until the **OTSUA Transfer Time** the **User's Equipment** will be connected to the **National Electricity Transmission System** through the connection of the **OTSUA** to the **National Electricity Transmission System** at the **Transmission Interface Point**. In such case up to the **OTSUA Transfer Time** certain provisions of this Section 2 will be applied as provided for in the relevant **Bilateral Connection Agreement**. Further provisions relating to **OTSDUW Build** are dealt with in section 11.2.7.

PART I - GENERAL

2.2 BEING OPERATIONAL, CONNECTION AND ENERGISATION

2.2.1 Right to Remain Connected

Subject to the other provisions of the **CUSC**, the relevant **Bilateral Connection Agreement** and the **Grid Code**, each **User** as between **The Company** and that **User**, shall have the right for the **User's Equipment** at each of its **Connection Sites** to be and/or remain connected to the **National Electricity Transmission System** at the **Connection Site** once **Commissioned** and then for the duration of the relevant **Bilateral Connection Agreement** in relation to that **Connection Site**.

2.2.2 Rights to remain Energised and Operational

- (a) Subject to the other provisions of the **CUSC** and in particular Paragraphs 2.2.2(b) and 2.2.3, the relevant **Bilateral Connection Agreement** and the **Grid Code**,

each **User** as between **The Company** and that **User**, shall have the right for the **User's Equipment** at each of its **Connection Sites** to remain **Energised** and **Operational** once **Commissioned** for the duration of the relevant **Bilateral Connection Agreement** in relation to that **Connection Site**.

- (b) If the **User** becomes aware that the bank or insurance company issuing the **Performance Bond** or **Letter of Credit** ceases to be a **Qualified Bank** or that the company giving the **Performance Bond** ceases to be a **Qualified Company**, the **User** shall notify **The Company** in writing as soon as it becomes so aware. If **The Company** becomes aware that the bank or insurance company issuing the **Performance Bond** or **Letter of Credit** ceases to be a **Qualified Bank** or that the company giving the **Performance Bond** ceases to be a **Qualified Company**, **The Company** may notify the **User** to that effect in writing. Where the bank, insurance company or the company so ceases to be either a **Qualified Bank** or a **Qualified Company** (as the case may be) as a consequence of **The Company** having reasonable cause to doubt the continued rating of the said bank, insurance company or company, such notice shall be accompanied by a statement setting out **The Company's** reasons for having such doubt. The **User** shall within 21 days of the giving of such notice by **The Company** or the **User** whichever is the earlier provide a replacement **Performance Bond** and/or **Letter of Credit** from a **Qualified Bank** or **Qualified Company**, as the case may be, and/or provide a cash deposit in the required amount in a **Bank Account**. From the date the replacement **Performance Bond** or **Letter of Credit** or **Bank Account** cash deposit is effectively and unconditionally provided and **Valid**, **The Company** will consent in writing to the security which it replaces being released.

2.2.3 Obligation to Remain Connected

Without prejudice to its rights to make **Modifications** to the **User's Plant** (and/or **User's Equipment** as the case may be) pursuant to the **CUSC** and subject to the provisions of Paragraph 5.2.2 and the other provisions of the **CUSC**, and the **Grid Code**, each **User** as between **The Company** and that **User**, shall keep the **User's Equipment** at each of its **Connection Sites** connected to the **National Electricity Transmission System** until **Disconnection** is permitted

pursuant to the **CUSC** and the relevant **Bilateral Connection Agreement** or as otherwise agreed between the Parties.

2.2.4 Connection Entry Capacity

With respect to a particular connection to the **National Electricity Transmission System**, each **User** acting in the category of a **Power Station** directly connected to the **National Electricity Transmission System**, as between **The Company** and that **User**, shall not operate its **User's Equipment** such that any of it exceeds the **Connection Entry Capacity** specified for each **Generating Unit** or the **Connection Entry Capacity** to the **Connection Site** such figures being set out in Appendix C to the relevant **Bilateral Connection Agreement** save as expressly permitted or instructed pursuant to an **Emergency Instruction** under the **Grid Code** or save as expressly permitted or instructed pursuant to the **Fuel Security Code** or as may be necessary or expedient in accordance with **Good Industry Practice**.

2.3 EXPORT OF POWER FROM CONNECTION SITE

2.3.1 Subject to the other provisions of the **CUSC**, the relevant **Bilateral Connection Agreement** and the **Grid Code**, **The Company** shall, as between **The Company** and that **User**, accept into the **National Electricity Transmission System** at each **Connection Site** of a **User** acting in the category of **Power Station** directly connected to the **National Electricity Transmission System**, power generated by such **User** up to the **Transmission Entry Capacity** and (if any) **STTEC** and/or **LDTEC** and/or any **Temporary Received TEC** less any **Temporary Donated TEC** for the relevant **Period** as set out in Appendix C of the relevant **Bilateral Connection Agreement** except to the extent (if any) that **The Company** is prevented from doing so by transmission constraints which could not be avoided by the exercise of **Good Industry Practice** by **The Company**.

2.3.2 Subject to the other provisions of the **CUSC**, the relevant **Bilateral Connection Agreement** and the **Grid Code** a **User** acting in the capacity of a **Power Station** directly connected to the **National Electricity Transmission System** shall not export on to the **National Electricity Transmission System** power generated by such **User** in excess of the **Transmission Entry Capacity** and (if any) **STTEC** and/or **LDTEC** and/or any **Temporary Received TEC** less any **Temporary Donated TEC** for the relevant **Period** as set out in Appendix C of the relevant **Bilateral Connection Agreement** save as expressly permitted or instructed pursuant to an **Emergency Instruction** under the **Grid Code** or save as expressly permitted or instructed pursuant to the **Fuel Security**

Code or as may be necessary or expedient in accordance with **Good Industry Practice**.

2.4 IMPORT OF POWER TO CONNECTION SITE

Subject to the other provisions of the **CUSC** and in particular Paragraph 2.2.2(b), the relevant **Bilateral Connection Agreement** and the **Grid Code**, **The Company** shall as between **The Company** and that **User**, transport a supply of power to each **Connection Site** of a **User** through the **National Electricity Transmission System** up to the **Connection Site Demand Capability** except to the extent (if any) that **The Company** is prevented from doing so by transmission constraints or by insufficiency of generation which, in either case, could not have been avoided by the exercise of **Good Industry Practice** by **The Company**.

2.5 MAINTENANCE OF ASSETS

Subject to the other provisions of the **CUSC**, the relevant **Bilateral Connection Agreement**, and the **Grid Code**, **The Company** shall as between **The Company** and that **User** use all reasonable endeavours to maintain the **Transmission Connection Assets** at each **Connection Site** in the condition necessary to render the same fit for the purpose of passing power up to the value of **Connection Entry Capacity** and **Connection Site Demand Capability** as appropriate between the **User's Equipment** and the **National Electricity Transmission System**.

2.6 OUTAGES

Subject to the provisions of the **Grid Code** and the relevant **Bilateral Connection Agreement**, **The Company** and each **User** shall, as between **The Company** and that **User**, be entitled to plan and execute outages of parts of in the case of **The Company** the **National Electricity Transmission System** or **Transmission Plant** or **Transmission Apparatus** and in the case of the **User** its **System** or **Plant** or **Apparatus** at any time and from time to time.

2.7 SPECIAL AUTOMATIC FACILITIES

The Company and each **User** shall, as between **The Company** and that **User**, operate respectively the **National Electricity Transmission System** and the **User System** in accordance with the schemes set out in Appendix F3 to the relevant **Bilateral Connection Agreement**.

2.8 PROTECTION AND CONTROL RELAY SETTINGS/FAULT CLEARANCE TIMES

The Company and each **User** shall, as between **The Company** and that **User**, record the respective protection and control relay settings and fault clearance times to be operated by each of them in documents in the format set out in Appendix F4 to the relevant **Bilateral Connection Agreement** and shall operate them accordingly.

2.9 OTHER SITE SPECIFIC TECHNICAL CONDITIONS

2.9.1 Each **User** shall, as between **The Company** and that **User**, ensure that in the case of a **Connection Site Commissioned** prior to the **Transfer Date**, on the **Transfer Date**, and in the case of a **Connection Site Commissioned** after the **Transfer Date** on the **Completion Date(s)**, the **User's Equipment** complies with the site specific technical conditions set out in Appendix F5 to the relevant **Bilateral Connection Agreement**.

2.9.2 Each **User** shall, as between **The Company** and that **User**, use all reasonable endeavours to ensure during the period in which it is a party to a particular **Bilateral Connection Agreement** that the **User's Equipment** which is subject to that **Bilateral Connection Agreement** shall continue to comply with the site-specific technical conditions set out in Appendix F5 to that **Bilateral Connection Agreement**.

2.9.3 If a **User** or **The Company** wishes to modify, alter or otherwise change the site specific technical conditions relating to a **Connection Site** or the manner of their operation:

(a) under Appendix F4 to the relevant **Bilateral Connection Agreement** it may do so upon obtaining the agreement of the other party such agreement not to be unreasonably withheld;

(b) under Appendices F1, F3 or F5 to the relevant **Bilateral Connection Agreement** it shall be deemed to be a **Modification** for the purposes of the **CUSC**.

2.9.4 Where, in the case of a **Connection Site Commissioned** in England and Wales prior to the **Transfer Date**, on or immediately prior to the **Transfer Date** a **User's Equipment** subject to a particular **Bilateral Connection Agreement** has any of the following technical attributes or facilities:

(a) circuit breaker fail protection

(b) pole slipping protection

(c) fault disconnection facilities

- (d) automatic switching equipment
- (e) control arrangements
- (f) voltage and current signals for system monitoring
- (g) control telephony
- (h) operational metering,

the **User** shall, as between **The Company** and that **User**, use all reasonable endeavours to ensure that during the period of such **Bilateral Connection Agreement** the **User's Equipment** which is subject to that **Bilateral Connection Agreement** retains such technical attributes or facilities provided always that if the **User** wishes to modify alter or otherwise change the same or their operation it may do so by following the procedures relating to a **Modification** in accordance with the **CUSC**.

2.10 SAFETY RULES

Safety Rules

- 2.10.1 In relation to a **Connection Site** in England and Wales **The Company** and each **User** will each supply to the other and in relation to a **Connection Site** in Scotland or **Offshore The Company** shall procure that the **Relevant Transmission Licensee** supplies to the **User** a copy of their **Safety Rules** current from time to time, including any site-specific **Safety Rules**, and also a copy of the **Local Safety Instructions** applicable at each **Connection Site** from time to time.
- 2.10.2 In relation to a **Connection Site** in Scotland or **Offshore** each **User** will supply to the **Relevant Transmission Licensee** a copy of their **Safety Rules** current from time to time, including any site-specific **Safety Rules**, and also a copy of the **Local Safety Instructions** applicable at each **Connection Site** from time to time.

2.11 INTERFACE AGREEMENT

- 2.11.1 In relation to **Connection Sites** and **New Connection Site(s)** in England and Wales **The Company** and each **User** undertake to enter into an **Interface Agreement** with each other and in relation to **Connection Sites** and **New Connection Sites(s)** in Scotland or **Offshore The Company** shall procure that the **Relevant Transmission Licensee** shall enter into an **Interface**

Agreement with a **User** in either case in a form to be agreed between them but based substantially on the forms set out in Exhibit O to the **CUSC** as appropriate where such **Interface Agreement(s)** is/are required pursuant to the applicable **Bilateral Connection Agreement** or otherwise.

2.11.2 In relation to **Connection Sites** and **New Connection Site(s)** in Scotland or **Offshore** the **User** undertakes to enter into an **Interface Agreement** with the **Relevant Transmission Licensee** in a form to be agreed between them but based substantially on the forms set out in Exhibit O to the **CUSC** as appropriate where such **Interface Agreement(s)** is/are required pursuant to the applicable **Bilateral Connection Agreement** or otherwise.

2.12 PRINCIPLES OF OWNERSHIP

2.12.1 Subject to the **Transfer Scheme** or any contrary agreement in any **Bilateral Agreement** or any other agreement the division of ownership of **Plant** and **Apparatus** shall be at the electrical boundary, such boundary to be determined in accordance with the following principles:

In the case of air insulated switchgear:

- (a) in relation to **Plant** and **Apparatus** located between the **National Electricity Transmission System** and a **Power Station**, the electrical boundary is at the busbar clamp on the busbar side of the busbar isolators on **Generators** and **Power Station** transformer circuits;
- (b) save as specified in Paragraph 2.12.1(c) below, in relation to **Plant** and **Apparatus** located between the **National Electricity Transmission System** and a **Distribution System**, the electrical boundary is at the busbar clamp on the busbar side of the **Distribution System** voltage busbar selector isolator(s) of the **National Electricity Transmission System** circuit or if a conventional busbar does not exist, an equivalent isolator. If no isolator exists an agreed bolted connection at or adjacent to the tee point shall be deemed to be an isolator for these purposes;
- (c) in relation to **Transmission Plant** and **Transmission Apparatus** located between the **National Electricity Transmission System** and a **Distribution System** but designed for a voltage of 132KV or below in England and Wales and below 132kV in Scotland, the electrical

boundary is at the busbar clamp on the busbar side of the busbar selector isolator on the **Distribution System** circuit or, if a conventional busbar does not exist, an equivalent isolator. If no isolator exists, an agreed bolted connection at or adjacent to the tee point shall be deemed to be an isolator for these purposes;

- (d) in relation to **Plant** and **Apparatus** located between the **National Electricity Transmission System** and the system of a **Non-Embedded Customer**, the electrical boundary is at the clamp on the circuit breaker side of the cable disconnections at the **Non-Embedded Customer's** sub-station; and

In the case of metal enclosed switchgear, that is not **Gas Insulated Switchgear**:

- (e) the electrical boundary will be the equivalent of those specified in this Paragraph 2.12.1 save that for rack out switchgear, the electrical boundary will be at the busbar shutters.

In the case of **Gas Insulated Switchgear**:

- (f) the electrical boundary will be the equivalent of those specified in this Paragraph 2.12.1 save that the electrical boundary will be at:
 - (i) the first component on the outside of the **Gas Insulated Switchgear Circuit Breaker** gas zone on the **User's** side of that gas zone or, where a circuit disconnecter is fitted, the first component on the outside of the **Gas Insulated Switchgear** circuit disconnecter gas zone, on the **User's** side of that gas zone; or
 - (ii) the first gas zone separator on the busbar side of the busbar selection devices, and in such case the busbar selection devices' gas zone may contain a single section of the busbar

as agreed between **The Company** and the **User** and a diagram showing these electrical boundaries is attached at Schedule 1 to this Section 2.

2.12.2 If a **User** wants to use transformers of specialised design for unusual load characteristics at the electrical boundary, these shall not be owned by the **User** and shall form part of the **National**

Electricity Transmission System but the **User** shall pay **The Company** for the proper and reasonable additional cost thereof as identified by **The Company** in the **Offer** covering such transformers. In this Paragraph 2.12.2 “unusual load characteristics” means loads which have characteristics which are significantly different from those of the normal range of domestic, commercial and industrial loads (including loads which vary considerably in duration or magnitude).

2.12.3 For the avoidance of doubt nothing in this Paragraph 2.12 shall effect any transfer of ownership in any **Plant** or **Apparatus**.

2.13 NEW CONNECTION SITES

2.13.1 If a **User** wishes to connect a **New Connection Site** it shall complete and submit to **The Company** a **Connection Application** and comply with the terms thereof.

2.13.2 Without prejudice to Standard Condition C8 of the **Transmission Licence** **The Company** shall make a **Connection Offer** to that **User** as soon as practicable after receipt of the **Connection Application** and (save where the **Authority** consents to a longer period) in any event not more than 3 months after receipt by **The Company** of the **Connection Application**.

2.13.3 The **Connection Offer** and any offer to vary referred to in paragraph 2.13.9 shall remain open for acceptance for 3 months from its receipt by that **User** unless either that **User** or **The Company** makes an application to the **Authority** under Standard Condition C9 of the **Transmission Licence**, in which event the **Connection Offer** shall remain open for acceptance until the date 14 days after any determination by the **Authority** pursuant to such application.

2.13.4 If the **Connection Offer** is accepted by that **User** the connection shall proceed according to the terms of the **CUSC** and the relevant **Bilateral Connection Agreement** and **Construction Agreement** entered into consequent upon acceptance of the **Offer**.

2.13.5 Prior to so proceeding a person who is not already a party to the **CUSC Framework Agreement** must become a party to the **CUSC Framework Agreement**.

2.13.6 Certain provisions relating to **New Connection Sites** and **Transmission Interface Sites** are dealt with in Section 6. This is due to their inter-relationship with the provisions on **Modifications**.

2.13.7 In the event that the **User** requests a **Connection Offer** in respect of a **Connection Site** located **Onshore** on the basis of a **Design Variation** then:

- (i) **The Company** shall only be obliged to provide such an offer in so far as such an offer satisfies the conditions detailed in Chapter 2 of the **NETS SQSS**; and
- (ii) **The Company** shall be obliged, at the request of the **User** as part of the **Connection Offer**, to provide such information that the **User** may reasonably require in order to assess the probability of **Notification of Restrictions on Availability** being issued. For the avoidance of doubt, the information that is provided by **The Company** under this clause shall be a best estimate only and is not legally binding.

2.13.8 In the case of **New Connection Sites** located in **Offshore Waters** the **Connection Offer** will identify the **Onshore Construction Works**. These will be based on assumptions about the **Offshore Construction Works** and these assumptions will be set out in the **Construction Agreement**. Where the **Connection Offer** is not made on the basis of the **OTSDUW Arrangements**, the **Offshore Construction Works** will not themselves be identified at that time. Where the **Connection Offer** is made on the basis of the **OTSDUW Arrangements**, the **Connection Offer** will identify initial **Offshore Transmission System Development User Works** as being the **OTSDUW Build** required to provide a connection between the **User's Equipment** and the **Onshore Transmission System** at the **Transmission Interface Point** as set out in the assumptions.

2.13.9 In the case of **New Connection Sites** located in **Offshore Waters**, where a **Connection Offer** is not made on the basis of the **OTSDUW Arrangements** the **Bilateral Connection Agreement** and **Construction Agreement** for such **New Connection Site** will contain provisions specifically allowing them to be varied to reflect both the **Offshore Construction Works** and any changes necessary to the **Onshore Construction Works** once they have been identified and changes to the **Construction Programme** consequent on any delay in the appointment of the **Offshore Transmission Owner** from the date assumed in the relevant **Construction Agreement**.

2.13.10 In the case of **New Connection Sites** located in **Offshore Waters**, where a **Construction Agreement** is entered into on the basis of the **OTSDUW Arrangements**, the **Construction Agreement** for such **New Connection Site** will reflect the extent and scope of the **Onshore Construction Works**, the **Offshore Construction Works** and the **Offshore Transmission System**

Development User Works as agreed between **The Company** and the **User** reflecting any changes in the assumptions referred to in paragraph 2.13.8 as agreed between **The Company** and the **User** prior to acceptance of the **Connection Offer**. The **Construction Agreement** may contain continuing assumptions and provisions allowing for its variation upon changes in such continuing assumptions.

2.13.11 In the case of a **New Connection Site** located in **Offshore Waters**:

- (a) **The Company** will include **Offshore Restrictions on Availability** in any **Offer** made for **New Connection Sites** located in **Offshore Waters** which meet the **Offshore Standard Design or Design Variation** but not where the design is of a standard equivalent to or higher than the deterministic criteria detailed in Paragraphs 2.5 to 2.13 of the **NETS SQSS**. The **Bilateral Connection Agreement** will specify the circumstances of **Offshore Restrictions on Availability** during which access to the **National Electricity Transmission System** will be restricted; and
- (b) In the event that the **User** requests a **Connection Offer** on the basis of a **Design Variation** then:
 - (i) **The Company** shall only be obliged to provide such an offer in so far as such an offer satisfies the conditions detailed in Chapter 7 of the **NETS SQSS**; and
 - (ii) **The Company** shall be obliged, at the request of the **User** as part of the **Connection Offer**, to provide such information that the **User** may reasonably require in order to assess the probability of **Notification of Restrictions on Availability** being issued. For the avoidance of doubt, the information that is provided by **The Company** under this clause shall be a best estimate only and is not legally binding.

2.13.12. In the case of a **New Connection Site** located in **Offshore Waters** and which is connected or to be connected to an **ET Offshore Transmission System**, **The Company** will include **ET Restrictions on Availability** in any **Offer** made and the **Bilateral Connection Agreement** will provide for access to the **National Electricity Transmission System** to be restricted during the **ET Restrictions on Availability**.

2.13.13 In the case where a **User** undertakes **OTSDUW Build** in respect of an **ET Offshore Transmission System**, the principles and intent of the **OTSUA Commissioning Period** will be applied to **OTSUA** connected to an **ET Offshore Transmission System** in a manner consistent with **OTSUA** connected at a **Transmission Interface Site**.

PART II - CONNECTION CHARGES

2.14 CONNECTION CHARGES

2.14.1 Introduction

Subject to the provisions of the **CUSC**, and the relevant **Bilateral Connection Agreement**, each **User** shall, as between **The Company** and that **User**, with effect from the relevant date set out in the relevant **Bilateral Connection Agreement**, be liable to pay to **The Company** the **Connection Charges** calculated and applied in accordance with the **Statement of the Connection Charging Methodology** and as set out in the relevant **Bilateral Connection Agreement**. The **User** shall make those payments in accordance with the provisions of the **CUSC**. **The Company** shall apply and calculate the **Connection Charges** in accordance with the **Statement of the Connection Charging Methodology**.

2.14.2 Security

The **User** shall provide **The Company** with **Security Cover** in respect of **Termination Amounts** in respect of the **Transmission Connection Assets** commissioned after the **Transfer Date** in accordance with the provisions of Part III of this Section 2.

2.14.3 Connection Charges - Outturn Reconciliation

- (a) The following provisions relate to the ability for invoices to be issued for **Connection Charges** based on an estimate of the cost of **Transmission Connection Asset Works**, and for a reconciliation once those costs are known.
- (b) **The Company** shall be entitled to invoice each **User** for **Connection Charges** payable in accordance with the **CUSC** in respect of any **Plant** and **Apparatus** installed as part of the **Transmission Connection Asset Works** on the basis set out in the **Statement of the Connection Charging Methodology**, until the final cost of carrying out the said **Transmission Connection Asset Works** shall have been determined.
- (c) As soon as practicable after the **Completion Date** and in any event within one year (or such later period as **The Company** and the relevant **User** shall agree) thereof. **The Company** shall, as between **The Company** and that **User**, provide to the **User** a written statement specifying the **Connection Charges** calculated in accordance with the **Charging**

Statements based on the cost of carrying out the **Transmission Connection Asset Works** (the “**Cost Statement**”). **The Company** shall be entitled to revise Appendix B to the relevant **Bilateral Connection Agreement** accordingly.

- (d) In the event that the **Connection Charges** specified in the **Cost Statement** are greater than the amount paid by the **User** based on **The Company’s** estimate under Paragraph 2.14.3(b), the **User** shall pay to **The Company** the difference between the two amounts plus interest on a daily basis from the date of payment by the **User** of the amounts calculated on **The Company’s** estimate to the date of payment by the **User** of the difference at the **Base Rate**. In the event that the **Connection Charges** specified in the **Cost Statement** are less than the amount paid by the **User** based on **The Company’s** estimate, **The Company** shall pay to the **User** the difference between the two amounts plus interest on a daily basis from the date of payment by the **User** of the amounts calculated on **The Company’s** estimate to the date of repayment by **The Company** at the **Base Rate**. Such payment of reconciliation shall be made by one party to the other within 28 (twenty eight) days of the **Cost Statement**.

2.14.4 Connection Charges - One-off Charges

- (a) The following provisions relate to the payment for certain **One-off Works**, which arise in relation to the construction of a **Connection Site**.
- (b) Each **User** shall forthwith on the relevant date set out in the relevant **Bilateral Connection Agreement** be liable to pay to **The Company** the **One-off Charge** (if any) as set out in the relevant **Bilateral Connection Agreement**.
- (c) **The Company** shall invoice the **User** for an amount equal to **The Company’s** estimate of the **One-off Charge** before, on or after the relevant date set out in the relevant **Bilateral Connection Agreement** and the **User** shall pay to **The Company** the amount stated in **The Company** invoice at the later of such relevant date or 28 (twenty eight) days after the date of the said invoice.
- (d) As soon as practicable thereafter **The Company** shall provide the **User** with a statement of the **One-off Charge**. In the event of the amount specified in the

statement being more than the amount paid by the **User** to **The Company** in terms of Paragraph 2.14.4(c), the **User** shall pay to **The Company** the difference plus interest on a daily basis from the date of the invoice under Paragraph 2.14.4(c) to the date of invoice for the difference at the **Base Rate** from time to time within 28 days (twenty eight) days of the date of **The Company's** invoice. In the event of the amount specified in the statement being less than the amount paid by the **User** under the terms of Paragraph 2.14.4(c), **The Company** shall forthwith pay to the **User** an amount equal to the difference plus interest calculated on a daily basis at the **Base Rate** from the date of payment by the **User** under Paragraph 2.14.4(c) to the date on which the difference is repaid by **The Company**.

2.14.5 Connection Charges – Site Specific Maintenance Charge

- (a) **The Company** shall be entitled to invoice each **User** for the indicative **Site Specific Maintenance Charge** in each **Financial Year** as set out in the **Statement of the Connection Charging Methodology**.
- (b) As soon as reasonably practicable and in any event by 31 July in each **Financial Year** **The Company** shall:
 - (i) in accordance with the **Statement of the Connection Charging Methodology** calculate the actual **Site Specific Maintenance Charge** that would have been payable by the **User** during the preceding **Financial Year** (the "**Actual Charge**") and compare this with the indicative **Site specific Maintenance Charge** received from the **User** during the preceding **Financial Year** (the "**Notional Charge**") and
 - (ii) prepare and send to the **User** a **Maintenance Reconciliation Statement** specifying the **Actual Charge** and the **Notional Charge** for the preceding **Financial Year**.
- (c) Two months after the date of issue of the **Maintenance Reconciliation Statement** and in any event by 30 September **The Company** shall issue a credit note in relation to any sums shown by the **Maintenance Reconciliation Statement** to be due to the **User** or an invoice in respect of sums due to **The Company** (such invoice to be payable within 30 days of the date of the invoice) and in each case interest thereon calculated pursuant to Paragraph 2.14.5(d) below.

- (d) Interest on all amounts due under this Paragraph 2.14.5 shall be payable by the paying **CUSC Party** to the other on such amounts from the date of payment applicable to the month concerned until the date of invoice for such amounts and such interest shall be calculated on a daily basis at a rate equal to the **Base Rate** during such period.
- 2.14.6 The **Connection Charges** shall be paid as specified in paragraph 6.6.1(a) and shall be treated as a recurrent monthly payment.
- 2.14.7 The **User** shall be liable to pay **The Company Termination Amounts** in the event of the termination of the **User's Bilateral Connection Agreement** (or in the case of Paragraph 5.3.4 **Disconnection** of the **User's Equipment**) in accordance with Section 5 of the **CUSC**.
- 2.14.8 The **Connection Charges** in the **Financial Year** in which the relevant date for charging set out in the relevant **Bilateral Connection Agreement** occurs shall be apportioned as follows:-

For each complete calendar month from that date to the end of the **Financial Year** in which the date occurs the **User** shall be liable to pay one twelfth of the **Connection Charges** and for each part of a calendar month the **User** shall be liable to pay to **The Company** one twelfth of the **Connection Charges** prorated by a factor determined by the number of days for which the **User** is liable divided by the total number of days in such calendar month.

2.15 REVISION OF CHARGES

- 2.15.1 Pursuant to the **Transmission Licence** and/or the **CUSC** and/or the **Charging Statements** and/or the **Bilateral Agreements**, **The Company** may revise its **Connection Charges** or the basis of their calculation including issuing revisions to Appendices A and B of the **Bilateral Connection Agreements**.

- 2.15.2 Subject to Paragraph 2.15.3 below, **The Company** shall give the **User** not less than 2 months prior written notice of any revised charges, including revisions to Appendices A and B of the **Bilateral Connection Agreements**, which notice shall specify the date upon which such revisions become effective (which may be at any time). The **User** shall pay any such revised charges and Appendix A and B shall be amended automatically (and a copy sent to the **User**) to reflect any changes to such Appendices with effect from the date specified in such notice.
- 2.15.3 Where in accordance with the **Transmission Licence**, the **Authority** requires a shorter period than 2 months for the implementation of revised charges, the notice period will be determined by the **Authority**. Where **The Company** and the **User** agree a shorter period than 2 months for the implementation of revised charges, the notice period will be as agreed between the parties. The notice of revisions issued by **The Company** will specify when the new charges are effective and the **User** shall pay any such revised charges and Appendix A and B shall be amended automatically with effect from the date specified in such notice;
- 2.15.4 Subject to the provisions of Paragraph 2.17 (Replacement of Transmission Connection Assets) below, if in the reasonable opinion of **The Company** any development, replacement, renovation, alteration, construction or other work to the **National Electricity Transmission System** or termination of a **Bilateral Agreement** or use of the **National Electricity Transmission System** by another **User** or an alteration to the requirements of the **User** or any other **User** means that to ensure that **The Company** is charging in accordance with the provisions of the **Charging Statements** pursuant to Standard Conditions C4 and C6 of the **Transmission Licence** **The Company** needs to vary the **Connection Charges** payable by a **User** in relation to any of its **Connection Sites** then **The Company** shall have the right to vary such charges accordingly upon giving to the **User** not less than 2 months prior written notice. Following any such variation the provisions of Appendices A and B shall be amended automatically (and a copy sent to the **User**) to reflect such variation with effect from the date such variation comes into effect.

2.16 DATA REQUIREMENTS

- 2.16.1 On or before the end of the second week of December in each **Financial Year**, each **User** shall supply **The Company** with such data as **The Company** may from time to time reasonably request pursuant to the **Charging Statements** to enable **The Company** to calculate the **Connection Charges** due from the **User** to **The**

Company in respect of the **Connection Site** including the data specified in the **Charging Statements**.

2.16.2 Where the relevant date for charging set out in the relevant **Bilateral Connection Agreement** in relation to **Connection** falls during a **Financial Year** the **User** shall on the date specified in writing by **The Company** to the **User** supply to **The Company** such data in respect of the **Financial Year** in which the charging date falls and the following **Financial Year** which it would otherwise have supplied and **The Company** would otherwise have requested in accordance with Paragraph 2.16.1, in accordance with the terms of the **Charging Statements**.

2.17 REPLACEMENT OF TRANSMISSION CONNECTION ASSETS

2.17.1 **The Company** will provide information to each **User** on an ongoing basis with regards to its long term intentions and any programme for the replacement of any **Transmission Connection Assets** at a **Connection Site**.

2.17.2 Where in **The Company's** reasonable opinion to enable **The Company** to comply with its statutory and licence duties and/or to enable any **Relevant Transmission Licensee** to comply with its statutory and licence duties it is necessary to replace a **Transmission Connection Asset** **The Company** shall give written notice of this (a "**Replacement Notice**") such notice to be given (subject to Paragraph 2.17.7) as soon as practicable.

2.17.3 Following the issue of the **Replacement Notice** **The Company** shall provide an explanation of the economic and engineering reasons to asset replace and the parties shall meet as soon as practicable to consider options, programme and costs associated with the replacement.

2.17.4 **The Company** shall make an offer to the **User(s)** (subject to Paragraph 2.17.7) no earlier than 6 months after the date of the **Replacement Notice** detailing the variations it proposes to make to Appendices A and B of and any other changes required to the **Bilateral Connection Agreement** and if appropriate enclosing a **Construction Agreement** in respect of the replacement of the **Transmission Connection Assets**.

2.17.5 If after a period of 3 months from receipt of the offer or such longer period as the parties might agree the **User(s)** and **The Company** have failed to reach agreement on the offer then either party may make an application to the **Authority** under Standard Condition C9 of the **Transmission Licence** to settle any dispute about the replacement of the **Transmission Connection Assets**.

- 2.17.6 Subject to Paragraph 2.17.7, **The Company** shall not replace the **Transmission Connection Assets** until the offer has been accepted by the **User(s)** or until the determination of the **Authority** if an application to the **Authority** has been made.
- 2.17.7 **The Company** shall take all reasonable steps to avoid exercising its rights pursuant to this Paragraph but in the event that **The Company** has reasonable grounds to believe, given its licence and statutory duties or the statutory and licence duties of a **Relevant Transmission Licensee** that a **Transmission Connection Asset** should be replaced prior to or during the process outlined above then **The Company** shall consult with the **User(s)** as far as reasonably practicable and shall be entitled to replace such **Transmission Connection Asset** and shall advise the **User(s)** of this and as soon as practicable make an offer for such replacement which can be accepted or referred in accordance with Paragraph 2.17.5 above.
- 2.17.8 Subject to Paragraph 2.17.9 **Connection Charges** shall be payable in respect of such replaced **Transmission Connection Assets** in accordance with the **Statement of the Connection Charging Methodology** and **The Company** shall give the **User(s)** not less than 2 months prior written notice of such varied charges and specify the date upon which such charges become effective. **The Company** shall be entitled to invoice the **Connection Charges** based on an estimate of the cost and the provisions of Paragraphs 2.14.3 and 2.14.4 shall apply.
- 2.17.9 Where **Transmission Connection Assets** have been replaced pursuant to Paragraph 2.17.7 **The Company** shall not be entitled to vary the **Connection Charges** until the offer has been accepted or the matter has been determined by the **Authority** and until such time the **User(s)** shall continue to pay **Connection Charges** as if the **Transmission Connection Assets** had not been replaced. If the matter is determined in **The Company's** favour then **The Company** shall be entitled to issue a revised Appendices A and B and the **User(s)** shall pay to **The Company** the difference between the two amounts plus interest at **Base Rate** on a daily basis from completion of the replacement to the date of payment by the **User(s)**. If the matter is not determined in **The Company's** favour **Connection Charges** shall be payable as directed by the **Authority**.

2.18 TERMINATION AMOUNTS - RE-USE

- 2.18.1 The obligation on the **User** to pay **Termination Amounts** is contained in Paragraph 2.14.7 and Section 5. Further provisions relating to **Termination Amounts**, including calculation of **Termination Amounts**, are dealt with in the **Statement of the**

Connection Charging Methodology. The following parts of this Paragraph 2.18 deal with issues relating to re-use of **Transmission Connection Assets** in respect of which **Termination Amounts** have been paid.

- 2.18.2 **The Company** shall use its reasonable endeavours to re-use **Transmission Connection Assets** where **Termination Amounts** have been paid on the basis set in **the Statement of the Connection Charging Methodology**. Subject to Paragraph 2.18.4, in the event that a **Termination Amount** is paid in respect of **Transmission Connection Assets** and subsequently such **Transmission Connection Assets** in respect of which a payment has been made are re-used in the **National Electricity Transmission System** then **The Company** shall pay to the **User** a sum calculated in accordance with the **Statement of the Connection Charging Methodology**.
- 2.18.3 Re-use shall not occur where any **Transmission Connection Asset** remains connected for the purpose of providing a continuing connection for other **Users** connected to the **National Electricity Transmission System** at the **Connection Site** at the date of termination. However in the event of any **User** requiring a continued connection modifying its requirements or another **User** connecting at the **Connection Site** and the **Transmission Connection Assets** in respect of which a payment has been made are required for this modification this shall constitute re-use.
- 2.18.4 **The Company** shall be under no obligation to rebate any of the **Termination Amounts** relating to the re-use of assets as set out in the **Statement of the Connection Charging Methodology** except to the extent that **Connection** and/or **Transmission Network Use of System Charges** are subsequently received in respect of **Transmission Connection Assets** in relation to which such **Termination Amounts** have been paid to **The Company** during the **Financial Year** in which termination has occurred.
- 2.18.5 Upon request in writing, and at the cost of the **User**, **The Company** shall issue a certificate no more frequently than once each calendar year indicating whether or not such assets have or have not been re-used. If **The Company** at any time decides that it is not economic to retain any **Plant** and **Apparatus** constituting any **Transmission Connection Asset** in respect of which **Termination Amounts** have been paid it may at its reasonable discretion dispose of the said **Plant** and **Apparatus** and pay the **User** any sums due in accordance with the **Statement of the Connection Charging Methodology**.

PART III - CREDIT REQUIREMENTS

2.19 SECURITY FOR TERMINATION AMOUNTS

2.19.1 Where a **User** has a connection to the **National Electricity Transmission System** it shall provide security for **Termination Amounts** for **Transmission Connection Assets Commissioned** after the **Transfer Date** in accordance with this Paragraph 2.19. For the avoidance of doubt references to **Termination Amounts** in this Part III only relate to **Termination Amounts** payable in respect of such **Transmission Connection Assets**.

2.19.2 Each **User** which has a connection to the **National Electricity Transmission System** shall provide security in respect of each of its **Bilateral Connection Agreement(s)**:-

- (a) in the case of a **User** which meets **The Company Credit Rating** at the date of the **Bilateral Connection Agreement**, in accordance with Paragraph 2.20; and
- (b) in the case of a **User** which does not meet **The Company Credit Rating** at the date of the **Bilateral Connection Agreement** or thereafter ceases to meet it, in accordance with Paragraph 2.21.

2.20 PROVISION OF SECURITY FOR TERMINATION AMOUNTS WHERE USER MEETS CREDIT RATING

2.20.1 Each **User** shall, as soon as possible after entering into a **Bilateral Connection Agreement** and in any event no later than one (1) month after such date, confirm to **The Company** the position on whether it meets **The Company Credit Rating** of which it advised **The Company** at the time that the offer was made by **The Company**. Thereafter not less than 75 days before 1 April and 1 October in each year the **User** shall confirm its **The Company Credit Rating** position to **The Company** (which in the case of a long term private credit rating shall be confirmed by Standard and Poor's or Moody's within a period of 45 days prior to the date of confirmation). The **User** shall inform **The Company** in writing forthwith if it becomes aware of losing its **The Company Credit Rating** or if it is or is likely to be put on credit watch or any similar credit surveillance procedure which may give **The Company** reasonable cause to believe that the **User** may not be able to sustain its **The Company Credit Rating** for at least 6 months.

2.20.2 In the event that the **User** has elected to provide **The Company** with an indicative credit rating and **The Company** is of the reasonable opinion that the **User** has ceased to comply with the requirements of Paragraph 2.20.1 then **The Company** may require the **User** forthwith:-

- (a) to apply to Standards and Poor's and/or Moody's for a further indicative long term private credit rating; or
- (b) to confirm to **The Company** that it shall provide the security referred to in Paragraph 2.20.4 hereof.

2.20.3 In the event of the **User**:-

- (a) not having an **The Company Credit Rating**; or
- (b) having a credit rating below **The Company Credit Rating**; or
- (c) not having obtained from Standard and Poor's or Moody's within 30 days of the written notification under Paragraph 2.20.2 above an indicative long term private credit rating,

or if **The Company** becomes aware that

- (i) the **User** ceases to have an **The Company Credit Rating**; or
- (ii) the **User** is put on credit watch or other similar credit surveillance procedure as specified above which may give **The Company** reasonable cause to believe that the **User** may not be able to maintain an **The Company Credit Rating** for at least 6 months; or
- (iii) the **User** has not obtained from Standard and Poor's or Moody's within 30 days of the written notification by **The Company** under Paragraph 2.20.2 above a further indicative long term private credit rating,

the **User** shall (where appropriate on receipt of written notification from **The Company**) comply with the terms of Paragraph 2.20.4.

2.20.4 The **User** shall within 21 days of the giving of a notice under Paragraph 2.20.3 or within 30 days of the **User** confirming to **The Company** under Paragraph 2.20.2 that it will provide the security specified in Paragraph 2.22.1 (whichever is the earlier), provide **The Company** with the security specified below to cover the **User's** payment obligations to **The Company** arising in the event of termination of the relevant **Bilateral Connection Agreement**. The security to be provided shall be in an amount not greater than such sums payable on termination and specified in writing by **The Company** to the **User** from time to time in accordance with the timescales specified in Paragraph 2.21.2. Such security shall be of a type set out in 2.22.1.

- 2.20.5 Until the facts or circumstances giving rise to the obligations of the **User** to provide the security have ceased then the provisions of Paragraphs 2.21.2 to 2.22.2 shall apply.
- 2.20.6 In the event of **The Company's** credit requirements being reviewed at any time **The Company** shall advise the **User** in writing of the new credit requirements and if acceptable to the **User** the security arrangements will be amended accordingly.
- 2.20.7 In the event that the facts or circumstances giving rise to the obligations of the **User** to provide the security have ceased, then **The Company** shall release the security.

2.21 PROVISION OF SECURITY FOR TERMINATION AMOUNTS WHERE USER DOES NOT MEET CREDIT RATING

2.21.1 Each **User** hereby agrees that it shall at the date of the relevant **Bilateral Connection Agreement** provide to **The Company** or procure the provision to **The Company** of, and the **User** shall at all times thereafter (unless and until the **Bilateral Connection Agreement** shall be terminated and all sums due or which will or might fall due in respect of which security is to be provided shall have been paid) maintain or procure that there is maintained in full force and effect (including by renewal or replacement), a security arrangement of a type specified in Paragraph 2.22.1 from time to time and for the time being to provide security for the **User's** obligation to pay **The Company Termination Amounts** on termination of a **Bilateral Agreement**, in accordance with Paragraph 2.21.2.

2.21.2 Provision of Bi-annual Estimate and Secured Amount Statement

- (a) **The Company** shall provide to each relevant **User** a **Bi-annual Estimate** showing the amounts of all payments required or which may be required to be made by the **User** to **The Company** in respect of **Termination Amounts** at the following times and in respect of the following periods:-
- (i) forthwith on and with effect from the date required in accordance with Paragraph 2.20.4 in respect of the period from and including such date until the next following 31st March or 30th September (whichever shall first occur); and
- (ii) not less than 75 (seventy five) days (or if such day is not a **Business Day** the next following **Business Day**) prior to each 31st March and 30th September thereafter in respect of the period of

six calendar months commencing on the immediately following 1st April or 1st October (as the case may be), until the relevant **Bilateral Connection Agreement** shall be terminated and all sums due or which will or might fall due in respect of which security is to be provided shall have been paid.

(b) Such **Bi-annual Estimate** shall be accompanied by the **Secured Amount Statement** specifying the aggregate amount to be secured at the beginning of and throughout each such period.

(c) If **The Company** shall not provide any subsequent **Bi-annual Estimate** and **Secured Amount Statement** by the requisite date, then the **User** shall at the date it is next required to have in full force and effect security and whether by renewal or replacement or otherwise in respect of the following six calendar month period nonetheless provide security in accordance with the provisions of this Paragraph 2.21 in the same amount as the amount then in force in respect of the then current six calendar month period. Notwithstanding the foregoing, if **The Company** shall provide the **User** with any **Bi-annual Estimate** and **Secured Amount Statement** later than the date specified in Paragraph 2.21.2(a) then the following shall apply. The **User** shall within 30 (thirty) days of receipt of the said **Secured Amount Statement** procure that to the extent that the amount in respect of which security has been or is to be provided pursuant to this Paragraph 2.21.2(c) in respect of the relevant period (“the **Secured Amount**”) falls short of the amount stated in the **Secured Amount Statement** (the “**Required Amount**”) the **Secured Amount** shall be adjusted to the **Required Amount**.

(d) **Entitlement to Estimate**

If **The Company** is (for whatever reason) unable on any relevant date to calculate precisely any sum due or which has accrued due or in respect of which the **User** has a liability to **The Company** for payment under any of the provisions of this **CUSC**, **The Company** shall be entitled to invoice the **User** for a sum equal to **The Company's** fair and reasonable estimate of the sums due or which may become due or in respect of which the **User** has a liability to **The Company** for payment. **The Company** shall also be entitled to send the **User** further invoices for such sums not covered in previous

invoices. The **User** shall pay **The Company** all sums so invoiced by **The Company**.

(e) **Demands not Affected by Disputes**

It is hereby agreed between **The Company** and the **User** that if there shall be any dispute between the **User** and **The Company** as to:-

- (i) any amount certified by **The Company** in any **Secured Amount Statement** as requiring at any time and from time to time to be secured; or
- (ii) the fairness and reasonableness of **The Company's** estimate; or
- (iii) whether there has been an **Event of Default** as provided in Section 5; or
- (iv) the lawfulness or otherwise of any termination or purported termination of the relevant agreement,

such dispute shall not affect the ability of **The Company** to make demands pursuant to the security arrangement to be provided pursuant to Paragraph 2.21 and to recover the amount or amounts payable thereunder, it being acknowledged by the **User** that but for such being the case **The Company's** security would be illusory by reason of the period of validity of the relevant security being likely to expire or capable of expiring before the final resolution of such dispute. The **User** accordingly covenants with **The Company** that it will not take any action, whether by way of proceedings or otherwise, designed or calculated to prevent, restrict or interfere with the payment to **The Company** of any amount secured under the security arrangement nor seek nor permit nor assist others to do so.

- (f) If there shall be any dispute as mentioned in Paragraph 2.21.2(e) the same shall, whether **The Company** shall have terminated the relevant **Bilateral Connection Agreement** and recovered or sought to recover payment under the security arrangement or not, and without prejudice to **The Company's** right to recover or seek to recover such payment, be dealt with in the case of Paragraphs 2.21.2(e)(i) and 2.21.2(e)(ii) under Section 7 as a **Charging Dispute** and, in the case of Paragraphs 2.21.2(e)(iii) and 2.21.2(e)(iv) be dealt with under Section 7 as an **Other Dispute**.

2.22 TYPES OF SECURITY

2.22.1 Security can be provided by:

- (a) A **Performance Bond** or **Letter of Credit** from a **Qualified Bank** for the amount stated in the **Secured Amount Statement** as the estimated amount to be secured, such **Performance Bond** or **Letter of Credit** to be **Valid** for at least the period stated in such **Secured Amount Statement** and to be renewed periodically where applicable in the manner stated in Paragraph 2.22.2(c); or
- (b) A cash deposit in a **Bank Account** at least for the amount stated in the **Secured Amount Statement** as the estimated amount to be secured, such cash deposit to be increased or reduced periodically where applicable in the manner stated in Paragraph 2.22.2(d); or
- (c) A **Performance Bond** from a **Qualified Company** for the amount stated in the **Secured Amount Statement** as the estimated amount to be secured, such **Performance Bond** to be **Valid** for at least the period stated in such **Secured Amount Statement** and to be renewed periodically where applicable in the manner stated in Paragraph 2.22.2(c)

2.22.2 General Provisions

- (a) Any **Notice of Drawing** to be delivered to Barclays Bank PLC or any other bank at which the **Bank Account** shall have been opened or a **Qualified Bank** or a **Qualified Company** may be delivered by hand, by post or by facsimile transmission.
- (b) If the **User** becomes aware that the bank issuing the **Performance Bond** or **Letter of Credit** ceases to be a **Qualified Bank** or that the company giving the **Performance Bond** ceases to be a **Qualified Company**, the **User** shall notify **The Company** in writing as soon as it becomes so aware. If **The Company** becomes aware that the bank issuing the **Performance Bond** or **Letter of Credit** ceases to be a **Qualified Bank** or that the company giving the **Performance Bond** ceases to be a **Qualified Company**, **The Company** may notify the **User** to that effect in writing. Where the bank or the company so ceases to be either a **Qualified Bank** or a **Qualified Company** (as the case may be) as a consequence of

The Company having reasonable cause to doubt the continued rating of the said bank or company, such notice shall be accompanied by a statement setting out **The Company's** reasons for having such doubt. The **User** shall within 21 days of the giving of such notice by **The Company** or the **User** whichever is the earlier provide a replacement **Performance Bond** and/or **Letter of Credit** from a **Qualified Bank** or **Qualified Company**, as the case may be, and/or provide a cash deposit in the required amount in a **Bank Account**. From the date the replacement **Performance Bond** or **Letter of Credit** or **Bank Account** cash deposit is effectively and unconditionally provided and **Valid**, **The Company** will consent in writing to the security which it replaces being released.

- (c) The following provisions shall govern the issuance, renewal and release of the **Performance Bond** or **Letter of Credit**:-
- (i) The **Performance Bond** or **Letter of Credit** shall be **Valid** initially from the date required in accordance with Paragraph 2.20.4 or 2.21.1 respectively at least to and including the following 31st March or 30th September whichever is the earlier date. Such **Performance Bond** or **Letter of Credit** shall be for an amount not less than that stated in the **Secured Amount Statement** to be secured during the period specified in the **Secured Amount Statement**.
- (ii) On a date which is at least 45 days (or if such day is not a **Business Day** then on the immediately preceding **Business Day**) before the next following 31st March or 30th September whichever is the earlier date such **Performance Bond** or **Letter of Credit** shall be renewed so as to be **Valid** for not less than 6 months commencing from the immediately following 1st April or 1st October (as the case may be). Such renewed **Performance Bond** or **Letter of Credit** shall be for an amount not less than the amount stated in the **Secured Amount Statement** as the amount to be secured during the period that such renewed **Performance Bond** or **Letter of Credit** shall be **Valid**.

- (iii) Thereafter, the renewed **Performance Bond** or **Letter of Credit** shall be further renewed in like manner every 6 months.
- (d) The following provisions shall govern the maintenance of cash deposits in the **Bank Account**:-
 - (i) The amount of the User's cash deposit to be maintained in the **Bank Account** shall be maintained by the User from the date required in accordance with Paragraph 2.20.4 or 2.21.1 respectively at least to and including the following 31st March or 30th September, whichever is the earlier date. Such cash deposit shall be in an amount as stated in the **Secured Amount Statement** to be secured during the period stated in the **Secured Amount Statement**.
 - (ii) If the amount stated in the **Secured Amount Statement** as the amount to be secured from the following 1st April to 30th September or from the following 1st October to 31st March (as the case may be) is an amount greater than the amount then secured, the User's cash deposit in the **Bank Account** shall be increased by the User to such greater amount on a date which is 45 days before the following 31st March or 30th September (as the case may be) which immediately precedes the commencement of the relevant above mentioned period.
 - (iii) If such amount stated in the **Secured Amount Statement** is smaller than the amount then secured, the User's cash deposit in the **Bank Account** shall not be reduced to the amount so stated until the expiry of 7 days after the next following 31st March or 30th September (as the case may be) (the "**Release Date**").
 - (iv) The sum equal to the amount of reduction in User's the cash deposit in the **Bank Account** shall be paid by **The Company** to the **User** from the **Bank Account** on the **Release Date**.
 - (v) Any interest accruing in respect of the User's cash deposit into the **Bank Account** shall be for the account of and belong to the **User** absolutely, and **The Company** agrees to take

any steps required to be taken by it for the release from the **Bank Account** or such associated bank account in the name of **The Company** in which such interest is held and payment to the **User** of such interest as soon as the same shall have been credited to the **Bank Account** and **The Company** shall have received notice from the User requesting such payment.

(vi) For the avoidance of doubt, the **User's** cash deposit in the **Bank Account** shall remain the sole property and entitlement of the **User** until such time when (and to such extent as) the **Company** exercises its right of set off against the **User's** cash deposit in accordance with the terms of the **CUSC**, and the **User** shall have no right to have the cash deposit returned to it for so long as it is under any prospective or contingent liability to the **Company**.

(e) Notwithstanding any provision aforesaid:-

(i) The **User** may provide different securities to **The Company** at any one time, each securing a different amount, provided that the aggregate amount secured by such securities shall be not less than the aggregate amount required to be secured pursuant to the **Secured Amount Statement** for any period specified therein.

(ii) The **User** may upon the expiry of at least 14 days prior written notice to **The Company**, substitute one type of security for another provided that unless **The Company** shall otherwise agree in writing such substituted security must be **Valid** from 1st April or 1st October (as the case may be) and committed at least 45 days before the immediately preceding 31st March or 30th September (as the case may be) in the following manner:-

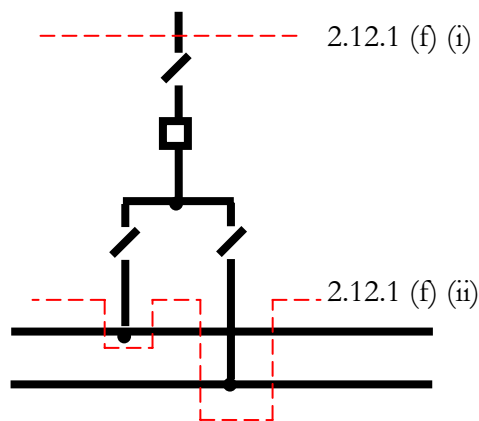
(aa) where a **Performance Bond** or a **Letter of Credit** is to substitute for other securities, it must be issued or given at least 45 days before such immediately preceding 31st March or 30th September (as the case may be).

- (bb) where a cash deposit in a **Bank Account** is to substitute for other securities, it must be deposited into the **Bank Account** at least 45 days before such immediately preceding 31st March or 30th September (as the case may be).

- (iii) Upon request by the **User** to **The Company**, securities substituted in the aforesaid manner shall, providing the substitute security shall be **Valid**, be released on the following 1st April or 1st October (as the case may be). However, where the amount required by the **Secured Amount Statement** to be secured for any period is less than the amount required to be secured in the preceding period, the substituted security shall not be released until 7 days after the then following 31st March or 30th September (as the case may be).

SCHEDULE 1

DIAGRAM SHOWING ELECTRICAL BOUNDARIES FOR GAS INSULATED SWITCHGEAR



END OF SECTION 2

CUSC - SECTION 3

USE OF SYSTEM

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CUSC - SECTION 3

USE OF SYSTEM

3.1 INTRODUCTION

This Section 3 deals with use of the **National Electricity Transmission System** and certain related issues. Part I of this Section sets out general provisions (split into Parts A and B dealing with generation and supply), Part II sets out charging related provisions and Part III sets out the credit requirements related to **Use of System**. Depending on the category of connection and/or use of a **User**, the Section dealing with **Connection** (Section 2) may also be applicable.

PART IA - GENERAL - GENERATION

This Part IA deals with rights and obligations relating to **Embedded Power Stations, Small Power Station Trading Parties** and to **Distribution Interconnectors**. References to “**User**” in this Part IA should be construed accordingly.

3.2 RIGHTS TO USE THE NATIONAL ELECTRICITY TRANSMISSION SYSTEM

3.2.1 Embedded Use of System

Subject to the other provisions of the **CUSC**, the **Grid Code** and the relevant **Bilateral Embedded Generation Agreement**, and subject to there continuing to be a **Distribution Agreement** with the owner/operator of the **Distribution System**, each **User**, as between **The Company** and that **User**, may in relation to each of its **Embedded** generation sites and each of its **Distribution Interconnectors** transmit (or put, as the case may be) supplies of power on to and/or take supplies of power from the **National Electricity Transmission System** as the case may be.

3.2.2 Embedded Power Station and Distribution Interconnector Conditions

- (a) The rights and obligations of a **User**, and **The Company** in connection therewith, are subject to the following conditions precedent having been fulfilled before such rights and obligations arise:
 - (i) the **User** having provided (in a form reasonably satisfactory to **The Company**) proof of having entered into a **Distribution Agreement** with the owner/operator of the **Distribution System**; and

- (ii) in the case of an **Embedded Small Power Station The Company** having received satisfactory confirmation from the owner/operator of the **Distribution System** as to the running arrangements within the **Distribution System**;
 - (iii) in the case of an **Embedded Small, Medium and Large Power Station**, in relation to a **Small Power Station Trading Party** and in the case of a **Distribution Interconnector**, of the acceptance by the owner/operator of the **Distribution System** of any necessary **Modification Offer** relevant to the **Embedded Power Station or Distribution Interconnector** (as the case may be);
- (b) If the conditions precedent of 3.2.2(a)(i) to (iii) have not been fulfilled in the case of 3.2.2(a)(i) and 3.2.2(a)(ii) within 6 months of the date of the relevant **Bilateral Embedded Generation Agreement** or in the case of 3.2.2(a)(iii) within 3 months of the date of receipt by the owner/operator of the **Distribution System** of the **Modification Offer The Company** or the relevant **User** may rescind the relevant **Bilateral Embedded Generation Agreement** and any associated **Construction Agreement** by giving to the other notice to that effect in which event all rights and liabilities of the parties thereunder and under the **CUSC** in relation to relevant **Embedded Power Stations** or relevant **Distribution Interconnectors** shall cease.

3.2.3 Transmission Entry Capacity

- (a) Other than as provided in Paragraph 3.2.3(b), each **User**, as between **The Company** and that **User**, shall not operate its **User's Equipment** such that its export of power onto the **National Electricity Transmission System** exceeds the **Transmission Entry Capacity** and (if any) **STTEC** and/or **LDTEC** and/or any **Temporary Received TEC** less any **Temporary Donated TEC** for the relevant **Period** set out in Appendix C to the relevant **Bilateral Embedded Generation Agreement** save as expressly permitted and instructed pursuant to an **Emergency Instruction** under the **Grid Code** or save as expressly permitted and instructed pursuant to the **Fuel Security Code** or as may be necessary or expedient in accordance with **Good Industry Practice**.
- (b) Each **User** in respect of an **Embedded Small Power Station** and a **Distribution Interconnector** and as a **Trading Party** responsible for **Embedded Small Power Stations**, as between **The Company** and that **User**, shall

not operate its **User's Equipment** or equipment for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) such that its export of power onto the **National Electricity Transmission System** exceeds the **Transmission Entry Capacity** and (if any) **STTEC** and/or **LDTEC** and/or any **Temporary Received TEC** less any **Temporary Donated TEC** for the relevant **Period** set out in Appendix C to the relevant **Bilateral Embedded Generation Agreement** save as expressly permitted and instructed pursuant to the **Fuel Security Code** or as may be necessary or expedient in accordance with **Good Industry Practice**.

- 3.2.4 Subject to the other provisions of the **CUSC** and the **Grid Code** and any relevant **Bilateral Agreement**, **The Company** shall, as between **The Company** and that **User**, accept into the **National Electricity Transmission System** power generated by each **User** up to the **Transmission Entry Capacity** and (if any) **STTEC** and/or any **Temporary Received TEC** less any **Temporary Donated TEC** for the relevant **Period** set out in Appendix C of the relevant **Bilateral Connection Agreement** except to the extent (if any) that **The Company** is prevented from doing so by transmission constraints which could not be avoided by the exercise of **Good Industry Practice** by **The Company**.

Outages

Subject to the provisions of the **Grid Code**, **The Company** and each **User** (with **Plant** and/or **Apparatus**) shall, as between **The Company** and that **User**, be entitled to plan and execute outages of parts of in the case of **The Company**, the **National Electricity Transmission System** or **Transmission Plant** or **Transmission Apparatus** and in the case of a **User**, its **System** or **Plant** or **Apparatus**, at any time and from time to time.

- 3.2.5 Commissioning

The Company agrees to assist the **User** (if requested by the **User**), with the commissioning and on-load testing of the **User's Equipment** or equipment for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) and the **User** shall pay reasonable **The Company Charges** in connection therewith. The **User** must ensure the commissioning programme for the **User's Equipment** or equipment for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) at the site of connection agreed between the **User** and the owner/operator of the **Distribution System** contains adequate

provisions in respect of the timing of commissioning to ensure that the **User** can be in receipt of an **Operational Notification** before or during (as appropriate) the said commissioning programme.

3.2.6 Operational Notification

Upon compliance by the **User** with the provisions of Paragraph 3.2.2(a) after the commissioning programme in Paragraph 3.2.6 and subject, if **The Company** so requires, to **Transmission Reinforcement Works** being carried out and/or notification by the **User** that the site of connection of the **User's Equipment** or equipment for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) to the **Distribution System** is operational (any or all as appropriate) **The Company** shall forthwith notify ("**Operational Notification**") the **User** in writing that it has the right to use the **National Electricity Transmission System**. It is an express condition of the **CUSC** that in no circumstances will the **User** use or operate the **User's Equipment** or **Equipment** for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) without receiving this **Operational Notification**.

3.3 **OTHER SITE SPECIFIC TECHNICAL CONDITIONS FOR EMBEDDED POWER STATIONS AND DISTRIBUTION INTERCONNECTORS**

3.3.1

- (a) **The Company** and each **User** shall, as between **The Company** and that **User**, operate respectively the **National Electricity Transmission System** and the **User System** with the special automatic facilities and schemes set out in Appendix F3 to the relevant **Bilateral Embedded Generation Agreement**.
- (b) Each **User** shall ensure the **User's Equipment** complies with the site specific technical conditions set out in Appendix F4 to the relevant **Bilateral Embedded Generation Agreement**.
- (c) Each **User** shall use all reasonable endeavours to ensure during the period of the relevant **Bilateral Embedded Generation Agreement** that the **User's Equipment** shall continue to comply with the site specific technical conditions set out in Appendix F5 to the relevant **Bilateral Embedded Generation Agreement**.

- 3.3.2 If a **User** or **The Company** wishes to modify, alter or otherwise change the site specific technical conditions or the manner of their operation under Appendices F1, F3, F4 or F5 to the

relevant **Bilateral Embedded Generation Agreement** this shall be deemed to be a **Modification** for the purposes of the **CUSC**.

3.3.3 Where in the case of a site **Commissioned** in England and Wales prior to the **Transfer Date**, on or immediately prior to the **Transfer Date** a **User's Equipment** subject to a **Bilateral Embedded Generation Agreement** has any of the following technical attributes or facilities:

- (a) control arrangements
- (b) voltage and current signals for system monitoring
- (c) control telephony
- (d) operational metering

the **User** shall, as between **The Company** and that **User**, use all reasonable endeavours to ensure that during the period of such **Bilateral Agreement** the **User's Equipment** which is subject to that **Bilateral Agreement** retains such technical attributes or facilities provided always that if the **User** wishes to modify, alter or otherwise change the same or their operation it may do so by following the procedures relating to a **Modification** in accordance with the **CUSC**.

PART IB - GENERAL - SUPPLY

This Part IB deals with rights and obligations relating to **Suppliers** generally and, in relation to certain provisions, to **Suppliers** supplying **Non-Embedded Customers**. References to "**User**" in this Part IB should be construed accordingly.

3.4 RIGHTS TO USE THE NATIONAL ELECTRICITY TRANSMISSION SYSTEM

- 3.4.1 Subject to the other provisions of the **CUSC** and the **Grid Code**, each **User**, as between **The Company** and that **User**, may take supplies of power from the **National Electricity Transmission System**.
- 3.4.2 Subject to the provisions of the **CUSC** and the **Grid Code**, **The Company** shall, as between **The Company** and that **User**, transport a supply of power through the **National Electricity Transmission System** to the level forecast by the **User** from time to time pursuant to the **Data Requirements** set out in Part IIB of this Section 3 submitted by that **User** together with such margin as **The Company** shall in its reasonable opinion consider

necessary having due regard to **The Company 's** duties under the **Transmission Licence** except to the extent (if any) that **The Company** is prevented from doing so by transmission constraints or by insufficiency of generation which, in either case, could not have been avoided by the exercise of **Good Industry Practice** by **The Company**.

- 3.4.3 Subject to the provisions of the **Grid Code**, **The Company** shall be entitled to plan and execute outages of parts of the **National Electricity Transmission System** or **Transmission Plant** or **Transmission Apparatus** at any time and from time to time.

3.5 SUPPLIER CUSTOMER DETAILS

- 3.5.1 Each **User** shall, as between **The Company** and that **User**, give written notice to **The Company** of the following details of all exit points from time to time in existence between any **Distribution System** and the **User's** customer:-

- (a) the electrical location and nomenclature of the **Energy Metering Equipment** installed in relation to each such customer;
- (b) the identity of the operator of the **Distribution System** to which such customers are connected;
- (c) the **Grid Supply Point** and **Transmission Network Use of System Demand Zone** meeting the **Demand (Active Power)** of each customer;
- (d) the loss factors applying to the **Energy Metering Equipment** installed in relation to each such customer, save where the **User's** customer is connected to a **Distribution System** owned by a **Public Distribution System Operator** in which case the **Public Distribution System Operator's** published statement of loss factors shall apply.

Such written notice shall be given to **The Company** no later than 28 days prior to the commencement or cessation of use of any such exit point. If the **Grid Supply Point** referred to in (c) changes the **User** shall notify **The Company** forthwith after being notified of such change by the **Public Distribution System Operator** in question. If **The Company's** basis of charging changes pursuant to the **Charging Statements** or, subject thereto, Parts II and III below at any time, **The Company** shall be entitled to ask for other information it reasonably requires for charging purposes under this Paragraph 3.5.

3.5.2 **CUSC Parties** agree that, insofar as **The Company** has alternative reasonable means of obtaining this information then Paragraph 3.5.1 shall not apply.

3.6 SUPPLIERS OF NON-EMBEDDED CUSTOMERS

3.6.1 This Paragraph 3.6 relates specifically to the position of a **Supplier** in respect of its supply of electricity to a **Non-Embedded Customer**. Insofar as the provisions of this Paragraph 3.6 conflict with any other provision of this Section 3 dealing with an equivalent issue, the provisions of this Paragraph 3.6 shall prevail in relation to such a category.

3.6.2 In the case of such a **User**, subject to the provisions of the **CUSC** and the **Grid Code**, **The Company** shall transport a supply of power through the **National Electricity Transmission System** to the **Connection Site** of the **Non-Embedded Customer** to the level forecast by the **User** from time to time pursuant to the **Data Requirements** set out in Part IIB of this Section 3 submitted by that **User** together with such margin as **The Company** shall in its reasonable opinion consider necessary having due regard to **The Company's** duties under the **Transmission Licence** except to the extent (if any) that **The Company** is prevented from doing so by transmission constraints or by insufficiency of generation which, in either case, could not have been avoided by the exercise of **Good Industry Practice** by **The Company**.

3.6.3 The right in 3.6.2 above is subject to:

- (a) the **User** being authorised by a current **Supply Licence** to supply electricity to the premises to be supplied with electricity through the **Connection Site**; and
- (b) there being a subsisting **Bilateral Connection Agreement** with the **Non-Embedded Customer** for the **Connection Site**.

3.6.4 Where **The Company** agrees, the **Supplier** of a **Non-Embedded Customer** may be liable for payment of **Connection Charges** in relation to the **Metering Equipment** of a **Non-Embedded Customer**. The existence of such an arrangement shall be reflected in the relevant **Bilateral Connection Agreement** with the **Non-Embedded Customer** and the **Use of System Supply Confirmation Notice**. Where such an arrangement exists, the provisions of Section 2 Part II in relation to such charges shall be deemed incorporated within this Paragraph 3.6.4 and the **Supplier** shall comply with those provisions in relation to such charges as if references to the **User** were references to the **Supplier**.

- 3.6.5 The **User** acknowledges that breach of the provisions of the **CUSC** by the **Non-Embedded Customer** may give rise to **Deenergisation** of the **Non-Embedded Customer's Connection Site** pursuant to Section 5.
- 3.6.6 The **User** acknowledges that site specific technical conditions as provided for in Paragraphs 2.7 to 2.9 of the **CUSC** may apply between **The Company** and a **Non-Embedded Customer** at a **Connection Site**.
- 3.6.7 **The Company** shall be entitled to **Deenergise** the **Non-Embedded Customer's Equipment** at any **Connection Site** when instructed to do so by the **Non-Embedded Customer** in accordance with the terms of its **Bilateral Connection Agreement** or the **CUSC**.
- 3.6.8 Where the **Supplier** supplying the **Connection Site** has informed **The Company** that it has received an order or direction from the Secretary of State for Energy under the Energy Act 1976 or the **Act**, requiring it to cease supplying the **Non-Embedded Customer** with electricity and instructs **The Company** to **Deenergise** the **Non-Embedded Customer's User's Equipment** at the **Connection Site**, **The Company** shall as soon as reasonably practicable **Deenergise** the **Non-Embedded Customer's User's Equipment** at the **Connection Site** (unless **The Company** considers that it is not reasonably practicable, whether on technical grounds or otherwise, to effect such **Deenergisation**) and if it does **Deenergise**, shall promptly notify the **User** of the date and time at which such **Deenergisation** was effected. The **User** shall reimburse **The Company** any expense incurred in relation to such **Deenergisation**, if any, and shall indemnify **The Company** against any costs, liability, loss or damage suffered by **The Company** as a result of such **Deenergisation**.

3.6.9 SUPPLIER DEENERGISATION OF NON-EMBEDDED CUSTOMERS

- (a) **The Company** shall, to the extent that it may lawfully do so, at the request of the **Supplier**, when the **Supplier** is entitled to have the **Deenergisation** of a **Non-Embedded Customer, Connection Site(s)**, carried out, carry out such **Deenergisation** on behalf of and at the cost of the **Supplier** within a reasonable time or, in circumstances of urgency, as soon as is reasonably practicable.
- (b) **The Company** shall if requested by the **Supplier**, inform the **Supplier** of its reasonable requirements for the details of the

Non-Embedded Customer's Connection Site(s) to be De-energised.

- (c) **The Company** shall **Reenergise** the **User's Equipment** at the **Non-Embedded Customer's Connection Site** as soon as is reasonably practicable after the circumstances leading to **Deenergisation** under Paragraph 3.6.9.1 have ceased to exist.

Duty to Indemnify

- (d) Where **The Company** carries out a **Deenergisation** on behalf of a **Supplier** under Paragraph 3.6.9.1, **The Company** shall indemnify the **Supplier** against (a) all actions, proceedings, costs, demands, claims, expenses, liability, loss or damage made against or incurred or suffered by the **Supplier** as a consequence of, physical damage to the property of the **Supplier**, its officers, employees or agents, (including any claim by another **User** connecting at the same substation) and (b) in respect of the liability of the **Supplier** to any other person for loss in respect of physical damage to the property of any person, in each case as a consequence of **The Company** acting contrary to an accurate and appropriate instruction from the **Supplier** to **Deenergise** the **Non-Embedded Customer's Connection Site**;
- (e) Save for any matters arising from or in connection with the negligent act or omission or default of **The Company**, its officers, employees or agents, the **Supplier** shall indemnify **The Company** against (a) all actions, proceedings, costs, demands, claims, expenses, liability, loss or damage arising from, or incurred by **The Company** as a consequence of, physical damage to the property of **The Company**, its officers, employees or agents, and (b) in respect of the liability of **The Company** to any other person for loss in respect of physical damage to the property of any person, in each case as a consequence of acting in reliance on any instructions given by the **Supplier** to **The Company** to **Deenergise** the **Non-Embedded Customer's Connection Site** which are materially inaccurate or misleading;

and

- (f) Where the **Supplier** requests **The Company** to **Deenergise** a single point of connection that is both a **Grid Supply Point** and a **Grid Entry Point**, the **Supplier** shall also indemnify **The Company** against all actions, proceedings, costs, demands, claims, expenses, liability, loss or damage made against or incurred or suffered by **The Company** and resulting directly from such **Deenergisation** howsoever arising (including any

claim by another **User** connecting at the same substation) except insofar as such actions, proceedings, costs, demands, claims, expenses, liability, loss or damage arise from the negligent act or omission or default of **The Company**, its officers, employees or agents.

Downstream Parties

- (g) A **Non- Embedded Customer** shall provide its **Supplier** on request and as soon as is reasonably practicable with the details of any **Downstream Parties** including (but not limited to) contact names, addresses, email addresses, and telephone numbers.

- (h) Prior to a **Supplier** instructing **The Company** to **Deenergise** the **Non-Embedded Customer's Connection Site(s)** under Paragraph 3.6.9.1:
 - (i) (a) the **Supplier** shall request the **Non-Embedded Customer** to confirm within 48 hours of such request that the details supplied under Paragraph 3.6.9.7, remain correct and/or provide updated details for any **Downstream Parties**, and where such details had been supplied by the **Non-Embedded Customer** to the **Supplier** within the preceding **10 Business Days**, the **Supplier** may, whilst making this request, in parallel and without delay give notice to arrange the meeting described in (b), below;
 - (b) where there are **Downstream Parties** (other than **Downstream Parties** that are **Affiliates** of the **Non-Embedded Customer**), the **Supplier** shall, giving not less than 48 hours' notice, arrange a meeting between the **Supplier**, the **Non-Embedded Customer**, those **Downstream Parties** and **The Company** to discuss the impact of the **Deenergisation** and whether an agreement to avoid the **Deenergisation** and resulting impact on those **Downstream Parties** can be reached to the reasonable satisfaction of the **Supplier** (acting reasonably); and
 - (c) the **Supplier** shall not issue its **Deenergisation** instruction to **The Company** within 72 hours (or such longer period,

determined by the **Supplier** from time to time, at their sole discretion, and notified to the attendees of any meeting held under (b)) from the commencement of any meeting held under (b).

3.7 USE OF SYSTEM APPLICATION

- 3.7.1 If a **User** wishes to use the **National Electricity Transmission System** in a category of use which does not include connection to the **National Electricity Transmission System**, it shall complete and submit to **The Company** a **Use of System Application** and comply with the terms thereof.
- 3.7.2 Without prejudice to Standard Condition C8 of the **Transmission Licence** **The Company** shall make a **Use of System Offer** to that **User** as soon as practicable after receipt of the **Use of System Application** and (save where the **Authority** consents to a longer period) in any event not more than 28 days after receipt by **The Company** of the **Use of System Application**.
- 3.7.3 The **Use of System Offer** shall in the case of an application relating to an **Embedded Power Station** or to a **Small Power Station Trading Party** or to a **Distribution Interconnector** be in the form of a **Bilateral Embedded Generation Agreement** together with any **Construction Agreement** relating thereto. In the case of a **Supplier**, it shall be in the form of a **Use of System Supply Offer Notice**. The provisions of Standard Condition C8 shall apply to an application by a **Supplier** as if the **Use of System Supply Offer and Confirmation Notice** was an agreement for the purposes of that condition.
- 3.7.4 The **Use of System Offer** shall remain open for acceptance for 3 months from its receipt by that **User** unless either that **User** or **The Company** makes an application to the **Authority** under Standard Condition C9 of the **Transmission Licence**, in which event the **Use of System Offer** shall remain open for acceptance until the date 14 days after any determination by the **Authority** pursuant to such application.
- 3.7.5 Upon acceptance of the **Use of System Offer** (as offered by **The Company** or determined by the **Authority**) by the **User** and execution by **The Company** of the **Bilateral Embedded Generation Agreement** or the issuing by **The Company** of a **Use of System Supply Confirmation Notice**, as the case may be, the **User** shall have the right to use the **National Electricity Transmission System**. Such right shall continue until the

Bilateral Embedded Generation Agreement is terminated or a **Use of System Termination Notice** is submitted pursuant to Paragraph 3.8.

- 3.7.6 Such rights shall be conditional upon the **Applicant**, if it is not already a party to the **CUSC Framework Agreement**, becoming a party to the **CUSC Framework Agreement**.
- 3.7.7 In the event that the **User** requests a **Use of System Offer** in the form of a **Bilateral Embedded Generation Agreement** on the basis of a **Design Variation** then:
- (i) **The Company** shall only be obliged to provide such an offer in so far as such an offer satisfies the conditions detailed in Chapter 3 of the **NETS SQSS**; and
 - (ii) **The Company** shall be obliged, at the request of the **User** as part of the **Use of System Offer**, to provide such information that the **User** may reasonably require in order to assess the probability of **Notification of Restrictions on Availability** being issued. For the avoidance of doubt, the information that is provided by **The Company** under this clause shall be a best estimate only and is not legally binding.

3.8 TERMINATION PROVISIONS

- 3.8.1 Provisions relating to **Disconnection** relating to **Users** who have **Bilateral Embedded Generation Agreements** are dealt with in Section 5.
- 3.8.2 In addition to the provisions in Section 5, this paragraph deals with termination of the right to use the system in respect of a **Supplier** who in that category of connection and/or use has no physical presence on the **System** and with a specific additional provision for the **Supplier** of a **Non-Embedded Customer**.
- 3.8.3
- (a) A **Supplier** may terminate its use of the **National Electricity Transmission System** by giving **The Company** a **Use of System Termination Notice** not less than 28 days prior to such termination of use.
 - (b) If a **Use of System Termination Notice** is given under this Section 3, the right to use the **National Electricity Transmission System** shall cease upon the termination date in the **Use of System Termination Notice**.
 - (c) Prior to cessation of use by a **User** under this Paragraph, the **User** shall pay **The Company** all **Use of System Charges** payable by it under Section 3 in

respect of the **Financial Year** in which the cessation takes place.

- 3.8.4 In addition, in the case of a **User** in its category of connection and/or use as a **Supplier** of a **Non-Embedded Customer** the use of the **National Electricity Transmission System** in respect of the **Connection Site** shall cease upon either **Disconnection** of the **User's Equipment** of the **Non-Embedded Customer** or termination of the **Bilateral Connection Agreement** in respect of that **Connection Site**.

PART II - USE OF SYSTEM CHARGES

PART IIA - GENERAL

3.9 USE OF SYSTEM CHARGES

- 3.9.1 Subject to the provisions of the **CUSC**, and any relevant **Bilateral Agreement**, together with the relevant **Charging Statements**, each **User** shall with effect from the relevant date set out in the relevant **Bilateral Agreement** (or in the **Use of System Supply Confirmation Notice**) be liable to pay to **The Company** the **Use of System Charges** in accordance with the **CUSC** calculated in accordance with the **Statement of Use of System Charges** and the **Statement of the Use of System Charging Methodology** and Standard Condition C13 of the **Transmission Licence**. **The Company** shall apply and calculate the **Use of System Charges** in accordance with the **Statement of Use of System Charges** and the **Statement of the Use of System Charging Methodology** and Standard Condition C13 of the **Transmission Licence**.
- 3.9.2 Each **User** shall, as between **The Company** and that **User**, in accordance with this Part II and Paragraph 6.6, be liable to pay to **The Company** (or **The Company** shall be so liable to pay to the **User**) the **Transmission Network Use of System Charges** and (if appropriate) the **STTEC** and **LDTEC Charge** in respect of its use of the **National Electricity Transmission System** applied and calculated in accordance with the **Statement of Use of System Charges** and **Statement of the Use of System Charging Methodology** and Standard Condition C13 of the **Transmission Licence**.
- 3.9.3 Except in respect of **Distribution Interconnector Owners** each **User** shall, as between **The Company** and that **User**, in accordance with this Part II and Paragraph 6.6, be liable to pay to **The Company** in respect of each **Settlement Day** the **Balancing Services Use of System Charges** calculated in

accordance with the **Statement of the Use of System Charging Methodology**.

- 3.9.4 Each **User** shall, as between **The Company** and that **User**, provide **The Company** with **Security Cover** in respect of **Transmission Network Use of System Demand Reconciliation Charges, Transmission Services Use of System Charges** and **Balancing Services Use of System Charges** in accordance with Part III below.
- 3.9.5 The charges payable in relation to use of the **National Electricity Transmission System** may also include **One-off Charges** where those are to be payable by the relevant **User** as provided in the relevant **Bilateral Embedded Generation Agreement**. In that case, the relevant provisions of Section 2 will apply to that **User** in relation to the **One-off Charges**.
- 3.9.6 Where a **User's** connection to the **National Electricity Transmission System** involves the connection of an **Offshore Transmission System** to a **Distribution System**, the **ET Use of System Charges** shall be payable by the **User** in an amount, manner and timing that reflects **The Company's** obligation to the **ET Interface Operator** for the charges for connection to and use of that **Distribution System**. These will be specified, to the extent practicable, in the **User's Bilateral Connection Agreement**.

PART IIB – TRANSMISSION NETWORK USE OF SYSTEM CHARGES

3.10 DATA REQUIREMENTS

- 3.10.1 On or before the end of the second week of December in each **Financial Year**, each **User** shall supply **The Company** with such data as described under Section 3.10 as **The Company** may from time to time reasonably request to enable **The Company** to calculate the tariffs for the **Transmission Network Use of System Charges** pursuant to the **Charging Statements** for the **Financial Year** to which the data relates.

- 3.10.2 On or before the 10th day of March in each **Financial Year**, each **User** shall supply **The Company** on **The Company's** reasonable request with its **Demand Forecast** for the following **Financial Year** pursuant to the **Charging Statements** to enable **The Company** to use such **Demand Forecast** as the basis for calculation of the **Transmission Network Use of System Charges** for the **Financial Year** to which the **Demand Forecast** relates.
- 3.10.3 In the event that a **User** fails to provide a **Demand Forecast** in accordance with Paragraph 3.10.2 above the **User** shall be deemed to have submitted as its **Demand Forecast** the last **Demand Forecast** supplied under Paragraph 3.11.1.
- 3.10.4 Where a **Use of System Supply Confirmation Notice** is completed during a **Financial Year**, the **User** shall supply **The Company**, with its **Demand Forecast** for that **Financial Year** on or before the 10th day of the month following completion of the **Use of System Supply Confirmation Notice**.
- 3.10.5 On or before the end of the second week in December in each **Financial Year**, each **User** that is liable for generation **Use of System Charges** in accordance with 3.9 shall supply **The Company** with a forecast maximum TEC for the following year, to inform **The Company** of the forecast generation to be used for the purposes of setting TNUos Tariffs.
- 3.10.6 Where a **User's** connection to the **National Electricity Transmission System** involves the connection of an **Offshore Transmission System** to a **Distribution System**, each such **User** shall supply **The Company** with such data as **The Company** may from time to time reasonably request to enable the calculation of the **ET Use of System Charges**.

3.11 VARIATION OF FORECASTS DURING THE FINANCIAL YEAR

- 3.11.1 Each **User** shall notify **The Company** of any revision to its **Demand Forecast** at least quarterly or at such intervals as may be agreed between **The Company** and the **User** from time to time.
- 3.11.2 Subject to Paragraph 3.12, **The Company** shall revise the **Transmission Network Use of System Charges** payable by a **User** to take account of any revised **Demand Forecast** and shall commence charging the revised **Transmission Network Use of System Charges** from the first day of the month following the month in which such revised **Demand Forecast** was received provided always that such **Demand Forecast** is provided before the 10th day of such month.

3.12 VALIDATION OF DEMAND FORECASTS

- 3.12.1 The **Demand Forecast** shall represent a **User's** reasonable estimate of its **Demand**.
- 3.12.2 **The Company** shall notify the **User** in the event that the **Transmission Network Use of System Charges** due from the **User** to **The Company** or from **The Company** to the **User** (as the case may be) calculated by **The Company** using the **Demand Forecast** differ by more than 20% from that calculated by **The Company** using **The Company's** forecast **Demand** as provided for in the **Charging Statements**.
- 3.12.3 In the event that **The Company** does not receive a satisfactory explanation for the difference between the **Demand Forecast** and **The Company's** forecast **Demand** or a satisfactory revised **Demand Forecast** from the **User** within 5 **Business Days** of such notice then **The Company** shall be entitled to invoice a **User** for **Transmission Network Use of System Charges** calculated on the basis of **The Company** forecast **Demand**.
- 3.12.4 Any dispute regarding a **Demand Forecast** or the resulting **Transmission Network Use of System Charges** shall be a **Charging Dispute**.

3.13 RECONCILIATION STATEMENTS

Calculation of Initial Reconciliation

- 3.13.1 On or before 30 June in each **Financial Year**, **The Company** shall promptly calculate in accordance with the **Statement of the Use of System Charging Methodology** and the **Statement of Use of System Charges** the **Demand** related or generation related **Transmission Network Use of System Charges** (as the case may be) that would have been payable by the **User** during each month during the preceding **Financial Year (Actual Amount)**. **The Company** shall then compare the **Actual Amount** with the amount of **Demand** related or generation related **Transmission Network Use of System**

Charges (as the case may be) paid each month during the preceding **Financial Year** by the **User** (the “**Notional Amount**”).

Generation Reconciliation

- 3.13.2 As soon as reasonably practicable and in any event by 30 April in each **Financial Year** **The Company** shall prepare a generation reconciliation statement (the “**Generation Reconciliation Statement**”) in respect of generation related **Transmission Network Use of System Charges** and send it to the **User**. Such statement shall specify the **Actual Amount** and the **Notional Amount** of generation related **Transmission Network Use of System Charges** for each month during the relevant **Financial Year** and, in reasonable detail, the information from which such amounts were derived and the manner in which they were calculated.
- 3.13.3 Together with the **Generation Reconciliation Statement**, **The Company** shall issue a credit note in relation to any sums shown by the **Generation Reconciliation Statement** to be due to the **User** or an invoice in respect of sums due to **The Company** and in each case interest thereon calculated pursuant to Paragraph 3.13.6 below.

Initial Demand Reconciliation Statement

- 3.13.4 As soon as reasonably practicable and in any event by 30 June in each **Financial Year** **The Company** shall then prepare an initial **Demand** reconciliation statement (the “**Initial Demand Reconciliation Statement**”) in respect of **Demand** related **Transmission Network Use of System Charges** and send it to the **User**. Such statement shall specify the **Actual Amount** and the **Notional Amount** of **Demand** related **Transmission Network Use of System Charges** for each month during the relevant **Financial Year** and, in reasonable detail, the information from which such amounts were derived and the manner in which they were calculated.
- 3.13.5 Together with the **Initial Demand Reconciliation Statement** **The Company** shall issue a credit note in relation to any sum shown by the **Initial Demand Reconciliation Statement** to be due to the **User** or an invoice in respect of sums due to **The Company** and in each case interest thereon calculated pursuant to Paragraph 3.13.6.

3.13.6 General Provisions

- (a) Invoices issued under paragraphs 3.13.3 and 3.13.5 above and 3.13.8 (b) below shall be payable within 30 days of the date of the invoice.

- (b) Interest on all amounts due under this Paragraph 3.13 shall be payable by the paying **CUSC Party** to the other on such amounts from the date of payment applicable to the month concerned until the date of actual payment of such amounts and such interest shall be calculated on a daily basis at a rate equal to the **Base Rate** during such period.

3.13.7 Final Reconciliation Statement

- (a) **The Company** shall as soon as reasonably practicable following receipt by it of the **Final Reconciliation Settlement Run** or **Final Reconciliation Volume Allocation Run** as appropriate in respect of the last **Settlement Day** in each **Financial Year** issue a further **Demand** reconciliation statement (the “**Final Demand Reconciliation Statement**”) in respect of **Demand** related **Transmission Network Use of System Charges** payable in respect of each month of that **Financial Year** showing:-
 - (i) any change in the **Demand** related **Transmission Network Use of System Charges** from those specified in the **Initial Demand Reconciliation Statement** provided in accordance with Paragraph 3.13.4;
 - (ii) whether the change represents a reconciliation payment owing by **The Company** to a **User** or by a **User** to **The Company**;
 - (iii) the amount of interest determined in accordance with Paragraph 3.13.6 above; and
 - (iv) the information from which the amounts in (i) above are derived and the manner of their calculation.
- (b) Together with the **Final Demand Reconciliation Statement** **The Company** shall issue a credit note in relation to any sum shown in the **Final Demand Reconciliation Statement** to be due to the **User** or an invoice in respect of sums due to **The Company** and in each case interest thereon calculated pursuant to Paragraph 3.13.6.
- (c) Payment of any invoice issued pursuant to Paragraph 3.13.7(b) above or the application of any credit note issued pursuant to that paragraph against any liability of the **User** to **The Company** for **Demand** related **Transmission Network Use of System Charges** will be in full and final settlement of all **Demand** related

Transmission Network Use of System Charges for the **Financial Year** to which the invoice or credit note relates provided that nothing in this Paragraph 3.13.8(c) shall affect the rights of the parties under the provisions of Paragraph 7.3.5.

- 3.13.8 The right to submit **Generation Reconciliation Statements, Initial Demand Reconciliation Statements** and **Final Demand Reconciliation Statements** and the consequential invoices and/or credit notes shall survive the termination of the **User's** rights under the **CUSC** and the parties agree that the provisions contained in Paragraphs 3.13 and 3.14 shall continue to bind them after such termination (the version in existence at the date of termination being the applicable version in the case of any amendments).

3.14 REVISION OF CHARGES

- 3.14.1 Pursuant to the **Transmission Licence** and/or the **CUSC** and/or the **Charging Statements** and/or the **Bilateral Agreements** **The Company** may revise its **Transmission Network Use of System Charges** or the basis of their calculation. Where **The Company** proposes a change to the **Transmission Network Use of System Charges** then it shall notify the **User** as soon as practicable after the proposal is made to the **Authority** pursuant to the **Transmission Licence**.
- 3.14.2 The **User** acknowledges that due to the timescales associated with the replacement of the **Pooling and Settlement Agreement** with the **Balancing and Settlement Code**, **The Company** was prevented from providing the **User** with notice pursuant to Clause 2.1 of Part 1 of Appendix E (as in force on the day prior to the **NETA Go-live Date**) of the basis of calculation of **Transmission Network Use of System Charges** from the **NETA Go-live Date** until the end of the **Financial Year** in which the **NETA Go-live Date** occurred. However, the **User** further acknowledges that **The Company** consulted with the **User** prior to the **NETA Go-live Date** on **Transmission Network Use of System Charges** to apply from the **NETA Go-live Date** until the end of the **Financial Year** in which the **NETA Go-live Date** occurred. The **User** hereby agrees to pay **Transmission Network Use of System Charges** in respect of the **Financial Year** in which the **NETA Go-live Date** occurred in accordance with the principles notified by **The Company** prior to the **NETA Go-live Date**.
- 3.14.3 Subject to paragraph 3.14.4 below, **The Company** shall give the **User** not less than two months prior written notice of any revised **Transmission Network Use of System Charges**, which notice shall specify the date upon which such revisions

become effective (which may be at any time) and will make reference to the new tariffs set out in the relevant **Charging Statements**. The **User** shall pay any such revised charges from the effective date.

3.14.4 Where in accordance with the **Transmission Licence**, the **Authority** determines a shorter period than 2 months for the implementation of revised charges, the notice period will be determined by the **Authority**. The notice will specify when the new charges are effective and the **User** shall pay any such revised charges from the effective date.

3.14.5 Where a **User's** connection to the **National Electricity Transmission System** involves the connection of an **Offshore Transmission System** to a **Distribution System**, **The Company** shall notify the **User** as soon as practicable in the event that **The Company** receives notice from the **ET Interface Operator** of a change in the charges to **The Company** which would require a change in the **ET Use of System Charges**. **The Company** shall advise the **User** of the resultant revision to the **ET Use of System Charges** and the date upon which such revision shall become effective.

3.15 **FORECAST OF TRANSMISSION NETWORK USE OF SYSTEM CHARGES**

3.15.1 Each **Financial Year** **The Company** shall prepare and update its forecast of **Transmission Network Use of System Charges** in accordance with the **TNUOs Tariff Forecast Timetable**.

PART IIC - BALANCING SERVICES USE OF SYSTEM CHARGES

3.16 **INTRODUCTION**

3.16.1 Under the terms of the **CUSC** each **User** except in the case of **Distribution Interconnector Owners** is liable to pay **Balancing Services Use of System Charges**. The basis upon which **Balancing Services Use of System Charges** are levied and the calculation methodology and rules which will be used to quantify those charges are set out in the **Statement of the Use of System Charging Methodology**.

3.16.2 Balancing Services Use of System Charges

Notwithstanding the provisions of Paragraphs 6.6.1 and 6.6.2 the following provisions shall apply to the payment of the **Balancing Services Use of System Charges**.

- (a) **The Company** shall not later than 17.00 hours on the relevant **Notification Date** (and if this is not practicable as soon as possible thereafter as **The Company**, acting reasonably, considers is practicable) despatch an advice notice to the **User** in respect of the **Settlement Day** in relation to which the **Balancing Services Use of System Charges** are due on the relevant **Payment Date**.
- (b) The information on the advice notice in respect of each **Settlement Day** shall include the name of the **User** and the total amount payable to **The Company** in respect of **Balancing Services Use of System Charges** and in all cases together with any **Value Added Tax** thereon during each **Settlement Day**.
- (c) **The Company** shall, within a reasonable time thereafter provide a valid **Value Added Tax** invoice in respect of **Balancing Services Use of System Charges** identified on the advice note.
- (d) The **User** shall pay the **Balancing Services Use of System Charges** specified in the advice notice together with the **Value Added Tax** thereon to **The Company** no later than 12.30 hours on the **Payment Date** specified on the advice note in respect of such **Settlement Date** as if they were payments made in the manner specified in Paragraph 6.6.3.

3.16.3 **Balancing Services Use of System Charges Information**

3.16.3.1 **The Company** shall use reasonable endeavours to publish no later than the last **Business Day** in each month the **Balancing Services Use of System (BSUoS) charges Forecast Information**

3.16.3.2 The **Balancing Services Use of System Charges Forecast Information** will include:

- (a) estimated **BSUoS** volumes
- (b) estimated external **BSUoS** costs
- (c) estimated internal **BSUoS** costs
- (d) estimated average **BSUoS** charges in £/MWh
- (e) incentive scheme performance where applicable

The Company will engage with industry participants to discuss assumptions and provide information to explain and support any changes to previously published **Balancing Services Use of System Charges Forecast** Information.

- 3.16.3.3 Each update shall be based on the latest information for items which **The Company** reasonably expects to make a material impact to the expected **Balancing Services Use of System Charges**.

3.17 RECONCILIATION

3.17.1 As soon as reasonably practicable after receipt by **The Company** of the **Final Reconciliation Volume Allocation Run** in respect of a **Settlement Day** **The Company** shall prepare and submit to each **User** a statement (which may form part of an invoice or other document) calculated in accordance with the data specified in the **Statement of the Use of System Charging Methodology** in respect of that **Settlement Day** ("**Balancing Services Use of System Reconciliation Statement**"), showing the new value (if any) of data (as specified in the **Statement of the Use of System Charging Methodology** in force on that **Settlement Day**) attributable to the **User** in respect of such **Settlement Day** and the amount of **Balancing Services Use of System Charges** payable by the **User** on the basis of the new value (the "**Reconciled Charge**").

3.17.2 In the event that:

- (a) the **Reconciled Charge** exceeds the **Balancing Services Use of System Charges** paid by the **User** in respect of that **Settlement Day** ("**Initial Charge**") **The Company** shall at its option either:
 - (i) send to the **User** as soon as reasonably practicable after issue of the **Balancing Services Use of System Reconciliation Statement** an invoice for the amount by which the **Reconciled Charge** exceeds the **Initial Charge** and interest thereon calculated in accordance with the provisions set out in Paragraph 3.17.3; or
 - (ii) include such amount in another invoice in respect of **Balancing Services Use of System Charges** to the **User**.
- (b) the **Reconciled Charge** is less than the **Initial Charge** **The Company** shall at its option either:-

- (i) send to the **User** as soon as reasonably practicable after issue of the **Balancing Services Use of System Reconciliation Statement** a credit note for the amount by which the **Initial Charge** exceeds the **Reconciled Charge** and interest thereon calculated in accordance with the provisions set out in Paragraph 3.17.3; or
- (ii) include such amount as a credit in an invoice in respect of **Balancing Services Use of System Charges** from **The Company** to the **User**.

3.17.3 Interest payable in respect of each reconciliation payment shall accrue from and including the relevant **Use of System Payment Date** up to but excluding the date upon which the amounts specified in the **Balancing Services Use of System Reconciliation Statement** are paid, and shall be at a rate equal to the **Base Rate** for the time being and from time to time. Interest shall accrue from day to day.

3.17.4 If **The Company** receives written notice from any **User** or from the relevant **BSC Agent** that an error has occurred in any data forming part of or used within the **Initial Volume Allocation Run** which affects the costs to **The Company** of offers and bids in the **Balancing Mechanism** accepted by **The Company** in respect of any **Settlement Day**, and that error has been ratified in accordance with the procedures for ratification set out in the **Balancing and Settlement Code** it shall use its reasonable endeavours to, as soon as reasonably practicable after receipt of such notice, issue a dispute reconciliation statement ("**Dispute Statement**") to the **User** in respect of that **Settlement Day**.

3.17.5 Any **Dispute Statement** issued pursuant to Paragraph 3.17.4 above shall show the amount of **Balancing Services Use of System Charges** payable by the **User** on the basis of the ratified data.

3.17.6

- (a) In the event that the amount shown in any **Dispute Statement** exceeds the aggregate amount paid by the **User** in respect of the **Settlement Day** to which the **Dispute Statement** relates under any invoices issued pursuant to Paragraph 3.16.2 and Paragraph 3.17.2 above (after taking into account any credit notes issued) **The Company** shall submit to the **User** a further invoice for such excess and interest thereon calculated in accordance with Paragraph 3.17.3;

- (b) In the event that the amount shown in any **Dispute Statement** is less than the aggregate amount paid by the **User** in respect of the **Settlement Day** to which the **Dispute Statement** relates under any invoices issued pursuant to Paragraph 3.16.2 and Paragraph 3.17.2 above (after taking into account any credit notes issued) **The Company** shall submit to the **User** a credit note for the amount by which the amount paid exceeds the amount shown in the **Dispute Statement** together with interest thereon calculated in accordance with Paragraph 3.17.3.

3.17.7 If at any time prior to receipt by **The Company** of the **Final Reconciliation Volume Allocation Run** in respect of a **Settlement Day** **The Company** receives written notice from any **User** or the relevant **BSC Agent** of an error occurring in any data forming part of or used within the **Initial Volume Allocation Run** or the **Reconciliation Volume Allocation Run** which in either case affects the data (as specified in the **Statement of the Use of System Charging Methodology**) used in the calculation of **Balancing Services Use of System Charges** for that **Settlement Day**, which error:-

- (a) is not taken into account in the **Final Reconciliation Volume Allocation Run**; and
- (b) has been ratified in accordance with the procedures for ratification set out in the **Balancing and Settlement Code**,

then **The Company** shall use its reasonable endeavours to prepare the **Balancing Services Use of System Reconciliation Statement** on the basis of the ratified data.

3.18 The right to submit **Balancing Services Use of System Reconciliation Statements** and **Dispute Statements** and the consequential invoices and/or credit notes shall survive the termination of the **User's** rights under the **CUSC** and the parties agree that the provisions of this Part II shall remain in full force and effect and shall continue to bind them after such termination (the version in existence as at the date of termination being the applicable version, in the case of any amendments).

3.19 **The Company** and each **User** hereby agree and acknowledge that the provisions of Part IIC will apply to all **Balancing Services Use of System Charges** payable in respect of any **Settlement Day** on or after the **NETA Go-live Date**. The provisions of Paragraphs 1.1 to 1.6 inclusive of Part 2 of the form of Appendix E in force on the day prior to the **NETA Go-live Date** shall continue to apply *mutatis mutandis* to all

Transmission Services Use of System Charges payable in respect of any **Settlement Day** up to the **NETA Go-live Date**.

3.20 RECONCILIATION PAYMENTS

Each **User**, or as the case may be, **The Company**, shall pay the amounts set out in any invoice or credit note issued pursuant to Paragraphs 3.16.2 or 3.15.6 respectively above, either in accordance with the applicable requirements for payment of other sums due under that invoice in the case of sums shown in an invoice also dealing with other payments, or in other cases within 5 **Business Days** of the date of the **Balancing Services Use of System Reconciliation Statement or Dispute Statement** as appropriate.

3.21 REVISION OF CHARGES

3.21.1 Subject to Paragraph 3.21.2 below, **The Company** shall give the **User** not less than 2 months prior written notice of any revision to the **Statement of the Use of System Charging Methodology** which will affect the application and calculation of the **Balancing Services Use of System Charges**, which notice shall specify the date upon which such revisions become effective (which may be at any time). The **User** shall pay any such revised charges with effect from the date specified in such notice.

3.21.2 Where in accordance with the **Transmission Licence**, the **Authority** determines a shorter period than two months for the implementation of a revision to the charges which will affect the application and calculation of the **Balancing Services Use of System Charge**, the notice period will be determined by the **Authority**. The notice will specify when the revision is effective and the **User** shall pay any such revised charges with effect from the date specified in such notice.

PART III - CREDIT REQUIREMENTS

3.22 BSUOS CHARGES AND TNUOS DEMAND CHARGES: PROVISION OF SECURITY COVER

3.22.1 Each **User** required to pay **Use of System Charges** shall provide **Security Cover** for **Balancing Services Use of System Charges** and **Transmission Network Use of System Demand Charges** from time to time in accordance with this Part III.

3.22.2 Each such **User** shall not later than the date of its accession to the **CUSC Framework Agreement** deliver to **The Company** evidence reasonably satisfactory:-

- (a) to establish the **User's Allowed Credit**; and
- (b) if required, that it has provided and is not in default under the **Security Cover** referred to in Paragraph 3.22.3 below.

3.22.3 The User shall be required to provide **Security Cover** where its **Security Requirement** exceeds its **User's Allowed Credit**. If such **User** is required to provide **Security Cover** it shall, not later than the date of:-

- (a) the date of its becoming a party to the **CUSC Framework Agreement**; or
- (b) two **Business Days** after **NGC** notifies the **User** in writing that the **Security Cover** required exceeds the **Security Amount** provided; or
- (c) where and to the extent that the amount of **Security Cover** required exceeds the **Security Amount** provided as a result of a **User's** revised forecast given in accordance with Paragraph 3.10 within one month of such revised forecast being provided to **NGC**:-
 - (i) deliver to **The Company** a **Qualifying Guarantee** in such amount as shall be notified by **The Company** to the **User** in accordance with Paragraph 3.23; and/or
 - (ii) deliver to **The Company** a **Letter of Credit** (available for an initial period of not less than 6 months) in such amount as shall be notified by **The Company** to the **User** in accordance with Paragraph 3.23; and/or
 - (iii) deliver to **The Company** cash for credit to the **Escrow Account** in such amount as shall be notified by **The Company** in accordance with Paragraph 3.23; and/or
 - (iv) deliver to **The Company** a **Bilateral Insurance Policy** in such an amount as shall be notified by **The Company** to the **User** in accordance with Paragraph 3.23; and/or
 - (v) deliver to **The Company** an **Insurance Performance Bond** in such an amount as shall be notified by **The Company** to the **User** in accordance with Paragraph 3.23; and/or
 - (vi) delivery to **The Company** an **Independent Security Arrangement** in such an amount as shall

be notified by **The Company** to the **User** in accordance with Paragraph 3.23.

3.22.4 The provisions of this Part III shall be in addition to any other requirements to provide security in respect of any other sums due under the terms of the **CUSC** or any **Bilateral Agreement** or **Construction Agreement**.

3.22.5 Maintenance of Security Cover

Where a **User** is required to provide **Security Cover** in accordance with the terms of this Paragraph 3.22 it shall at all times thereafter maintain a **Security Amount** equal to or more than the **Security Cover** applicable to it. Immediately upon any reduction occurring in the **Security Amount** provided by the **User** or any **Letter of Credit** or **Qualifying Guarantee** or **Bilateral Insurance Policy** or **Insurance Performance Bond** or **Independent Security Arrangement** being for any reason drawn down or demanded respectively, the **User** will procure that new **Letters of Credit** or **Qualifying Guarantees** or **Bilateral Insurance Policy** or **Insurance Performance Bond** or **Independent Security Arrangement** are issued or existing **Letters of Credit** or **Qualifying Guarantees** or **Bilateral Insurance Policy** or **Insurance Performance Bond** or **Independent Security Arrangement** are reinstated (to the satisfaction of **The Company**) to their full value or cash is placed to the credit of the **Escrow Account** in an amount required to restore the **Security Amount** to an amount at least equal to the **Security Cover** applicable to the **User**, and in such proportions of **Letters of Credit**, **Qualifying Guarantees** or **Bilateral Insurance Policy** or **Insurance Performance Bond** or **Independent Security Arrangement** and/or cash as the **User** may determine. Not later than 10 **Business Days** before any outstanding **Letter of Credit** and/or **Qualifying Guarantee** or **Bilateral Insurance Policy** or **Insurance Performance Bond** or **Independent Security Arrangement** is due to expire, the **User** shall procure to the satisfaction of **The Company** that its required **Security Amount** will be available for a further period of not less than 6 months which may be done in one of the following ways:-

- (a) subject to the issuing bank continuing to have an **Approved Credit Rating** for an amount at least equal to the required **Security Amount** applicable to it (less the balance of deposits on the **Escrow Account** in respect of the **Security Amount**) provide **The Company** with confirmation from the issuing bank that the validity of the **Letter of Credit** has been extended for a period of not less than 6 months on the same terms and otherwise for such amount as is required by this Part III; or

- (b) provide **The Company** with a new **Letter of Credit** issued by an issuing bank with an **Approved Credit Rating** for an amount at least equal to the required **Security Amount** applicable to it (less the balance of deposits on the **Escrow Account** in respect of the **Security Amount**) which **Letter of Credit** shall be available for a period of not less than 6 months; or
- (c) subject to the entity issuing the **Qualifying Guarantee** continuing to have an **Approved Credit Rating** or **Credit Assessment Score** for an amount at least equal to the required **Security Amount** applicable to it (less the balance of deposits on the **Escrow Account** in respect of the **Security Amount**) provide **The Company** with confirmation from the issuing entity that the validity of the **Qualifying Guarantee** has been extended for a period of not less than 6 months on the same terms and otherwise for such amount as is required by this Part III; or
- (d) provide **The Company** with a new **Qualifying Guarantee** for an amount at least equal to the required **Security Amount** applicable to it (less the its balance of deposits on the **Escrow Account** in respect of the **Security Amount**) which **Qualifying Guarantee** shall be available for a period of not less than 6 months; or
- (e) procure such transfer to **The Company** for credit to the **Escrow Account** of an amount as shall ensure that the credit balance applicable to the **User** and standing to the credit of the **Escrow Account** shall be at least equal to the required **Security Amount**; or
- (f) subject to the entity issuing the **Bilateral Insurance Policy** or **Insurance Performance Bond** or **Independent Security Arrangement** continuing to meet the **Requirements** provide **The Company** with confirmation from the issuing entity that the validity of the **Bilateral Insurance Policy** or **Insurance Performance Bond** or **Independent Security Arrangement** has been extended for a period of not less than 6 months on the same terms and otherwise for such amount as is required by this Part III; or
- (g) provide **The Company** with a new **Bilateral Insurance Policy** or **Insurance Performance Bond** or **Independent Security Arrangement** for an amount at least equal to the required **Security Amount** applicable to it (less the balance of deposits on the **Escrow Account** in respect of the **Security Amount**) which **Bilateral Insurance Policy** or **Insurance Performance Bond** or **Independent**

Security Arrangement shall be available for a period of not less than 6 months.

3.22.6 Failure to supply or maintain Security Cover

If the **User** fails at any time to provide or maintain **Security Cover** to the satisfaction of **The Company** in accordance with the provisions of this Part III, **The Company** may at any time while such default continues, and if at such time any **Letter of Credit** and/or **Qualifying Guarantee** and/or **Bilateral Insurance Policy** and/or **Insurance Performance Bond** and/or **Independent Security Arrangement** forming part of the **Security Amount** is due to expire within 9 **Business Days** immediately, and without notice to the **User**, demand payment of the entire amount of any outstanding **Letter of Credit** and/or **Qualifying Guarantee** and/or **Bilateral Insurance Policy** and/or **Insurance Performance Bond** and/or **Independent Security Arrangement** and shall credit the proceeds of the **Letter of Credit** and/or **Qualifying Guarantee** and/or **Bilateral Insurance Policy** and/or **Insurance Performance Bond** and/or **Independent Security Arrangement** to the **Escrow Account**.

3.22.7 Substitute Letter of Credit or Qualifying Guarantee

- (a) If the bank issuing the **User's Letter of Credit** ceases to have the credit rating set out in the definition of **Letter of Credit** in this **CUSC** such **User** shall forthwith procure the issue of a substitute **Letter of Credit** by a bank that has such a credit rating or a **Qualifying Guarantee** or a **Bilateral Insurance Policy** or an **Insurance Performance Bond** or an **Independent Security Arrangement** or transfer to **The Company** cash to be credited to the **Escrow Account**.
- (b) If the entity providing the **User's Qualifying Guarantee** ceases to have an **Approved Credit Rating** or **Credit Assessment Score** for an amount at least equal to the required **Security Amount** (less the balance of the **User's** deposits on the **Escrow Account** in respect of the **Security Amount**) the **User** shall forthwith procure a replacement **Qualifying Guarantee** from an entity with such a credit rating or a **Letter of Credit** or a **Bilateral Insurance Policy** or an **Insurance Performance Bond** or an **Independent Security Arrangement** or transfer to **The Company** cash to be credited to the **Escrow Account**.
- (c) If the entity providing the **User's Bilateral Insurance Policy** or **Insurance Performance Bond** or

Independent Security Arrangement ceases to meet the **Requirements** the **User** shall forthwith procure a replacement of the same or a **Bilateral Insurance Policy, Insurance Performance Bond, Independent Security Arrangement, Letter of Credit, Qualifying Guarantee** or transfer to **The Company** cash to be credited to the **Escrow Account** in respect of the **Security Amount**.

3.23 CREDIT MONITORING

3.23.1 Determination of Security Cover

The amount of **Security Cover** which the **User** shall be required to maintain shall be determined from time to time by **The Company** as the **User's Security Requirement** less the **User's Allowed Credit**.

3.23.2 Determination of Security Requirement

The **Security Requirement** for each User shall be determined as:-

- (a) the **Balancing Services Use of System Charges** provided for in the **CUSC**, where the **User** is a **Supplier**, over a 32 day period or such period as **The Company** acting reasonably shall specify to the **User** in writing from time to time taking into account the requirements for **Security Cover** contained in the **Balancing and Settlement Code** and where **The Company** proposes to change such period **The Company** shall consult with **Users**; and
- (b) the **Balancing Services Use of System Charges** provided for in the **CUSC**, where the **User** is a **Generator**, over a 29 day period or such period as **The Company** acting reasonably shall specify to the **User** in writing from time to time taking into account the requirements for **Security Cover** contained in the **Balancing and Settlement Code** and where **The Company** proposes to change such period **The Company** shall consult with **Users**; and
- (c) in relation to **Transmission Network Use of System Demand Charges** calculated in the following manner for each **Security Period**:-
 - (aa) in the **Financial Year** in which such charges first become due the greater of zero and the **User's Base Value at Risk**; and

(bb) in the case of subsequent **Financial Years** the greater of zero and the sum of (i) the **User's Base Value at Risk** and (ii) the **User's Forecasting Performance Related VAR**.

(d) interest on the amounts referred to in (a), (b) and (c) above calculated in accordance with the provisions of this **CUSC**.

3.23.3 Calculation of HH Base Value at Risk

For each **Security Period**, the sum equal to the **HH Base Percentage** of the **User's Indicative Annual HH TNUoS Charge** calculated on the basis of the latest **Demand Forecast** received by **The Company**.

3.23.4 Calculation of NHH Base Value at Risk

For each **Security Period**, the sum equal to the **NHH Base Percentage** of the **User's Indicative Annual NHH TNUoS Charge** calculated on the basis of the latest **Demand Forecast** received by **The Company**.

3.23.5 Notification of Deemed HH Forecasting Performance

Following the issue of the **Initial Demand Reconciliation Statement** in respect of the previous **Financial Year**, **The Company** shall notify the **User**, of the **Deemed HH Forecasting Performance** to be used in the calculation of the **User's HH Performance Related Var**. Such notice shall be given at least two months prior to the first of the **Security Periods** to which it relates.

3.23.6 Notification of Deemed NHH Forecasting Performance

Following the issue of the **Initial Demand Reconciliation Statement** in respect of the previous **Financial Year**, **The Company** shall notify the **User**, of the **Deemed NHH Forecasting Performance** to be used in the calculation of the **User's NHH Performance Related Var**. Such notice shall be given at least two months prior to the first of the **Security Periods** to which it relates.

3.23.7 Revision of Deemed HH Forecasting Performance

If the **User** has experienced a significant increase in the amount of **Demand** taken by its **Customers** during the last five months of the previous **Financial Year** and believes that this has had a significant effect on their **Deemed HH Forecasting**

Performance, then no later than one month from the date of the notification given to the **User** under paragraph 3.23.5, the **User** may request that **The Company** revises the **Deemed HH Forecasting Performance**. Upon raising such a request, the **User** must provide information to **The Company** relating to the size of the reported **Demand** increase and the **Reported Period(s) of Increase**. Where for any **Reported Period of Increase** the resulting increase in **Demand** equates to a level that is in excess of one percent of the **Actual Amount** of **HH Charges** in respect of the previous **Financial Year**, **The Company** shall, within one month of receiving such a request, recalculate the **Deemed HH Forecasting Performance** on the basis set out in Appendix 2 Paragraph 4. A **User** shall not be entitled to raise more than one request by reference to any period or part period covered in another **Reported Period of Increase** in respect of which a request has been raised under this Paragraph.

3.23.8 Revision of Deemed NHH Forecasting Performance

If the **User** has experienced a significant increase in the amount of **Demand** taken by its **Customers** during the last five months of the previous **Financial Year** and believes that this has had a significant effect on their **Deemed NHH Forecasting Performance**, then no later than one month from the date of the notification given to the **User** under paragraph 3.23.6, the **User** may request that **The Company** revises the **Deemed NHH Forecasting Performance**. Upon raising such a request, the **User** must provide information to **The Company** relating to the size of the reported **Demand** increase and the **Reported Period(s) of Increase**. Where for any **Reported Period of Increase** the resulting increase in **Demand** equates to a level that is in excess of one percent of the **Actual Amount** of **NHH Charges** in respect of the previous **Financial Year**, **The Company** shall within one month of receiving such a request, recalculate the **Deemed NHH Forecasting Performance** on the basis set out in Appendix 2 Paragraph 7. A **User** shall not be entitled to raise more than one request by reference to any period or part period covered in another **Reported Period of Increase** in respect of which a request has been raised under this Paragraph.

3.23.9 Review of Security Cover

The Company shall keep under review the **Security Cover** relating to the **User** and shall promptly advise the **User** whenever the **Security Amount** maintained by the **User** is more or less than the amount required to be maintained pursuant to this Paragraph 3.23.

3.23.10 Decrease of Security Cover

If **The Company** reasonably determines that the **User's** required **Security Cover** has decreased, it shall so notify the **User**. **The Company** shall consent to an appropriate reduction in the available amount of any outstanding **Qualifying Guarantee** or **Letter of Credit** or **Bilateral Insurance Policy** or **Insurance Performance Bond** or **Independent Security Arrangement** and/or shall repay to the **User** such part of the deposit held in the **Escrow Account** in respect of the **Security Cover** for the account of the **User** (together with all accrued interest on the part to be repaid) sufficient to reduce the **User's Security Amount** to the level of **Security Cover** applicable to it within 5 **Business Days** of the **User's** consent.

3.23.11 Notification in respect of Security Cover

The Company shall notify each **User** promptly if:-

- (a) that **User** fails to provide, maintain, extend or renew a **Qualifying Guarantee** or a **Letter of Credit** or a **Bilateral Insurance Policy** or an **Insurance Performance Bond** or an **Independent Security Arrangement** which it is required to provide, maintain, extend or renew pursuant to Paragraphs 3.22 or 3.23 inclusive;
- (b) **The Company** shall make a demand under any such **Qualifying Guarantee** or a call under a **Letter of Credit** or a **Bilateral Insurance Policy** or an **Insurance Performance Bond** or an **Independent Security Arrangement**; or
- (c) **The Company** becomes aware that that **User**:
 - (i) shall cease to have an **Approved Credit Rating** or shall cease to have an **Approved Credit Rating** for an amount at least equal to the **User's Security Requirement**, or
 - (ii) shall be placed on a credit watch by the relevant credit rating agency (or becomes subject to an equivalent procedure) which in any case casts doubt on the **User** retaining an **Approved Credit Rating** or an **Approved Credit Rating** for an amount at least equal to the **User's Security Requirement** or maintaining the **Credit Assessment Score** given by the **User's Independent Credit Assessment**, or

- (iii) shall be in default under the additional or alternative security required to be provided pursuant to this Part III; or
- (d) **The Company** becomes aware that any bank that has issued a **Letter of Credit** in relation to that **User** which has not expired shall cease to have the credit rating required by this Section; or
- (e) **The Company** becomes aware that any entity providing a **Qualifying Guarantee** or a **Bilateral Insurance Policy** or an **Insurance Performance Bond** or an **Independent Security Arrangement** in relation to that **User** which has not expired shall cease to meet the **Requirements** in the case of a **Bilateral Insurance Policy** or an **Insurance Performance Bond** or an **Independent Security Arrangement** or in the case of a **Qualifying Guarantee** cease to have an **Approved Credit Rating** or **Credit Assessment Score** for an amount at least equal to the required **Security Amount** (less its balance of deposits on the **Escrow Account** in respect of the **Security Amount**); or
- (f) **NGC** becomes aware that the **User's Security Requirement** exceeds 85% of the **User's Allowed Credit**.

Provided always that the failure by **The Company** to notify the **User** pursuant to Paragraphs 3.23.9, 3.23.10 or 3.23.11 shall not relieve the **User** of its obligations under and in accordance with the terms of this Section 3 and the **Charging Statements**.

3.23.12 Release from Security Cover Obligations

Upon a **User** becoming a **Dormant CUSC Party** or ceasing to be a **CUSC Party** and provided that all amounts owed by the **User** in respect of **Balancing Services Use of System Charges** and **Transmission Network Use of System Demand Charges** have been duly and finally paid and that it is not otherwise in default in any respect of any **Balancing Services Use of System Charges** or **Transmission Network Use of System Demand Charges** (including in each case interest) payable under the **CUSC**, the **User** shall be released from the obligation to maintain **Security Cover** and **The Company** shall consent to the revocation of any outstanding **Qualifying Guarantee** or **Letter of Credit** or a **Bilateral Insurance Policy** or an **Insurance Performance Bond** or an **Independent Security Arrangement** and shall repay to the **User** the balance of deposits standing to the credit of the **User** on the **Escrow Account** in respect of the **Security Amount**

(including interest accruing thereto, whether held in the **Escrow Account** or any associated bank account in the name of **The Company**) at that date.

3.24 PAYMENT DEFAULT

If, by 12.30 hours on any **Use of System Payment Date**, **The Company** has been notified by a **User** or it otherwise has reason to believe that that **User** will not have remitted to it by close of banking business on the **Use of System Payment Date** all or any part (“the amount in default”) of any amount which has been notified by **The Company** to the **User** as being payable by the **User** by way of either the **Balancing Services Use of System Charges** and/or **Transmission Network Use of System Demand Charges** on the relevant **Use of System Payment Date**, then **The Company** shall be entitled to act in accordance with the following provisions (or whichever of them shall apply) in the order in which they appear until **The Company** is satisfied that the **User** has discharged its obligations in respect of the **Balancing Services Use of System Charges** and/or **Transmission Network Use of System Demand Charges** (as appropriate) under the **CUSC** which are payable in respect of the relevant **Settlement Day** (in the case of **Balancing Services Use of System Charges**) or **Financial Year** (in the case of **Transmission Network Use of System Demand Charges**):-

- (a) **The Company** may to the extent that the **User** is entitled to receive payment from **The Company** pursuant to the **CUSC** (unless it reasonably believes that such set-off shall be unlawful) set off the amount of such entitlement against the amount in default;
- (b) **The Company** shall be entitled to set off the amount of funds then standing to the credit of the **Escrow Account** against **Balancing Services Use of System Charges** and/or **Transmission Network Use of System Demand Charges** (as appropriate) unpaid by the **User** and for that purpose **The Company** shall be entitled to transfer any such amount from the **Escrow Account** to any other account of **The Company** at its absolute discretion and shall notify the **User** accordingly;
- (c) **The Company** may demand payment under any outstanding **Letter of Credit** supplied by the **User** in a sum not exceeding the available amount of all such **Letters of Credit**;
- (d) **The Company** may demand payment under any outstanding **Qualifying Guarantee** provided for the benefit of the **User** pursuant to Paragraph 3.22.3(b);

- (e) **The Company** may demand payment under any outstanding **Bilateral Insurance Policy** provided for the benefit of the **User**;
- (f) **The Company** may demand payment under any outstanding **Insurance Performance Bond** provided for the benefit of the **User**;
- (g) **The Company** may demand payment under any outstanding **Independent Security Arrangement** provided for the benefit of the **User**.

3.25 UTILISATION OF FUNDS

In addition to the provisions of Paragraph 3.24 above if **The Company** serves a notice of default under the terms of Paragraph 5.5 or a notice of termination under Paragraph 5.7 then **The Company** shall be entitled to demand payment of any of the **Balancing Services Use of System Charges** and/or **Transmission Network Use of System Demand Charges** which are outstanding from the relevant **User** whether or not the **Use of System Payment Date** in respect of them shall have passed and:-

- (a) make demand under any outstanding **Qualifying Guarantee** or a call under any outstanding **Letter of Credit, Bilateral Insurance Policy, Insurance Performance Bond** or **Independent Security Arrangement** supplied by the **User**; and
- (b) to set off the funds in the **Escrow Account** against **Balancing Services Use of System Charges** and/or **Transmission Network Use of System Demand Charges** unpaid by the **User** and for that purpose **The Company** shall be entitled to transfer any such amount from the **Escrow Account** to any other account of **The Company** as it shall in its sole discretion think fit.

3.25A For the avoidance of doubt, the **User's** cash deposit in the **Escrow Account** shall remain the sole property and entitlement of the **User** until such time when (and to such extent as) the **Company** exercises its right of set off against the **User's** cash deposit in accordance with the terms of the **CUSC**, and the **User** shall have no right to have the cash deposit returned to it for so long as it is under any prospective or contingent liability to the **Company**.

3.26 USER'S RIGHT TO WITHDRAW FUNDS

If a **User** is not in default in respect of any amount owed to **The Company** in respect of the **Balancing Services Use of System Charges** or **Transmission Network Use of System Charges** under

the terms of the **CUSC** and any **Bilateral Agreement** to which the **User** is a party:-

- (a) **The Company** shall transfer to the **User** quarterly interest accruing in respect of deposits of principal sums from the **User** in the **Escrow Account** (whether held in the **Escrow Account** or any associated bank account in the name of **The Company**); and
- (b) **The Company** shall transfer to such **User** within a reasonable time after such **User's** written request therefor any amount of cash provided by the **User** by way of **Security Cover** which exceeds the amount which such **User** is required to provide by way of security in accordance with this Part III.

3.27 USER'S ALLOWED CREDIT

3.27.1 Each **User** shall notify **NGC** promptly if:-

- (a) it gains an **Approved Credit Rating**; or
- (b) it ceases to have an **Approved Credit Rating**; or
- (c) where the **User** holds an **Approved Credit Rating**, its specific investment grading changes; or
- (d) it has reason to believe that its **Credit Assessment Score** is likely to have changed since the last **Independent Credit Assessment**.

3.27.2 The **User's Allowed Credit** extended by **NGC** at any time to each **User** with an **Approved Credit Rating** shall be calculated in accordance with Paragraph 1 of Appendix 1 of this Section 3 subject to a maximum value of the **Unsecured Credit Cover**.

3.27.3 The **User's Allowed Credit** extended by **NGC** at any time to each **User** without an **Approved Credit Rating** shall be at the choice of the **User** the **Payment Record Sum** or the **Credit Assessment Sum**.

3.27.4 Unless the **User** has notified **NGC** that it wishes its **User's Allowed Credit** to be based on the **Credit Assessment Sum** then, subject to Paragraph 3.27.5, for each successive month in which the **User** pays its **Use of System Charges** by the **Use of System Payment Date** then the **User's Allowed Credit** extended to such **User** at any time shall be calculated in accordance with Paragraph 2 of Appendix 1 of this Section 3.

3.27.5 Where a **User** fails to pay its **Use of System Charges** within 2 **Business Days** of the **Use of System Payment Date** its **Payment Record Sum** shall be reduced by 50% on the first such occasion within a twelve month period and shall be reduced to zero on the second

occasion in such twelve month period. Upon any such failure to pay, the **User's Allowed Credit** (as adjusted following such failure in accordance with this clause) shall be calculated for successive months in accordance with Paragraph 3.27.4.

- 3.27.6 Where a **User** has notified **NGC** that it wishes its **User's Allowed Credit** to be based on its **Credit Assessment Sum**, the **Credit Assessment Sum** extended to a **User** at any time shall be calculated be reference to the **Credit Assessment Score** given by the **Independent Credit Assessment** in accordance with Paragraph 3 of Appendix 1 of this Section 3.
- 3.27.7 Where a **User** has notified **NGC** that its wishes its **User's Allowed Credit** to be based on the **Credit Assessment Sum** then the **User** will obtain an **Independent Credit Assessment** of that **User**. The first such **Independent Credit Assessment** will be at **NGC's** cost.
- 3.27.8 Where a **User's Allowed Credit** is based on the **Credit Assessment Sum** then where **NGC** has reason to believe that the **Independent Credit Assessment** last obtained is likely to have changed then **NGC** shall be entitled to request the **User** to obtain a further **independent Credit Assessment**. Such **Independent Credit Assessment** shall be at **NGC's** cost.
- 3.27.9 The **User** may obtain an **Independent Credit Assessment** at **NGC's** cost provided that **NGC** has not paid for an earlier **Independent Credit Assessment** for that **User** within the previous 12 months. The **User** may obtain further **Independent Credit Assessments** within such a 12 month period at the **User's** cost.

3.28 TRANSITIONAL ARRANGEMENTS

- 3.28.1 Recognising the changes to the **Security Cover** and **Security Requirements** introduced by the **Security Amendment** and the consequences for **The Company** and **Users** then notwithstanding the provisions of **CUSC** Section 3 Part III the following transitional provisions shall apply:
- (a) the obligation for **Users** whose **Security Requirement** will as a result of the **Security Amendment** increase at the **Security Amendment Implementation Date** shall be to provide the difference between the **Existing Security Cover** and the **Security Cover** in full by no later than the **End Date** and by increasing the **Existing Security Cover** each month by equal monthly amounts of the difference between the **existing Security Cover** and the **Security Cover**; and
 - (b) where a **User's Security Requirement** at the **Security Amendment Implementation Date** is less than the **Existing Security Cover** held for that **User** then **The Company** shall

release the **existing Security Cover** by the appropriate amount as soon as practicable and in any event within one calendar month of the **Security Amendment Implementation Date**.

3.28.2 Recognising the changes to the **Security Cover** and **Security Requirements** introduced by the **Value At Risk Amendment** and the consequences for **The Company** and **Users** then notwithstanding the provisions of **CUSC** Section 3 Part III the following transitional provisions shall apply:

- (a) Until the **Initial Demand Reconciliation Statement** has been issued for the **Financial Year** ending at least six months following the **Value At Risk Amendment Implementation Date**, and **The Company** has calculated the **Forecasting Performance Related VAR** by reference to this, each **User's Forecasting Performance Related VAR** shall be substituted by such percentage of **User's Transmission Network Use of System Demand Charges** as reflects the percentage difference between the **Actual Amount** and the **Notional Amount** of the **User's Transmission Network Use of System Demand Charges** for the previous **Financial Year**, provided that where the **Notional Amount** exceeds the **Actual Amount**, the percentage shall be zero;
- (b) the obligation for **Users** whose **Security Requirement** will increase at the **Value At Risk Amendment Implementation Date** as a result of the **Value At Risk Amendment** shall be to provide the difference between the **Pre-Value At Risk Amendment Security Cover** and the **Security Cover** in full by no later than the **Value At Risk Amendment Implementation End Date** and by increasing the **Pre-Value At Risk Amendment Security Cover** each month by equal monthly amounts of the difference between the **Pre-Value At Risk Amendment Security Cover** and the **Security Cover**; and
- (c) where a **User's Security Requirement** at the **Value At Risk Amendment Implementation Date** is less than the **Pre-Value At Risk Amendment Security Cover** held for that **User** then **The Company** shall release the **Pre-Value At Risk Amendment Security Cover** by the appropriate amount as soon as practicable and in any event within one calendar month of the **Value At Risk Amendment Implementation Date**.

APPENDIX 1 CREDIT ARRANGEMENTS

- 1 Where the **User** meets the **Approved Credit Rating** that **User's Allowed Credit** at any given time shall be calculated as a percentage of **Unsecured Credit Cover** by reference to the specific investment grade within the **User's Approved Credit Rating** as follows:

Approved Long Term Credit Rating			User's Allowed Credit as % of Unsecured Credit Cover
Standard & Poor's	Moody's	Fitch	
AAA AA+ AA AA-	Aaa Aa1 Aa2 Aa3	AAA AA+ AA AA-	100
A+ A A-	A1 A2 A3	A+ A A-	40
BBB+	Baa1	BBB+	20
BBB	Baa2	BBB	19
BBB-	Baa3	BBB-	18
BB+	Ba1	BB+	17
BB	Ba2	BB	16
BB-	Ba3	BB-	15

- 2 Where based on the **Payment Record Sum**, a **User's Allowed Credit** at any time shall be calculated on the basis of 0.4% per 12 month period (escalating on an evenly graduated basis each month) of the **Unsecured Credit Cover**, subject to a maximum of 2% after 60 months of successive payment by the **Use of System Payment Date**.
- 3 Where based on the **Credit Assessment Sum**, a **User's Allowed Credit** at any given time shall be calculated as a percentage of the **Unsecured Credit Cover** by reference to the **Credit Assessment Score** as follows:

Credit Assessment Score	User's Allowed Credit as % of Unsecured Credit Cover
10	20
9	19
8	18
7	17
6	16
5	15
4	13.33
3	10
2	6.67
1	3.33
0	0

APPENDIX 2

Base Value At Risk

- For each **Security Period**, the **HH Base Percentage** used in determining the **User's HH Base Value at Risk** shall be determined by reference to the following:

(a) Security Period Start Date (inclusive)	Security Period End Date (inclusive)	HH Base Percentage
1 st April	30 th June	-8.4%
1 st July	30 th September	-33.4%
1 st October	31 st December	-49.1%
1 st January	31 st March	7.0%

- For each **Security Period**, the **NHH Base Percentage** used in determining the **User's NHH Base Value at Risk** shall be determined by reference to the following:

Security Period Start Date (inclusive)	Security Period End Date (inclusive)	(c) NHH Base Percentage
1 st April	30 th June	(d) 4.3%
1 st July	30 th September	(e) -1.5%
1 st October	31 st December	(f) -2.8%
1 st January	31 st March	(g) 3.7%

Deemed HH Forecasting Performance and Revision

- Deemed HH Forecasting Performance**, FPP_{HH} , shall be calculated as set out in the following formula:

$$FPP_{HH} = \max \left(0, \frac{5}{1333} \sum_{m=8}^{12} \left(\frac{AA_{HH} - IA_{HH,m} * W_{HH,m}}{AA_{HH}} \right) - CA_{HH} \right)$$

Where:

AA_{HH} is the **Actual Amount of User's HH Charges** for the previous **Financial Year**

$IA_{HH,m}$ is the **Indicative Annual HH TNUoS charge** calculated using the **Demand Forecast** used to determine **Transmission Network Use of System Demand Charges** made during month m of the previous **Financial Year**.

$W_{HH,m}$, The forecast weighting to be applied for each month, m by reference to the following:

m	Invoice Month	Forecast weighting, $W_{HH,m}$
8	November	33.3
9	December	33.3
10	January	33.3
11	February	66.7
12	March	100

CA_{HH} , is an allowance for extreme conditions equal to 0.06.

4. The revised **Deemed HH Forecasting Performance**, shall be calculated on the basis of Paragraph 3 above, substituting the **Indicative Annual HH TNUoS Charge** for each month, m prior to the end of the **Reported Period of Increase** with the **Revised Indicative Annual HH TNUoS charge**, $RIA_{HH,m}$
5. The **Revised Indicative Annual HH TNUoS charge**, $RIA_{HH,m}$ shall be derived as follows:

$$RIA_{HH,m} = \min \left(\max \left(\frac{DUA_{HH,p}}{DUB_{HH,p}} - \frac{DSA_{HH,p}}{DSB_{HH,p}}, 0 \right) * RD_{HH,p} + IA_{HH,m}, IA_{HH,p} \right)$$

Where:

$DUA_{HH,p}$ is the average half-hourly metered demand taken by the **User's Customers** during the period 17:00 to 17:30 on the twenty **Business Days** prior to the **Reported Period of Increase**, p , that do not fall between the two week period commencing 22nd December.

$DUB_{HH,p}$ is the average half-hourly metered demand taken by the **User's Customers** during the period 17:00 to 17:30 on the twenty **Business Days** following the **Reported Period of Increase**, p , that do not fall between the two week period commencing 22nd December.

$DSA_{HH,p}$ is the average demand taken by **Total System Chargeable HH Demand** during the period 17:00 to 17:30 on the twenty **Business Days** prior to the **Reported Period of Increase, p** , that do not fall between the two week period commencing 22nd December.

$DSB_{HH,p}$ is the average demand taken by **Total System Chargeable HH Demand** during the period 17:00 to 17:30 on the twenty **Business Days** following the **Reported Period of Increase, p** , that do not fall between the two week period commencing 22nd December.

$RD_{HH,p}$ is the forecast proportion of **HH Charges** remaining for the previous **Financial Year** from the first day of the month in which the **Reported Period of Increase, p** commences by reference to the following:

Month in which Reported Period of Increase commences	Remaining proportion of HH Charges
October	100%
November	100%
December	100%
January	66.7%
February	33.3%

$IA_{HH,m}$ is the **Indicative Annual HH TNUoS charge** calculated using the **Demand Forecast** used to determine **Transmission Network Use of System Demand Charges** made during month m of the previous **Financial Year**.

$IA_{HH,p}$ in the case that the the **Reported Period of Increase, p** ends prior to the 10th February of the previous **Financial Year**, is set equal to the **Indicative Annual HH TNUoS charge** calculated using the **Demand Forecast** used to determine **Transmission Network Use of System Demand Charges** made during the month immediately

following **Reported Period of Increase** of the previous **Financial Year**, otherwise is set to infinity.

Deemed NHH Forecasting Performance and Revision

6. **Deemed NHH Forecasting Performance**, FPP_{NHH} , shall be calculated as set out in the following formula:

$$FPP_{NHH} = \max \left(0, \frac{1}{300} \sum_{m=8}^{12} \left(\frac{AA_{NHH} - IA_{NHH,m}}{AA_{NHH}} * W_{NHH,m} \right) - CA_{NHH} \right)$$

Where:

AA_{NHH} is the **Actual Amount of User’s NHH Charges** for the previous **Financial Year**.

$IA_{NHH,m}$ is the **Indicative Annual NHH TNUoS charge** calculated using the **Demand Forecast** used to determine **Transmission Network Use of System Demand Charges** made during month m of the previous **Financial Year**.

$W_{NHH,m}$, The forecast weighting to be applied for each month, m by reference to the following:

m	Invoice Month	Forecast weighting, $W_{NHH,m}$
8	November	41
9	December	49
10	January	59
11	February	70
12	March	81

CA_{NHH} , is an allowance for extreme conditions equal to 0.03.

7. The revised **Deemed NHH Forecasting Performance** shall be calculated on the basis of Paragraph 6 above, substituting the **Indicative Annual NHH TNUoS Charge** for each month, m prior to

the end of the **Reported Period of Increase** with the **Revised Indicative Annual NHH TNUoS charge, $RIA_{NHH,m}$** .

8. The **Revised Indicative Annual NHH TNUoS charge, $RIA_{NHH,m}$** shall be derived as follows:

$$RIA_{NHH,m} = \min \left(\max \left(\frac{DUA_{NHH,p}}{DUB_{NHH,p}} - \frac{DSA_{NHH,p}}{DSB_{NHH,p}}, 0 \right) * RD_{NHH,p} + IA_{NHH,m}, IA_{NHH,p} \right)$$

Where:

$DUA_{NHH,p}$ is the average non-half-hourly metered demand taken by the **User's Customers** during the period 16:00 to 19:00 on the twenty **Business Days** prior to the **Reported Period of Increase, p** , that do not fall between the two week period commencing 22nd December.

$DUB_{NHH,p}$ is the average non-half-hourly metered demand taken by the **User's Customers** during the period 16:00 to 19:00 on the twenty **Business Days** following the **Reported Period of Increase, p** , that do not fall between the two week period commencing 22nd December.

$DSA_{NHH,p}$ is the average demand taken by **Total System Chargeable NHH Demand** during the period 16:00 to 19:00 on the twenty **Business Days** prior to the **Reported Period of Increase, p** , that do not fall between the two week period commencing 22nd December.

$DSB_{NHH,p}$ is the average demand taken by **Total System Chargeable NHH Demand** during the period 16:00 to 19:00 on the twenty **Business Days** following the **Reported Period of Increase, p** , that do not fall between the two week period commencing 22nd December.

$RD_{NHH,p}$ is the forecast proportion of **NHH Charges** remaining for the previous **Financial Year** from the first day of the month in which the **Reported Period of Increase, p** commences by reference to the following:

Month in which Reported Period of	Remaining proportion of NHH Charges
---	---

Increase commences	
October	59%
November	51%
December	41%
January	30%
February	19%

$IA_{NHH,m}$ is the **Indicative Annual NHH TNUoS charge** calculated using the **Demand Forecast** used to determine **Transmission Network Use of System Demand Charges** made during month m of the previous **Financial Year**.

$IA_{NHH,p}$ in the case that the the **Reported Period of Increase**, p ends prior to the 10th February of the previous **Financial Year**, is set equal to the **Indicative Annual NHH TNUoS charge** calculated using the **Demand Forecast** used to determine **Transmission Network Use of System Demand Charges** made during the month immediately following **Reported Period of Increase** of the previous **Financial Year**, otherwise is set to infinity.

END OF SECTION 3

CUSC - SECTION 4
BALANCING SERVICES

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- 4.1 Mandatory Ancillary Services
- 4.2 Maximum Generation
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CUSC - SECTION 4

BALANCING SERVICES

4.1 MANDATORY ANCILLARY SERVICES

4.1.1 Application

4.1.1.1 The provisions of this Paragraph 4.1 shall apply to **Users** which are **Generators** in respect of **Generating Units, DC Converters** and **Power Park Modules** from which they are required to provide the **Mandatory Ancillary Services** to **The Company** in accordance with the **Grid Code** (for the avoidance of doubt, as determined by any direction in force from time to time and issued by the **Authority** relieving any such **User** from the obligation under its **Licence** to comply with such part or parts of the **Grid Code** or any **Distribution Code** or, in the case of **The Company**, the **Transmission Licence**, as may be specified in such direction).

4.1.1.2 In respect of **Generating Unit(s), DC Converter(s)** and **Power Park Modules** which are required to provide **Mandatory Ancillary Services** to **The Company** in accordance with the **Grid Code** and which are not registered as **BM Unit(s)**, the **Mandatory Service Agreement** shall detail how the provisions of Section 4 and Schedule 3 of the **CUSC** which refer to **BM Unit(s)** shall (notwithstanding such **Generating Unit(s), DC Converter(s)** and **Power Park Module(s)** are not registered as **BM Unit(s)**) apply.

4.1.2 Reactive Power

Schedule 3, Part I

4.1.2.1 **The Company** and each **User** shall, as between **The Company** and that **User**, comply with the provisions regarding the **Obligatory Reactive Power Service** and any **Enhanced Reactive Power Service** contained in Schedule 3, Part I.

Provision of Obligatory Reactive Power Service

4.1.2.2 Subject as herein provided, each **User** hereby agrees, as between **The Company** and that **User**, to provide the **Obligatory Reactive Power Service** from each of the **BM Units** specified in a **Mandatory Services Agreement**.

- 4.1.2.3 In respect of **Generating Unit(s)** located **Offshore** where the **Obligatory Reactive Power Service** is provided to **The Company** by an **Offshore Transmission Licensee** in accordance with the **STC**, the **Mandatory Ancillary Services Agreement** shall detail the payments that **The Company** shall make to the **User** (notwithstanding that the **Obligatory Reactive Power Service** is provided to **The Company** by an **Offshore Transmission Licensee**).

Redeclarations

- 4.1.2.4 (a) For the avoidance of doubt, nothing in this Paragraph 4.1.2.4 or any **Mandatory Services Agreement** shall affect the provisions of **Grid Code OC 2** and/or **BC 1** concerning the redeclaration in relation to any **BM Unit** (or where applicable, any **CCGT Unit** or **Power Park Unit**) of a revised capability to provide **Leading** and/or **Lagging** Mvar, where applicable at the generator stator terminals.
- (b) All such redeclarations at the generator stator terminals submitted pursuant to **Grid Code OC2** and/or **BC 1** may include the revised capability (in the case of **CCGT Units** and **Power Park Units** of the relevant **BM Unit**) at **Rated MW** at the **Commercial Boundary**. Such capability shall be derived from the capability at the generator stator terminals by application of the applicable formulae set out in Parts 1, 2 or 3 of Appendix 8 to Schedule 3, Part I.
- (c) Where a redeclaration of capability to provide **Leading** and/or **Lagging** Mvars at **Rated MW** does not specify such revised capability at the **Commercial Boundary**, then **The Company** shall calculate the revised capability at **Rated MW** at the **Commercial Boundary** by application of the applicable formulae set out in Parts 1, 2 or 3 of Appendix 8 to Schedule 3, Part I.
- (d) Any revised capability of a **BM Unit** at **Rated MW** at the **Commercial Boundary** shall constitute the respective values of QR_{lead} and QR_{lag} as referred to in Section 2 of Appendix 3 of Schedule 3, Part I.
- (e) In order to calculate any payments which fall due in accordance with this Paragraph 4.1.2 and a **Mandatory Services Agreement**, following commencement of the relevant clause of the **Mandatory Services**

Agreement, The Company shall calculate the values of QR_{lead} and QR_{lag} in accordance with the applicable formulae contained in Parts 1, 2 or 3 of Appendix 8 to Schedule 3, Part I.

Utilisation

- 4.1.2.5 **The Company** shall have the right (but shall not be obliged) at any time to instruct a **User** by the issue of a **Reactive Despatch Instruction** to provide **Leading** and/or **Lagging** Mvars from some or all of the **BM Units** specified in a **Mandatory Services Agreement**.

Monitoring

- 4.1.2.6 In order to comply with its obligations contained in **Grid Code OC 5**, **The Company** may use its **Operational Metering Equipment**, or **Operational Metering Equipment** owned by a **Relevant Transmission Licensee** in accordance with Paragraph 6.7.3 to ensure that, in respect of each **BM Unit**, a **User** is complying with its obligations to provide the **Obligatory Reactive Power Service** both in accordance with the **Grid Code** and in accordance with the terms of the **Mandatory Services Agreement**.

- 4.1.2.7 Each **User** acknowledges that **The Company** may wish to install additional monitoring equipment at a **Power Station** to monitor the ability of any or all of the **BM Units** of that **User** to provide the **Obligatory Reactive Power Service**, such monitoring equipment to be installed on terms to be agreed with that **User** (such agreement not to be unreasonably withheld or delayed). The cost of such additional monitoring equipment and its installation shall be borne by **The Company**.

Reactive Testing

- 4.1.2.8 Where, in accordance with **Grid Code OC 5.4.2.4**, **The Company** shall be entitled to require a **Reactive Test**, such test shall be in addition to, and shall not prejudice **The Company's** right to require, the two annual **Reactive Tests** referred to in **Grid Code OC 5.5.1.1**. If a **BM Unit** or a **CCGT Unit** (as the case may be) fails a **Reactive Test**, then **The Company** shall advise the **User** that the **BM Unit** or **CCGT Unit** (as appropriate) has so failed whereupon, subject always to resolution of any dispute in accordance with **Grid Code OC 5.5.4** and (where applicable) **OC 5.5.5**, the **User** shall immediately advise **The Company** of the revised capability of that **BM Unit** or **CCGT Unit** (as

appropriate) to provide **Leading** and/or **Lagging** Mvars (as the case may be) in accordance with the terms of the **Mandatory Services Agreement**.

Grid Code

- 4.1.2.9 It is acknowledged by **The Company** and each **User** that the provision by that **User** of the **Obligatory Reactive Power Service** in accordance with the terms of the **CUSC** and the **Mandatory Services Agreement** shall not relieve it of any of its obligations set out in the **Grid Code** including without limitation its obligation set out in **Grid Code CC 8.1** to provide **Reactive Power** (supplied otherwise than by means of synchronous or static compensators) except in the case of a **Power Park Module** where synchronous or static compensation within the **Power Park Module** may be used to provide **Reactive Power**) in accordance with **Grid Code CC 6.3.2**.

Disclosure and Use of Information

- 4.1.2.10 Each **User** hereby consents to the disclosure and use by **The Company** of data and other information relating to the provision by that **User** of the **Obligatory Reactive Power Service** and the relevant provisions of the **Mandatory Services Agreement** relating thereto to the extent necessary to enable **The Company** to comply with its obligations set out in the **CUSC**. Each **User** hereby consents to the disclosure and use by **The Company** of data and other information from any year relating to the provision by that **User** of the **Balancing Service** to the extent necessary to enable **The Company** to carry out its **EMR Functions**.

Hierarchy

- 4.1.2.11 If any provision of the **Mandatory Services Agreement** to the extent relating to the **Obligatory Reactive Power Service** shall be inconsistent with the provisions of Schedule 3, Part I, the provisions of Schedule 3, Part I shall prevail to the extent of such inconsistency.

4.1.3 Frequency Response

Introduction

- 4.1.3.1 Each applicable **User** is obliged to provide (for the avoidance of doubt, as determined by any direction in force from time to time and issued by the **Authority** relieving that **User** from the obligation under its **Licence** to comply with

such part or parts of the **Grid Code** or any **Distribution Code** or, in the case of **The Company**, the **Transmission Licence**, as may be specified in such direction) the **Mandatory Ancillary Service of Frequency Response** referred to in **Grid Code CC 8.1** by means of **Frequency sensitive generation** in accordance with the terms of this Paragraph 4.1.3 and a **Mandatory Services Agreement** but subject always to and in accordance with the relevant part or parts of the **Grid Code** applicable thereto.

Definitions

4.1.3.2 For the purposes of this Paragraph 4.1.3:

- (i) “**Frequency Response Service**” means the **Mandatory Ancillary Service of Frequency Response** and any **Commercial Ancillary Service of Frequency Response** as may be agreed to be provided by a **User** from time to time;
- (ii) the **Mandatory Ancillary Service of Frequency Response** shall constitute operation of a **BM Unit** in accordance with **Grid Code CC 6.3.7** and **BC 3.5** (with the exception of **BC 3.5.2**), including, without limitation, under normal operating conditions with the speed governor set so that it operates with an overall speed droop of between 3% and 5% so as to provide the applicable levels of **Response** referred to in Paragraph 4.1.3.7;
- (iii) the term "instruction" means a communication whether by telephone or automatic logging device or facsimile from **The Company** to the **User** instructing a **User** in accordance with **Grid Code BC 2.8** and this Paragraph 4.1.3 to provide any **Frequency Response Service**, and derivations of the term shall be construed accordingly;
- (iv) the amendment of an existing instruction shall be deemed to be a new instruction;
- (v) an instruction will prevail until either it is countermanded by **The Company** or until the **BM Unit** to which the instruction relates is **De-synchronised** (whichever is first to occur).

The Company's Instructions to provide Mode A Frequency Response

- 4.1.3.3 For the purposes of instructions and calculation of payments, the **Mandatory Ancillary Service of Frequency Response** as described in this Paragraph 4.1.3 shall be referred to as "**Mode A Frequency Response**".
- 4.1.3.4 **The Company** may at any time instruct a **User** to operate any one or more **BM Unit(s)** so as to provide the following components of **Mode A Frequency Response**:-
- (a) **Primary Response**;
 - (b) **Secondary Response**;
 - (c) **High Frequency Response**,
- in any of the permissible combinations set out in the relevant table in the **Mandatory Services Agreement**.
- 4.1.3.5 **The Company** shall not instruct a **User** to provide **Mode A Frequency Response** and any **Commercial Ancillary Service of Frequency Response** simultaneously.
- 4.1.3.6 In the event that any instruction to provide **Frequency Response** does not state whether the instruction is to provide **Mode A Frequency Response** or any **Commercial Ancillary Service of Frequency Response**, such instruction shall be deemed to be an instruction to provide **Mode A Frequency Response**.
- User's Obligation to Provide Response***
- 4.1.3.7 When a **User** is instructed in accordance with Paragraphs 4.1.3.4 and/or 4.1.3.6 to operate a **BM Unit** so as to provide any component(s) of **Mode A Frequency Response**, that **User** shall operate that **BM Unit** so as to provide, for any **Frequency Deviation** and at any level of **De-Load**, at least the amount of **Primary Response** and/or **Secondary Response** and/or **High Frequency Response** set out respectively in the relevant **Frequency Response Capability Data** tables in the **Mandatory Services Agreement** (as such tables are to be interpreted in accordance with Paragraph 4.1.3.11).
- 4.1.3.7A For the avoidance of doubt a **User** shall ensure that the **Transmission Entry Capacity**, and if relevant the **STTEC**

and/or **LDTEC** and/or any **Temporary Received TEC** less any **Temporary Donated TEC**, for the relevant **Connection Site** shall be sufficient to enable it to comply with its obligations under Paragraph 4.1.3.7 above at all times and in respect of all **BM Units**.

Calculation of Payments

4.1.3.8 The payments to be made by **The Company** to a **User** hereunder in respect of the provision of any **Mode A Frequency Response** from a **BM Unit** shall be comprised of **Holding Payments** and **Response Energy Payments** and shall be determined in accordance with the formulae in, respectively, Paragraphs 4.1.3.9 and 4.1.3.9A and in accordance with Paragraphs 4.1.3.10 to 4.1.3.12 inclusive.

Payment Formulae - Holding Payments

4.1.3.9 The **Holding Payments** for a **BM Unit** to be made by **The Company** to a **User** referred to in Paragraph 4.1.3.8 shall be calculated in accordance with the following formula:-

$$HP_M = P_M + H_M + S_M$$

Where:

HP_M is the **Holding Payment** to be made to the **User** calculated in £ per minute.

P_M is the payment per minute to be made by **The Company** to the **User** for the **Ancillary Service of Primary Response** provided by the **User** from the **BM Unit** concerned pursuant to an instruction from **The Company** to provide **Mode A Frequency Response**, and is calculated as follows:-

$$P_M = (P_{PR} \times P_{MW} (1 - SF_P)) \times K_T \times K_{GRC} \times \left[\frac{1}{60} \right]$$

H_M is the payment per minute to be made by **The Company** to the **User** for the **Ancillary Service of High Frequency Response** provided by the **User** from the **BM Unit** concerned pursuant to an instruction from **The Company** to provide **Mode A Frequency Response**, and is calculated as follows:-

$$H_M = (H_{PR} \times H_{MW} (1 - SF_H)) \times K_T \times K_{GRC} \times \left[\frac{1}{60} \right]$$

S_M is the payment per minute to be made by **The Company** to the **User** for the **Ancillary Service** of **Secondary Response** provided by the **User** from the **BM Unit** concerned pursuant to an instruction from **The Company** to provide **Mode A Frequency Response**, and is calculated as follows:-

$$S_M = (S_{PR} \times S_{MW} (1 - SF_S)) \times K_T \times K_{GRC} \times \left[\frac{1}{60} \right]$$

In this Paragraph 4.1.3.9, the following terms shall have the following meanings:-

- P_{PR} = the appropriate payment rate for **Primary Response** determined in accordance with Paragraph 4.1.3.13;
- P_{MW} = the **Primary Response** capability (expressed in MW) for the level of **De-Load** of the **BM Unit** concerned at the end of the minute in which the service is provided;
- H_{PR} = the appropriate payment rate for **High Frequency Response** determined in accordance with Paragraph 4.1.3.13;
- H_{MW} = the **High Frequency Response** capability (expressed in MW) for the level of **De-Load** of the **BM Unit** concerned at the end of the minute in which the service is provided;
- S_{PR} = the appropriate payment rate for **Secondary Response** determined in accordance with Paragraph 4.1.3.13;
- S_{MW} = the **Secondary Response** capability (expressed in MW) for the level of **De-Load** of the **BM Unit** concerned at the end of the minute in which the service is provided;
- K_T = the ambient temperature adjustment factor. **The Company** and each **User** acknowledge and agree, as between **The Company** and that **User**, that K_T shall be deemed to be 1 for the purposes of calculating payments until such time as they agree

upon an appropriate formula and a suitable method of measuring the ambient temperature on a minute by minute basis which shall be set out in the **Mandatory Services Agreement**. In the event that any agreed method of measuring the ambient temperature on a minute by minute basis should fail following its implementation, then **The Company** and each **User** acknowledge and agree, as between **The Company** and that **User**, that K_T shall be deemed to be 1 until the method of measuring the ambient temperature on a minute by minute basis is restored;

K_{GRC} = where the **BM Unit** is a **CCGT Module**, the plant configuration adjustment factor set out in the relevant table in the **Mandatory Services Agreement** for the configuration of the **BM Unit** concerned at the time at which the capability to provide the service is carried, otherwise 1;

SF_P = 0, subject to Paragraph 4.1.3.21 (e);

SF_S = 0, subject to Paragraph 4.1.3.21 (e);

SF_H = 0, subject to Paragraph 4.1.3.21 (e).

Payment Formulae – Response Energy Payment

4.1.3.9A (a) The **Response Energy Payments** for **BM Unit i** in **Settlement Period j** to be made by **The Company** to a **User** referred to in Paragraph 4.1.3.8 shall be calculated in accordance with the following formulae:-

$$REP_{ij} = RE_{ij} \times \text{Reference Price}$$

But so that where REP_{ij} is negative such amount shall be paid by the **User** to **The Company**.

Where:

REP_{ij} is the **Response Energy Payment** to be made to or, as the case may be, by the **User**; and

RE_{ij} is the expected response energy for **BM Unit i** in **Settlement Period j** calculated as follows:-

$$RE_{ij} = \int_0^{SPD} \left[\max(FR_{ij}(t), 0) \times (1 - SF_{LF}) + \min(FR_{ij}(t), 0) \times (1 - SF_H) \right] \times K_T \times K_{GRC} dt$$

Where:

$\int_0^{SPD} dt$ is the integral at times t, over the **Settlement Period** duration.

SF_{LF} is equal to SF_P in the case of a **BM Unit** being instructed to deliver **Primary Response** without **Secondary Response** or the mean of SF_P and SF_S in the case of a **BM Unit** being instructed to deliver **Primary Response** and **Secondary Response**.

SF_P , SF_S , SF_H , K_T and K_{GRC} have the meanings ascribed to them in Paragraph 4.1.3.9.

$FR_{ij}(t)$ is the expected change in **Active Power** output for **BM Unit** i, at time t (resolved to the nearest integer minute), expressed in MW derived from the relevant **Frequency Response Power Delivery Data** table in the **Mandatory Services Agreement** (as such table is interpreted in accordance with Paragraph 4.1.3.11) by reference to the level of **De-Load** of the **BM Unit** concerned at the end of the minute and the mean **Frequency Deviation** over that minute when that **BM Unit** is providing **Mode A Frequency Response** and zero at all other times.

For this purpose:-

- (i) for a positive **Frequency Deviation** the expected change in **Active Power** output of **BM Unit** i shall be derived from the table entitled “**High Frequency Response Power Delivery – Mode A**” set out in the **Mandatory Services Agreement** and shall be signed negative; and
- (ii) for a negative **Frequency Deviation**, the expected change in **Active Power** output of **BM Unit** i shall be derived from:
 - A) the table entitled “**Primary Response Power Delivery – Mode A**” in the case of a **BM Unit**

being instructed to deliver **Primary Response** without **Secondary Response**; or

B) the table entitled “Primary and Secondary Response Power Delivery – Mode A” in the case of a **BM Unit** being instructed to deliver **Primary Response** and **Secondary Response**,

in each case set out in the **Mandatory Services Agreement** and shall be signed positive.

Where: RE_{ij} is positive then:

Reference Price = $\max (\sum_s \{PXP_{sj} \times QXP_{sj}\} / \sum_s \{QXP_{sj}\} \times 1.25, 0)$ except in the case of a non-fuel cost **BM Unit** where it = 0

where \sum_s represents the sum over all **Market Index Data Providers**.

Where RE_{ij} is negative then:

Reference Price = $\max (\sum_s \{PXP_{sj} \times QXP_{sj}\} / \sum_s \{QXP_{sj}\} \times 0.75, 0)$ except in the case of a non-fuel cost **BM Unit** where it = 0

where \sum_s represents the sum over all **Market Index Data Providers**

Where for the purposes of this Paragraph:

a non-fuel cost **BM Unit** means a **BM Unit** [associated with] [registered in respect of] a non-fuel cost **Power Station**

a non-fuel cost **Power Station** means:

a **Power Station** of the following type which does not have the facility to store the energy produced)

Onshore wind
Offshore wind

Solar
Tidal
Wave

- (b) In this Paragraph 4.1.3.9A, the following terms shall have the meanings ascribed to them in the **Balancing and Settlement Code**:-

“**PXP_{sj}**”

“**QXP_{sj}**”

“**SPD**”

“**Market Index Data Provider**”

- 4.1.3.10 **The Company** and each **User** acknowledge and agree, as between **The Company** and that **User**, that no **Holding Payment** or **Response Energy Payment** shall be payable except in relation to periods in respect of which instructions have been issued by **The Company** pursuant to this Paragraph 4.1.3.

*Interpretation of Tables – Levels of **Response***

- 4.1.3.11 The figures for **Response** set out in the Frequency Response Capability Data tables and Frequency Response Power Delivery Data tables in the **Mandatory Services Agreements** shall be given in relation to specific **Frequency Deviations** and to specific levels of **De-Load** for a **BM Unit**. Such tables shall, for the purposes of Paragraphs 4.1.3.7 and 4.1.3.9A(a), be construed in accordance with this Paragraph 4.1.3.11. Subject to Paragraphs 4.1.3.11(d) and (e):-

- (a) for a **Frequency Deviation** at a given time differing from the figures given in a table, the level of **Response** shall be calculated by linear interpolation from the figures specified in the table in respect of **Frequency Deviations**;
- (b) for a level of **De-Load** at a given time differing from the figures given in a table, the level of **Response** shall be calculated by linear interpolation from the figures specified in the table in respect of levels of **De-Load**. For the avoidance of doubt, **Frequency Sensitive Mode** shall not be instructed for any **De-Load** greater than the maximum level of **De-Load**

given in the relevant Frequency Response Capability Data table;

- (c) in respect of any time in relation to which both Paragraphs 4.1.3.11(a) and (b) apply, the level of **Response** shall be calculated by dual linear interpolation from the figures specified in the table in respect of **Frequency Deviations** and in respect of levels of **De-Load**;

and

- (d) for any **Frequency Deviation** greater than the greatest **Frequency Deviation** given in a table (whether positive or negative), the level of **Response** shall be calculated by reference to the greatest **Frequency Deviation** (positive or negative, as the case may be) given in that table; and
- (e) for the purposes of calculating levels of **Response** in respect of **Frequency Deviations** lower than those specified in a table, the relevant table(s) shall be deemed to specify a level of zero **Response** for a **Frequency Deviation** of zero.

Interpretation of Tables – Levels of Holding Payment

- 4.1.3.12 The Frequency Response Summary Data table in the **Mandatory Services Agreement** shall set out figures in respect of given levels of **De-Load** for the purposes of calculating payment in accordance with the formulae in Paragraph 4.1.3.9. Where the level of **De-Load** of the **BM Unit** is other than one of the levels given in such table, then, the figure for P_{MW} , S_{MW} or H_{MW} as the case may be, shall be calculated by linear interpolation from the figures in such table in respect of levels of **De-Load**.

User's submission of Holding Payment Rates

- 4.1.3.13 The following terms shall apply to determine the payment rates for **Primary Response**, **High Frequency Response** and **Secondary Response** used in the calculation of **Holding Payments** in accordance with Paragraph 4.1.3.9 which shall apply in respect of the provision of **Mode A Frequency Response** by the **User** to **The Company** from one or more **BM Units** in a calendar month (and, for the purposes thereof, all dates specified in this Paragraph

4.1.3.13 unless stated otherwise refer to the immediately preceding calendar month):-

- (a) By the fifth **Business Day** of the calendar month, **The Company** shall publish on its web-site information relating to **The Company's** requirement for **Mode A Frequency Response** (in MW) in the next following calendar month.
- (b) By the fifteenth **Business Day** of the calendar month, the **User** may in relation to any of its **BM Units** identified in a **Mandatory Services Agreement** to which the **User** is a party submit a single notification to **The Company** (in a form and by such method as shall be prescribed by **The Company** from time to time) specifying in respect of that **BM Unit** the payment rates to apply in determining the **Holding Payments** for the provision of **Mode A Frequency Response** during the next following calendar month, each such notification to specify:-
 - (i) the **BM Unit** in question;
 - (ii) the payment rate for **Primary Response**;
 - (iii) the payment rate for **High Frequency Response**; and
 - (iv) the payment rate for **Secondary Response**.
- (c) Payment rates submitted by the **User** in accordance with Paragraph 4.1.3.13(b) must be:-
 - (i) quoted in pounds sterling to the nearest penny;
 - (ii) quoted in units of £/MW/h; and
 - (iii) no greater than £[9999.99].
- (d) Upon receipt of a notification from the **User** made in accordance with Paragraph 4.1.3.13(b), **The Company** shall publish details of such notification in a report issued in accordance with Paragraph 4.1.3.13(A)(a) and, subject always to rectification (if any) of payment rates pursuant to Paragraph 4.1.3.13(e), **The Company** shall apply published payment rates for

Primary Response, High Frequency Response and Secondary Response in calculating the **Holding Payments** for the relevant **BM Unit** in the next following calendar month.

- (e) The **User** shall have the right, to be exercised within one **Business Day** of the publication of payment rates in respect of a **BM Unit** in accordance with Paragraph 4.1.3.13(d), to notify **The Company** (in a form and by such method as shall be prescribed by **The Company** from time to time) of any discrepancy between those payment rates and the actual payment rates submitted by the **User** in respect of that **BM Unit** in accordance with Paragraph 4.1.3.13(b). Upon receipt of any such notification, **The Company** shall rectify the report issued in accordance with Paragraph 4.1.3.13A(a) and shall publish the rectified report in accordance with Paragraph 4.1.3.13A(b).
- (f) In the absence of a notification from a **User** in accordance with Paragraph 4.1.3.13(b) in respect of the provision by a **BM Unit** of **Mode A Frequency Response** in the next following calendar month, then the payment rates for **Primary Response, High Frequency Response and Secondary Response** to apply in determining the **Holding Payments** for that **BM Unit** in respect of that calendar month shall be determined as follows:-
 - (i) where the **User** has never in respect of any previous calendar month submitted a notification in accordance with Paragraph 4.1.3.13(b) in respect of the provision by that **BM Unit** of **Mode A Frequency Response**, the payment rate to apply to the provision of each of **Primary Response, High Frequency Response and Secondary Response** from that **BM Unit** in that calendar month shall be deemed to be either:-
 - (aa) the payment rates for **Primary Response, High Frequency Response and Secondary Response** prevailing immediately prior to the date of implementation of **Amendment Proposal CAP047**; or

- (bb) where no payment rates as referred to in paragraph (aa) above subsisted at the date of implementation of **Amendment Proposal CAP047**, £00.00/MW/h; or
- (ii) in all other cases, the payment rates for **Primary Response, High Frequency Response** and **Secondary Response** which shall apply in respect of the provision by that **BM Unit of Mode A Frequency Response** in that calendar month shall be the payment rates most recently published in accordance with Paragraph 4.1.3.13A(a) or (b) (as the case may be) for that **BM Unit** in respect of a previous calendar month;
- (g) Paragraph 4.4.2.2 shall not apply to the payment rates for **Primary Response, High Frequency Response** and **Secondary Response** determined in accordance with this Paragraph 4.1.3.13.

*Publication of **Holding Payment Rates** and other information*

- 4.1.3.13A (a) **The Company** shall use reasonable endeavours to publish on its web-site by the 16th **Business Day** of each calendar month, a report containing the following information in respect of each applicable **User's BM Unit(s)** to apply in respect of the next following calendar month:-
- (i) the payment rates for **Primary Response, High Frequency Response** and **Secondary Response** to apply in determining the **Holding Payments** for the next following calendar month as determined in accordance with Paragraph 4.1.3.13;
 - (ii) the available **Response** volume (in such form and manner as shall be prescribed by **The Company** from time to time).
- (b) Where any payment rates published in a report issued in accordance with Paragraph 4.1.3.13A(a) are rectified by **The Company** in accordance with Paragraph 4.1.3.13(e), **The Company** shall as soon as reasonably practicable thereafter publish the rectified report on its web-site.

- (c) In respect of each day in a calendar month, **The Company** shall use reasonable endeavours to publish on its web-site by the third **Business Day** of the calendar month following that calendar month, provisional data in respect of all **BM Units** details of instructions issued by **The Company** in accordance with Paragraph 4.1.3.4 for each of **Primary Response, High Frequency Response** and **Secondary Response** (in such form and manner as shall be prescribed by The Company from time to time). The **Users** recognise that the provisional data may differ from the data to be provided under Paragraph 4.1.3.13A (d) and therefore any reliance upon this provisional data is entirely at the **User's** risk.
- (d) In respect of each day in a calendar month, **The Company** shall, by the ninth **Business Day** of the calendar month following that calendar month, publish on its web-site in respect of all **BM Units** details of instructions issued by **The Company** in accordance with Paragraph 4.1.3.4 for each of **Primary Response, High Frequency Response** and **Secondary Response** (in such form and manner as shall be prescribed by **The Company** from time to time).
- (e) Each **User** consents to the disclosure by **The Company** of the information referred to in Paragraphs 4.1.3.13A(a) and (b) in so far as it relates the provision of **Mode A Frequency Response** from its **BM Unit(s)**, provided always that **The Company** shall not be bound to comply with the provisions of Paragraphs 4.1.3.13A(a) and (b) with regard to the provision of information to the extent that to do so would be likely to restrict, distort or prevent competition in the provision of **Mode A Frequency Response**.

Requests to Amend Levels of Response

- 4.1.3.14 Where either the **User** or **The Company** reasonably considers in light of operating experience that the levels of **Response** set out in the Frequency Response Capability Data tables and / or the Frequency Power Delivery Data

tables in the **Mandatory Services Agreement** do not represent the true operating capabilities of a **BM Unit(s)**, the **User** or **The Company** (as the case may be) shall have the right not more than once every two months (or otherwise at any time with the specific agreement of the other party to the **Mandatory Services Agreement**) to request (provided always that such request be accompanied by a reasonable justification therefor) that the levels of **Response** set out in the relevant response table(s) in the **Mandatory Services Agreement** be reviewed and, if appropriate, amended by agreement with such other party, such agreement not to be unreasonably withheld or delayed.

Procedure for Amendments to Levels of Response

- 4.1.3.15 Any amendments agreed by **The Company** and a **User** pursuant to Paragraph 4.1.3.14 or determined by an arbitrator or panel of arbitrators under the **Dispute Resolution Procedure** in the circumstances referred to in Paragraph 4.1.3.16 shall not become effective until (in the case of agreed amendments) a date at least five **Business Days** after an amending agreement is entered into between **The Company** and the **User** in accordance with the **Mandatory Services Agreement** or, in the case of determined amendments, such other date as may be determined by an arbitrator or panel of arbitrators under the **Dispute Resolution Procedure** subject always to Paragraphs 4.1.3.17 and 4.1.3.18.

Failure to Agree Amendments

- 4.1.3.16 If **The Company** and a **User** are unable to agree any amendments requested pursuant to Paragraph 4.1.3.14 within 28 days of either of them serving on the other notice of its intention to invoke the **Dispute Resolution Procedure** then either party may initiate the procedure for resolution of the issue as an **Other Dispute** in accordance with Paragraph 7.4.

Dispute Resolution Procedure

- 4.1.3.17 **The Company** and each **User** acknowledge and agree, as between **The Company** and that **User**, that rule 12.1(p) of the **Electricity Arbitration Association** shall apply to any arbitration proceedings initiated pursuant to Paragraph 7.4 in the circumstances referred to in Paragraph 4.1.3.16, but that the changes determined by any arbitrator or panel of arbitrators shall not apply in respect of any period prior to the

date on which the **Dispute Resolution Procedure** is invoked.

Implementation of Determinations

- 4.1.3.18 Any amendments to levels of **Response** determined by an arbitrator or panel of arbitrators under the **Dispute Resolution Procedure** in the circumstances referred to in Paragraph 4.1.3.16 shall take effect from the date five **Business Days** following the relevant determination.

Implementation of Continuous Monitoring System

- 4.1.3.19 To the extent the same shall be acceptable to **The Company** and a **User** on the basis of a cost benefit analysis, **The Company** and a **User** agree, as between **The Company** and that **User**, to the implementation of a continuous monitoring system as soon as is reasonably practicable. The continuous monitoring system shall be in accordance with the relevant principles set out in Paragraph 4.1.3.21 for the purposes of confirming performance of the **BM Units** and adjusting payments pursuant to this Paragraph 4.1.3.

Incident Based Monitoring System

- 4.1.3.20 Pending implementation of the continuous monitoring system, **The Company** and each **User** agree, as between **The Company** and that **User**, to implement an incident based monitoring scheme for the purpose of confirming the performance of the **BM Units** pursuant to this Paragraph 4.1.3. Such incident based monitoring scheme shall be in accordance with the relevant principles set out in Paragraph 4.1.3.21. Neither **The Company** nor the **User** shall unreasonably withhold or delay such agreement and/or implementation.

Genset Response Monitoring

Introduction

- 4.1.3.21 (a) This Paragraph 4.1.3.21 sets out the principles relating to:
- (i) the proposed continuous monitoring system to be implemented pursuant to Paragraph 4.1.3.19; and
 - (ii) the incident based monitoring system to apply until such time as implementation of the continuous monitoring system takes place.

Some elements of the continuous monitoring system are currently undergoing testing and development and it is accepted that if final testing of these elements proves unsatisfactory alternatives will need to be developed. Further, implementation of the continuous monitoring system shall be subject to its acceptability to **The Company** and **Users** on the basis of a cost benefit analysis.

Wherever possible the technical specification of both the incident based monitoring system and the continuous monitoring system will be designed so as to enable future development or enhancement.

Aims of Project

- (b) The aim of the monitoring project (which includes, without limitation, the development of the incident based monitoring system and the continuous monitoring system) is to develop a response monitoring system which will measure the response performance of generators against the levels of **Frequency Response** required to be provided under **Mandatory Services Agreements**.

Incident Based Monitoring Scheme

- (c) Details of the incident based monitoring scheme (including without limitation the definitions of Shortfall Period and Incident, the calculation of service delivery and the determination of Incident start and end times) will be more particularly set out in a document entitled "Procedure for Incident Based Response Monitoring" ("the PIRM Document") to be produced by **The Company** and agreed by all relevant **Users** (such agreement not to be unreasonably withheld or delayed).

For the avoidance of doubt during the period during which the incident based monitoring scheme applies, and prior to the implementation of the continuous monitoring system, for the purposes of the formulae in Paragraphs 4.1.3.9 and 4.1.3.9A, the values of SF_P , SF_S and SF_H shall be zero, such that no payment reduction shall apply during such period in respect of shortfall.

Continuous Based Monitoring Scheme – Confirmation of Response Delivery

- (d) The main objective of the continuous monitoring scheme is to provide a quantitative measure of **Frequency Response** delivery against which payment can be justifiably made and to reduce payments if delivery does not comply with the **CUSC** and the **Mandatory Services Agreement**. As the capability of a **BM Unit** to provide the level of **Response** required pursuant to this Paragraph 4.1.3 for any change in **System Frequency** occurring during the period of delivery of Response pursuant to a prior change in **System Frequency** will be affected by the level of **Response** then being delivered, relevant fluctuations in **System Frequency** should to this extent be taken into account by the continuous monitoring scheme for the purpose of calculating payment levels.

Determination of Response Shortfall

- (e) For the purposes of the continuous monitoring system, the **Response** shortfall may take three forms:-
- (i) average **Primary Response** under-delivery;
 - (ii) average **Secondary Response** under-delivery;
 - (iii) average **High Frequency Response** under-delivery,

in each case over a Shortfall Period (such term to be defined prior to implementation of the continuous monitoring system).

Upon the implementation of the continuous monitoring system, for the purposes of determining any such average under-delivery, SF_P , SF_S and SF_H shall be the average under-delivery of **Primary Response**, **Secondary Response** and **High Frequency Response** respectively during the Shortfall Period in which the **Ancillary Service** was, or should have been, provided. For the purposes of the formulae in

Paragraphs 4.1.3.9 and 4.1.3.9A, such average under-delivery will be determined using a continuous plant response assessment algorithm which is under development and which will be agreed with the **User** prior to its implementation and expressed in terms of $0 \leq SF \leq 1$.

Measurement of System Variables

- (f) In relation to the continuous monitoring system measurement of **System Frequency** and generator output power will be required local to the **BM Unit**. **Synchronised** time tagging of both power and **Frequency** will be required.

Frequency is required as the fundamental driving variable of the contract model software. Access to a voltage source to enable **Frequency** to be measured is not expected to cause any difficulty. The measurement of generator output power will also be required every second. Cost effective access to this measurement is, however, less straight forward. Covered below are two options describing how this will be achieved. It is expected that normally the FMS interface unit will be the method used; however, where the **BM Unit** concerned has derogations from FMS, method two may be used.

FMS Interface Unit

- (g) The use of the Final Metering System (FMS) represents a logical method of measurement since it eliminates the high cost associated with running cables to access CTs and VTs.

The high accuracy integrated data from FMS will be used to re-generate a power profile and curve fitting techniques will be applied to improve accuracy. This instantaneous power curve will then be sampled every second to obtain the required values.

Direct Measurement

- (h) Where for the reasons detailed in Paragraph 4.1.3.21(f) it is not possible to use the FMS interface unit, the use of 'ISAT' type transducers will be employed to interface between the monitoring equipment and the measurement transformers' secondary circuit.

It is envisaged that generators seeking derogations from FMS will be supportive in establishing convenient VT and CT secondary connections for this purpose.

Contract Model

- (i) The contract model is the heart of the continuous monitoring system and it is crucial to the philosophy behind the system, namely that of modelling the **Mandatory Services Agreement** and not the **BM Unit** itself.

Given the difficulty in measuring **Frequency Response** directly on loaded plant, the need to compare changes in power delivery against expectation is evident. Comparison against this model output, which in turn is based on agreed and legally binding contracts, permits an identifiable quantity of non conformity to be measured and payments to be suitably reduced.

Therefore, since the **Mandatory Services Agreement** itself is the quantifying factor, there can be no redress due to assumptions regarding the technical attributes of the **BM Unit** other than those taken into account in setting the levels of **Response**.

Functional Objective

- (j) In relation to the continuous monitoring system, the model will comprise software which uses system and instructed variables to access the contract look-up tables. The look-up tables used will precisely mimic the response tables set out in **Mandatory Services Agreements**. These variables in turn will be processed using an algorithm to determine the levels of **Response** expected at any instant in time.

It is intended that this process will be effective during both small and large **Frequency Deviations**. Indeed with regard to reduction in payment and estimated **Response** capability, response to small **Frequency Deviations** is extremely important.

Input Data

- (k) In relation to the continuous monitoring system, inputs to the contract model will include **Frequency**, all contract table data, target load, **Target Frequency**, the latest genset availability, the response instruction, LF setting (if electronically despatched) and any other information required which may be specified in the **Mandatory Services Agreement**.

Comparator

- (l) In relation to the continuous monitoring system, the comparator will determine the difference between the measured change in the level of **Output** from the **BM Unit** by way of **Frequency Response** and the change in **Output** level that is specified in the **Mandatory Services Agreement**.

4.1.3.22 If, at any time during the term of a **Mandatory Services Agreement**, there is a variation in the security standards with which **The Company** is obliged to comply and such variation would, in a **User's** reasonable opinion, materially affect the operation of the services to be provided under that **Mandatory Services Agreement**, **The Company** and that **User** shall negotiate in good faith with a view to agreeing and implementing appropriate amendments to any relevant **Mandatory Services Agreement**. If they are unable to reach agreement within 28 days of either of them serving on the other notice of its intention to invoke the **Dispute Resolution Procedure**, either of them may initiate the procedure for resolution of the issue as an **Other Dispute** in accordance with Paragraph 7.4.

4.1.3.23 Each **User** hereby consents to the disclosure and use by **The Company** of data and other information from any year relating to the provision by that **User** of the **Balancing Service** to the extent necessary to enable **The Company** to carry out its **EMR Functions**.

4.2 MAXIMUM GENERATION

4.2.1 Application

The provisions of this Paragraph 4.2 shall apply to **The Company** and a **User** in respect of the provision by that **User** to **The Company** of **Maximum Generation** where a **Maximum Generation Service Agreement** has been entered into and is in force between **The Company** and that **User**.

4.2.2 Provision of Maximum Generation

Each **User** hereby agrees, as between **The Company** and that **User**, to use reasonable endeavours to make available and provide **Maximum Generation** from each of the **Maximum Generation BM Unit(s)** in accordance with the terms of this Paragraph 4.2 in respect of each **Operational Day** during the term of the **Maximum Generation Service Agreement**.

4.2.3 Availability of Maximum Generation

- 4.2.3.1 By 15.00 hours on each Wednesday, the **User** may notify **The Company** by facsimile in the form set out in Schedule 1 to this Section 4 (a "**Weekly Maximum Generation Declaration**") of the availability of **Maximum Generation** in relation to each of the **Maximum Generation BM Unit(s)** in the following **Week**. Failure to submit a **Weekly Declaration** in accordance with this Paragraph 4.2.3 shall be deemed to be an indication of availability or unavailability (as the case may be) of **Maximum Generation** for each **Operational Day** in the following **Week** as notified by the **User** in the last **Weekly Maximum Generation Declaration** submitted in accordance with this Paragraph 4.2.3, if any, or if no previous **Weekly Maximum Generation Declaration** has been submitted, in the amount of the **Indicative Maximum Generation Capability** specified in the **Maximum Generation Service Agreement** between **The Company** and that **User**.
- 4.2.3.2 The **User** may indicate in the **Weekly Maximum Generation Declaration** its best estimate of the amount of **Maximum Generation** available (the "**Indicative Maximum Generation Capability**"). If no such indication is given, the **User** shall be deemed to have notified **The Company** of the amount of **Indicative Maximum Generation Capability** set out in the **Maximum Generation Service Agreement** between **The Company** and that **User**.
- 4.2.3.3 If at any time the **User** becomes aware that, in respect of any **Maximum Generation BM Unit(s)**, there are changes to the availability of **Maximum Generation** and/or the **Indicative Maximum**

Generation Capability for all or part of any **Operational Day** as specified in the relevant **Weekly Maximum Generation Declaration** of any **Maximum Generation Redeclaration** (as the case may be), it shall notify **The Company** forthwith by facsimile in the form set out in Schedule 2 to this Section 4 (a "**Maximum Generation Redeclaration**").

4.2.3.4 Each **Maximum Generation BM Unit** in respect of which **Maximum Generation** is (or is deemed to be) declared or redeclared to be available in all or part of an **Operational Day** in accordance with this Paragraph 4.2.3 is hereinafter referred to in respect of such **Operational Day** (or part thereof) as "an **Available BM Unit**".

4.2.4 **Utilisation of Maximum Generation**

4.2.4.1 **The Company** may, as between **The Company** and that **User**, at any time instruct the **User** to provide **Maximum Generation** from an **Available BM Unit** (a "**Maximum Generation Instruction**") and the **User** shall use reasonable endeavours to provide **Maximum Generation** from such **Available BM Unit**.

4.2.4.2 **The Company** shall only issue a **Maximum Generation Instruction** where an **Available BM Unit** has been instructed to generate or is already generating (in each case) at the prevailing **Maximum Export Limit** for that **Available BM Unit**.

4.2.4.3 If, following the issue by **The Company** of a **Maximum Generation Instruction** in respect of an **Available BM Unit**, the **User** submits to **The Company** (in accordance with **Grid Code BC 1**) a revised **Maximum Export Limit** for that **Available BM Unit**, that **Available BM Unit** shall be deemed to have ceased providing **Maximum Generation** immediately upon receipt by **The Company** of such revised **Maximum Export Limit**.

4.2.4.4 Any **Maximum Generation Instruction** issued by **The Company** shall be an **Emergency Instruction**. The method of issuing any **Maximum Generation Instruction** shall be specified in the **Maximum Generation Service Agreement**.

4.2.4.5 **The Company** may instruct the **User** to cease the provision of **Maximum Generation** from the instructed **Available BM Unit** at any time.

4.2.4.6 On receipt of a **Maximum Generation Instruction** the **User** shall use reasonable endeavours to provide **Maximum Generation** from the **Available BM Unit** continuously until the earlier of:-

- (a) the expiry of a period of 120 minutes; and
- (b) the time of issue by **The Company** of an instruction to cease provision

4.2.4.7 The provision of **Maximum Generation** from an **Available BM Unit** shall not be achieved by the transfer of the **Station Demand** of the **Power Station** to the **Station Transformer(s)**.

4.2.5 Payment for Maximum Generation

4.2.5.1 The **Maximum Generation Energy Payment** to be made by **The Company** to the **User** following the issue of a **Maximum Generation Instruction** by **The Company** for the provision of **Maximum Generation** in **Operational Days** in calendar month m , (UF_m) shall be calculated in accordance with the following formula:-

$$UF_m = \sum_{i=1}^{Units} UF_{im}$$

Where;

$$UF_{im} = \sum_{j \in M_m} \text{Min} \left((Q_{\max_{ij}} \times EP_{ij}), \left(X \times \frac{CEC}{2} \times EP_{ij} \right) \right)$$

In this Paragraph 4.2.5.1, the following terms shall have the following meanings:-

$\sum_{i=1}^{Units}$	the summation over all Available BM Units /
$\sum_{j \in M_m}$	the summation over all Settlement Periods j , in the set M_m of Settlement Periods in Operational Days in calendar month m
$Q_{\max_{ij}}$	Max $(QM_{ij} - (FPN_{ij} + \sum_n (QAO_{ij}^n + QAB_{ij}^n)), 0)$
EP_{ij}	the Maximum Generation Energy Fee (£/MWh), applicable in Settlement Period j , for Available BM Unit i

CEC	Connection Entry Capacity for the Available BM Unit
X	0.03 (or such other figure as may be either (i) set out in the Maximum Generation Service Agreement for the Available BM Unit or (ii) agreed or determined in accordance with Paragraphs 4.2.5.3 to 4.2.5.5 (inclusive))
QM _{ij} , FPN _{ij} , QAO _{ij} and QAB _{ij}	the meanings ascribed to them in the Balancing and Settlement Code

4.2.5.2 Where an **Available BM Unit** is at the time of issue of a **Maximum Generation Instruction** generating at a level below **Connection Entry Capacity** but the amount of MW delivered as **Maximum Generation** by such **Available BM Unit** is greater than 3% (or such other figure as **The Company** and the **User** may agree in the **Maximum Generation Service Agreement**) of the **Connection Entry Capacity** of that **Available BM Unit**, the **User** shall have the right to raise a dispute in accordance with the provisions of Paragraph 4.2.5.3 as to the amount of MW (represented by the value of factor X) by reference to which payment for provision of **Maximum Generation** shall be determined.

4.2.5.3 Where the provisions of Paragraph 4.2.5.2 apply:-

- (a) the **User** may notify **The Company** in writing that it disagrees with the amount of MW (represented by the value of factor X) by reference to which **The Company** has determined the **Maximum Generation Energy Payment** set out in the **Provisional Statement** and the **User** shall specify in such notification the value of factor X which it considers represents the amount of MW by reference to which payment for provision of **Maximum Generation** should be determined in accordance with Paragraph 4.2.5.1, provided always that any such notification shall be given within ten **Business Days** of receipt by the **User** of the **Provisional Monthly Statement**; and
- (b) this Paragraph 4.2.5.3 and Paragraphs 4.2.5.4 and 4.2.5.5 shall apply to such matter in the place of Paragraphs 4.3.2.3, 4.3.2.7 and 4.3.2.8, and Paragraph 4.3.2 shall be read and construed accordingly.

The parties shall discuss and endeavour to resolve the matter prior to **The Company** sending out the **Final Monthly Statement**. If **The Company** and the **User** reach agreement, **The Company** shall set out in the **Final Monthly Statement** the adjustments required but, if it cannot be resolved, the calculations set out in the **Provisional Statement** and in the **Provisional Adjustments Statement** shall be binding upon the parties until such time as they are reversed or revised by agreement between the parties or otherwise (in accordance with Paragraphs 4.2.5.4 and 4.2.5.5) pursuant to the **Dispute Resolution Procedure**.

- 4.2.5.4 If a **User** and **The Company** fail to reach an agreement within ten **Business Days** of receipt by **The Company** of the **User's** written notification in accordance with Paragraph 4.2.5.5, then either party may, within twenty **Business Days** of receipt by **The Company** of the **User's** written notification, refer the matter to the **Authority** for determination as a **Charging Dispute** in accordance with Paragraph 7.3.
- 4.2.5.5 Where a dispute is resolved by issuance of a decision of the **Authority** pursuant to the **Dispute Resolution Procedure** in accordance with Paragraph 4.2.5.4 above, **The Company** shall (where appropriate) adjust the account between itself and the **User** accordingly in the next **Provisional Adjustments Statement** required to be issued under Paragraph 4.3.2.1. If such decision of the **Authority** is subsequently reversed or modified following judicial review of the **Authority's** decision, **The Company** shall adjust the account between itself and the **User** accordingly in the next **Provisional Adjustments Statement** which it issues.
- 4.2.5.6 The **Maximum Generation Energy Fee** for each **Available BM Unit** of a **User** will be that detailed in the **Maximum Generation Service Agreement** between **The Company** and that **User**.
- 4.2.5.7 The **User** shall have the right to notify **The Company** of a revised **Maximum Generation Energy Fee**, as between **The Company** and that **User**, not more than once every month. Such notification must be in writing and must be received by **The Company** no later than the fifteenth day of the calendar month. The revised **Maximum Generation Energy Fee** shall apply, as between **The Company** and that **User**, with effect on and from the first **Operational Day** of the calendar month following such notification.

4.2.6 **ABSVD Methodology Statement**

It is a condition of a **User** entering into a **Maximum Generation Service Agreement** that **Maximum Generation** is included in the determination of the **Applicable Balancing Services Volume Data** in respect of each **Contracted BM Unit** for the purposes of the **ABSVD Methodology Statement** and Section Q.6.4 of the **Balancing and Settlement Code**.

4.2.7 **Maximum Generation Event of Default**

Any failure by the **User** during the term of the **Maximum Generation Service Agreement** to comply with its obligations pursuant to Paragraph 4.2.6 in respect of any **Available BM Unit** and any **Settlement Period** shall constitute an event of default to which the terms of Paragraph 4.2.8 shall apply.

4.2.8 **Consequences of Maximum Generation Event of Default**

In respect of any event of default incurred by the **User** in respect of an **Available BM Unit** pursuant to Paragraph 4.2.7, **The Company** shall be entitled to withhold the **Maximum Generation Energy Payment** (if any) applicable to the relevant **Available BM Unit** and the **Settlement Period** in which such event of default occurred.

4.2.9 **Grid Code**

The provision by the **User** of **Maximum Generation** shall not relieve it of any of its obligations (where applicable) set out in the **Grid Code**.

4.2.10 **Safety**

Notwithstanding Paragraph 4.2.11, **The Company** accepts that any decision to keep an **Available BM Unit** operating above the prevailing **Maximum Export Limit** for that **Available BM Unit** is one for the **User** alone, and accepts that the **User** may change generation on the **Available BM Unit** if it believes it is necessary for safety reasons (whether relating to personnel or **Plant** or **Apparatus**). The responsibility for injury to personnel and damage to **Plant** and **Apparatus** owned and/or operated by the **User** caused by operation of an **Available BM Unit** following the issue by **The Company** of **Maximum Generation Instruction** pursuant to Paragraph 4.2.4 therefore rests with the **User** and **The Company** shall have no liability whatsoever in connection therewith. The **User** shall indemnify and keep indemnified **The Company** in respect of liability for death or personal injury and/or damage to **Plant** and **Apparatus** owned and/or operated by **The Company** and arising out of or in connection with such operation of one or more **Available BM Unit(s)** above the prevailing **Maximum Export Limit** for such **Available BM Unit(s)** from time to time, save to the extent that:-

4.2.10.1 the **User** has operated the **Available BM Unit** in accordance with **Good Industry Practice**; and/or

4.2.10.2 such death or personal injury and/or damage to **Plant** and **Apparatus** is caused by **The Company's** negligent act or omission.

4.2.11 Warranty

The **User** warrants to **The Company** that it believes that operation of each of its **Maximum Generation BM Unit(s)** above the prevailing **Maximum Export Limit** for such **Maximum Generation BM Unit(s)** will be within its safe operating parameters (whether relating to personnel or **Plant** or **Apparatus**).

4.2.12. Publication of Maximum Generation Information

4.2.12.1 **The Company** shall use reasonable endeavours to publish on its web-site within five **Business Days** of signature of a **Maximum Generation Service Agreement**, or within five **Business Days** of receipt of any updated information in accordance with this Paragraph 4.2, details of the following information in respect of each **Maximum Generation BM Unit** specified in such **Maximum Generation Service Agreement**:-

- (a) the **Maximum Generation Energy Fee**;
- (b) the **Indicative Maximum Generation Capability**;
- (c) the amount of factor X (as defined in Paragraph 4.2.5.1) if other than 0.03,

in such form and manner as shall be prescribed by **The Company** from time to time.

4.2.12.2 In respect of each **Operational Day** in a calendar month, **The Company** shall, by the tenth **Business Day** of the calendar month following that calendar month, publish on its web-site in respect of each relevant **Maximum Generation BM Unit(s)** the following details of each **Maximum Generation Instruction** (if any) issued by **The Company** in accordance with Paragraph 4.2.4:-

- (a) the **Maximum Generation Energy Fee**;
- (b) the period(s) for which **Maximum Generation** has been provided;
- (c) the MW level(s) delivered as **Maximum Generation**,

in such form and manner as shall be prescribed by **The Company** from time to time.

4.2.12.3 Each **User** consents to the disclosure by **The Company** of the information referred to at Paragraphs 4.2.12.1 and 4.2.12.2 above in so far as it relates the provision of **Maximum Generation** from its **Maximum Generation BM Unit(s)**, provided always that **The**

Company shall not be bound to comply with the provisions of this Paragraph with regard to the provision of information to the extent that to do so would be likely to restrict, distort or prevent competition in the provision of **Maximum Generation**.

- 4.2.12.4 Each **User** hereby consents to the disclosure and use by **The Company** of data and other information from any year relating to the provision by that **User** of the **Balancing Service** to the extent necessary to enable **The Company** to carry out its **EMR Functions**.

4.2A SYSTEM TO GENERATOR OPERATIONAL INTERTRIPPING

4.2A.1 Application

The provisions of this Paragraph 4.2A shall apply to **The Company** and a **User** in respect of the provision by that **User** to **The Company** of **System to Generator Operational Intertripping** where details of a **System to Generator Operational Intertripping Scheme** are set out in Appendix F3 of the relevant **Bilateral Agreement**.

4.2A.2 Provision of System to Generator Operational Intertripping

4.2A.2.1 Each **User** hereby agrees, as between **The Company** and that **User**, to:-

- (a) (save where **Force Majeure** applies) make available its **System to Generator Operational Intertripping Scheme** for arming at all times when **Active Power** is being exported to the **National Electricity Transmission System** from the **Connection Site** at which such **System to Generator Operational Intertripping Scheme** is located;
- (b) arm, or permit the arming of, the **System to Generator Operational Intertripping Scheme** in accordance with the terms of the relevant **Bilateral Agreement** when instructed by **The Company** (in accordance with **Grid Code BC 2.8**) by telephone (such instruction to be confirmed by facsimile substantially in the form set out in Schedule 3, Part I to this Section 4);
- (c) (where an instruction from **The Company** has been confirmed by facsimile in accordance with Paragraph 4.2A.2.1(b) above) following the tripping of the **Circuit Breaker(s)** upon receipt of a signal from the **System to Generator Operational Intertripping Scheme**:-

- (i) restrict the export of **Active Power** from the **Connection Site** to the **National Electricity Transmission System** to the level of MW specified in such facsimile confirmation (or such increased level(s) as **The Company** may subsequently notify pursuant to Paragraph 4.2A.2.2(c)(i)) (“the **Restricted MW Export Level**”); and
- (ii) maintain such restricted export until such time as the **User** is notified by **The Company** in accordance with Paragraph 4.2A.2.2(c)(ii) that the **Restricted MW Export Level** no longer applies, whereupon the **User** shall be permitted to increase the export of **Active Power** from the **Connection Site** above the **Restricted MW Export Level**;
- (d) comply with any special instructions given by **The Company** in the performance of its obligations under Paragraph 4.2A.2.1(c); and
- (e) disarm the **System to Generator Operational Intertripping Scheme** when instructed by **The Company** (in accordance with **Grid Code BC2.8**) by telephone (such instruction to be confirmed by facsimile substantially in the form set out in Schedule 3, Part I to this Section 4).

4.2A.2.2 **The Company** hereby agrees to:-

- (a) notify the **User** as soon as reasonably practicable following **The Company** becoming aware of the requirement for arming of the **System to Generator Operational Intertripping Scheme**;
- (b) (where relevant) take any steps necessary to arm the **System to Generator Operational Intertripping Scheme** in accordance with the terms of the relevant **Bilateral Agreement**;
- (c) following the tripping of the **Circuit Breaker(s)** upon receipt of a signal from the **System to Generator Operational Intertripping Scheme**, notify the **User**:-
 - (i) as soon as the **Restricted MW Export Level**, whilst still applying, can be increased; and/or
 - (ii) as soon as the **Restricted MW Export Level** (as may be increased from time to time pursuant to (i) above) no longer applies

each such notification to be in accordance with **Grid Code BC 2.8** and to be made by telephone (such notification to be confirmed by facsimile substantially in the form set out in Schedule 3, Part II to this Section 4); and

- (d) issue an instruction to disarm, referred to in Paragraph 4.2A.2.1(e), as soon as reasonably practicable following **The Company** becoming aware that the requirement for arming of the **System to Generator Operational Intertripping Scheme** has ceased (and such an instruction shall be deemed to have been issued for the purposes of this Paragraph 4.2A upon tripping of the **Circuit Breaker(s)** upon receipt of a signal from the **System to Generator Operational Intertripping Scheme**).

4.2A.3 Intertrip Volume

Following the tripping of a **Circuit Breaker(s)** following receipt of a signal from a **System to Generator Operational Intertripping Scheme**, the resulting reduction in **Output** for each tripped **BM Unit i** or (where relevant) any tripped **Generating Unit(s)** comprised in a **BM Unit** shall be determined in accordance with the relevant formula set out in the **ABSVD Methodology Statement**, where such resulting reduction in **Output** is termed SE_{sj} .

4.2A.4 Payments to the User

The Company shall make the following payments to the **User** in respect of **System to Generator Intertripping Schemes**:

- (a) a **Capability Payment** shall be paid in respect of each **Category 2 Intertripping Scheme** and each **Category 4 Intertripping Scheme** as follows:-
 - (i) **The Company** shall pay to the **User** an amount (“the **Capability Payment**”) in consideration of the installation of the **System to Generator Operational Intertripping Scheme** and the **User’s** obligations under Paragraphs 4.2A.2.1(a) and (b), being an amount per month determined by reference to the number of **Settlement Periods** during the month in question (and in respect of which the requirement for **System to Generator Operational Intertripping** is stated in Appendix F3 of the relevant **Bilateral Agreement**) and the payment rate (**£/Settlement Period**) specified in Schedule 4 to this Section 4; and

- (ii) for the avoidance of doubt, where a **System to Generator Operational Intertripping Scheme** comprises both a **Category 2 Intertripping Scheme** and a **Category 4 Intertripping Scheme**, only one **Capability Payment** shall be payable by **The Company** to the **User** in respect thereof;
- (b) subject always to Paragraph 4.2A.5, a **Restricted Export Level Payment** shall be paid in respect of each **Category 2 Intertripping Scheme**, each **Category 3 Intertripping Scheme** and each **Category 4 Intertripping Scheme** as follows:-
 - (i) the payment shall only be made where, following the tripping of the **Circuit Breaker(s)** upon receipt of a signal from the **System to Generator Operational Intertripping Scheme**, restrictions on the export of **Active Power** from the **Connection Site** apply in accordance with the terms of Paragraph 4.2A.2.1(c) above at any time after the period of 24 hours has elapsed following such tripping; and
 - (ii) in such a case, **The Company** shall pay to the **User** upon request the **Restricted Export Level Payment**, by reference to the period from expiry of such 24 hour period until the time when **The Company** notifies the **User** in accordance with Paragraph 4.2A.2.2(c)(ii) that the **Restricted MW Export Level** no longer applies (“the **Restricted Export Level Period**”); and
- (c) subject always to Paragraph 4.2A.5, in respect of each **Category 2 Intertripping Scheme** and **Category 4 Intertripping Scheme**, where the **Circuit Breaker(s)** are tripped upon receipt of a signal from the **System to Generator Operational Intertripping Scheme**, **The Company** shall pay to the **User** an amount (“the **Intertrip Payment**”) being an amount (£/**Intertrip Contracted Unit**/trip) specified in Schedule 4 to this Section 4.

4.2A.5 Withholding of payments

The Company shall not be obliged to make any **Restricted Export Level Payment** or **Intertrip Payment** pursuant to Paragraph 4.2A.4

where the tripping of **BM Unit(s)** or (where relevant) **Generating Unit(s)** comprised in a **BM Unit** occurs:-

- (a) during any period where the **System to Generator Operational Intertripping Scheme** is not instructed by **The Company** to be armed in accordance with Paragraphs 4.2A.2.2(a) and 4.2A.2.2(d); and/or
- (b) where the **User** has failed to arm, or permit the arming of, the **System to Generator Operational Intertripping Scheme** in accordance with the terms of Paragraph 4.2A.2.1(b); and/or
- (c) where the **User** has failed to exercise **Good Industry Practice** to restrict the export of **Active Power** from the **Connection Site** to the **Restricted MW Export Level** as required by Paragraph 4.2A.2.1(c) (ignoring any export above **Restricted MW Export Level** where pursuant to an instruction from **The Company** to provide any **Balancing Service(s)**); and/or
- (d) where no signal is received by the **Circuit Breaker(s)** from the **System to Generator Operational Intertripping Scheme**.

4.2A.6 **Revisions to Appendix F3 of the Bilateral Agreement**

Where **The Company** requires **Routine Change(s)** (as defined below) to be made to Appendix F3 of the **Bilateral Agreement**, then the **User** shall not unreasonably withhold or delay providing to **The Company** written consent to any such **Routine Changes** and hereby authorises **The Company**, following receipt of such written consent, to make amendments on its behalf to Appendix F3 of the **Bilateral Agreement** to reflect such **Routine Change(s)** and undertakes not to withdraw qualify or revoke such authority or instruction at any time. For the purposes of this Paragraph 4.2A.6, "**Routine Change(s)**" shall mean changes to the nomenclature of transmission circuits associated with a **System to Generator Operational Intertripping Scheme** specified in Appendix F3 of the relevant **Bilateral Agreement** which do not necessitate replacement, renovation, modification, alteration or construction to the **User's Plant or Apparatus**.

4.2A.7 **No payments for Category 1 Intertripping Schemes**

For the avoidance of doubt, no payment shall be made by **The Company** hereunder in respect of a **Category 1 Intertripping Scheme**.

4.2A.8 **Disclosure and Use of Information**

Each **User** hereby consents to the disclosure and use by **The Company** of data and other information from any year relating to the provision by that **User** of the **Balancing Service** to the extent necessary to enable **The Company** to carry out its **EMR Functions**.

4.2B OTHER BALANCING SERVICES

4.2B.1 Application

The provisions of this Paragraph 4.2B shall apply to **The Company** and a **User** or other person in respect of the provision by that **User** or other person to **The Company** of **Balancing Services** other than **Mandatory Ancillary Services, Maximum Generation** and **System to Generator Operational Intertripping**.

4.2B.2 Form of Agreement

Any agreement between **The Company** and a **User** or other person in respect of the provision by that **User** or other person to **The Company** of **Balancing Services** other than **Mandatory Ancillary Services, Maximum Generation** and **System to Generator Operational Intertripping** shall be in a form to be agreed between them (but, in respect of **Commercial Services Agreements**, subject always to Paragraph 4.2B.3 where applicable).

4.2B.3 Agreed Ancillary Services

Each **User** and **The Company** shall enter into a **Commercial Services Agreement** providing for the payment for and provision of the **Agreed Ancillary Services** (other than **Maximum Generation**) and **System to Generator Operational Intertripping** (if any) set out in Appendix F1 of the relevant **Bilateral Agreement**. If, after a period which appears to **The Company** to be reasonable for the purpose, **The Company** has failed to enter into a **Commercial Services Agreement** with such **User**, **The Company** shall be entitled to initiate the procedure for resolution of the issue as an **Other Dispute** in accordance with Paragraph 7.4 to settle the terms of the said **Commercial Services Agreement**.

4.2B.4 Disclosure and Use of Information

Each **User** or other person who provides **Balancing Services** to **The Company** hereby consents to the disclosure and use by **The Company** of data and other information from any year relating to the provision by that **User** or other person of the **Balancing Service** to the

extent necessary to enable **The Company** to carry out its **EMR Functions**.

4.3 PAYMENTS FOR BALANCING SERVICES

4.3.1 Application

The provisions of this Paragraph 4.3 shall apply to payments made by **The Company** to a **User** (and by a **User** to **The Company**) pursuant to:-

4.3.1.1 **Mandatory Services Agreements** in respect of the provision of **Mandatory Ancillary Services**; and/or

4.3.1.2 (save as provided in Paragraphs 4.2.5.3 to 4.2.5.5 (inclusive)) **Maximum Generation Service Agreements** in respect of the provision of **Maximum Generation**; and/or

4.3.1.3 Paragraph 4.2A.4 in respect of the provision of **System to Generator Operational Intertripping**,

and (if agreed between **The Company** and a **User**) may also be incorporated by reference into a **Balancing Services Agreement** as a term thereof so as to apply in respect of the provision of other **Balancing Services** (but for the avoidance of doubt not so as to thereby create any obligations on **The Company** and that **User** under the **CUSC** in respect thereof).

4.3.2 Payment Procedure

4.3.2.1 On the third **Business Day** following receipt from the **Settlement Administration Agent** of the **Interim Information Settlement Run** issued in respect of the final day of the previous calendar month **The Company** shall send to the **User** a statement ("**Provisional Monthly Statement**") consisting of:-

- (a) a statement ("**Provisional Statement**") incorporating:-
 - (i) detailed daily technical reports of all **Balancing Services** supplied by the **User** pursuant to the relevant **Balancing Services Agreement** during the previous calendar month;
 - (ii) a summary of each **Balancing Service** so supplied; and
- (b) if relevant a statement showing adjustments to be made (net of interest) in relation to disputes for

Balancing Services concerning any month prior to the previous month ("**Provisional Adjustments Statement**"),

in each case showing the payments due to or from the **User** as a result thereof.

- 4.3.2.2 If the **User** has failed to supply any **Balancing Service** in accordance with the **Grid Code** or any instructions validly and properly issued under the **Grid Code** or as required by the **CUSC** or any **Balancing Services Agreement**, **The Company** shall set out the times and dates upon which it considers such failure of supply to have occurred and the facts or evidence which it relies upon as constituting such failure in the **Provisional Monthly Statement** next following the date of such failure or next following the date when **The Company** first becomes aware of the facts which constitute such failure.
- 4.3.2.3 If the **User** disagrees with any dates, times, facts or calculations set out in the **Provisional Statement** and/or the **Provisional Adjustments Statement**, it shall state by notice in writing to **The Company** the reasons and facts which it relies upon in support of such disagreement. The parties shall discuss and endeavour to resolve the matter prior to **The Company** sending out the **Final Monthly Statement**. If they reach agreement **The Company** shall set out in the **Final Monthly Statement** the adjustments required but if it cannot be resolved the dates times facts and calculations set out in the **Provisional Statement** and in the **Provisional Adjustments Statement** shall be binding upon the parties until such time as they are reversed or revised by agreement between the parties or otherwise (in accordance with Paragraph 4.3.2.8) pursuant to the **Dispute Resolution Procedure**.
- 4.3.2.4 Notwithstanding the provisions of Paragraphs 4.3.2.2 and 4.3.2.3, if any fact or matter set out in the **Provisional Statement** and/or in the **Provisional Adjustments Statement** shall be inconsistent with any fact or matter set out in a final run (if any) of the settlement calculation issued by the **Settlement Administration Agent**, or any change to a previous final run (if any) of a settlement calculation, the facts and matters set out in the settlement calculation or which, following a dispute and subject to Paragraph 4.3.2.5, it is found or agreed should be set out therein shall be

binding upon both parties.

- 4.3.2.5 If either **The Company** or the **User** intends to dispute any fact or matter contained in a final run (if any) of a settlement calculation which is inconsistent with any fact or matter contained in a **Provisional Statement** and/or a **Provisional Adjustments Statement** it shall serve notice in writing on the other party to that effect in order that the other party may make such representations as it wishes to the **Settlement Administration Agent** or exercise such rights as it may have under the **Balancing and Settlement Code** in relation to such fact or matter.
- 4.3.2.6 On the eighteenth **Business Day** of each calendar month, **The Company** shall send to the **User** a statement ("**Final Monthly Statement**") consisting of:-
- (a) a statement ("**Final Statement**") incorporating:-
 - (i) in the case of an undisputed **Provisional Statement** (or where any dispute has been resolved and no changes have been effected to the calculations contained in the **Provisional Statement**) a further monthly summary of the **Balancing Services** provided together with an invoice for the amount shown as being due to the **User** or **The Company** (as the case may be); or
 - (ii) in the case of a disputed **Provisional Statement** such that changes are required as a result thereof, a further copy of the detailed daily technical reports referred to at Paragraph 4.3.2.1(a)(i), a revised monthly summary of the **Balancing Services** provided and an invoice for the amount shown as being due to the **User** or **The Company** (as the case may be); and
 - (b) if a **Provisional Adjustments Statement** has been issued in accordance with Paragraph 4.3.2.1(b), a statement ("**Final Adjustments Statement**") showing adjustments to be made in relation to disputes for **Balancing Services** concerning any month prior to the previous month together with interest thereon up to and including the date of payment referred to in Paragraph 4.3.2.10. Such adjustments will be

reflected in the invoice referred to at Paragraph 4.3.2.6(a)(i) above.

4.3.2.7 Where:-

- (a) either **The Company** or the **User** discovers that any previous **Provisional Monthly Statement** or **Final Monthly Statement** contains an arithmetic error or omission; or
- (b) any change is made to a previous final run (if any) of a settlement calculation which includes a change in any of the facts or matters upon which the final settlement run was based which facts or matters formed the basis upon which any previous **Provisional Monthly Statement** or **Final Monthly Statement** was prepared; or
- (c) either **The Company** or the **User** becomes aware of any facts concerning matters provided by this Paragraph 4.3 (other than facts falling within Paragraphs 4.3.2.7(a) and (b)) which show that the payment made by or to the **User** was incorrect; or
- (d) the **User** establishes to **The Company's** reasonable satisfaction that it was entitled to receive any additional payment;

then **The Company** and the **User** shall agree an adjustment to the account between **The Company** and the **User** which adjustment shall be reflected in the next **Provisional Adjustments Statement** which **The Company** issues, and the provisions of Paragraphs 4.3.2.3 to 4.3.2.5 shall apply mutatis mutandis to such adjustments. Failing agreement as to the amount of any such adjustment, **The Company** or the **User** may refer the matter to an expert for determination (if both of them agree) or otherwise may initiate the procedure for resolution of the issue as an **Other Dispute** in accordance with Paragraph 7.4.

4.3.2.8 Where a dispute is resolved by issuance of a decision by an expert or an arbitrator or panel of arbitrators pursuant to the **Dispute Resolution Procedure**, **The Company** shall adjust the account between itself and the **User** accordingly in the next **Provisional Adjustments Statement** required to be issued under Paragraph 4.3.2.1. If such decision of an

expert or an arbitrator or panel of arbitrators is subsequently reversed or modified by a final judicial decision after exhaustion of all appeals if this opportunity is taken, **The Company** shall adjust the account between itself and the **User** accordingly in the next **Provisional Adjustments Statement** which it issues.

- 4.3.2.9 Subject to Paragraph 4.3.2.13, the due date of payment for the purposes of Paragraph 4.3.2.12 in respect of any disputed amount subsequently determined or agreed to be payable to the **User** or to **The Company** shall be the date for payment of the relevant **Provisional Statement** from which the dispute arises.
- 4.3.2.10 **The Company** shall pay to the **User** the amount shown as due from **The Company** in the **Final Monthly Statement** within three **Business Days** of the date on which such statement is or should be issued. The **User** shall pay to **The Company** the amount shown as due from the **User** in such statement within three **Business Days** of the date on which such statement is issued.
- 4.3.2.11 If either party ("**Defaulting Party**"), in good faith and/or with reasonable cause fails to pay under Paragraph 4.3.2.10 any amount properly due in respect of **Balancing Services** under the **CUSC** and the relevant **Balancing Services Agreement**, then such **Defaulting Party** shall pay to the other party interest on such overdue amount from and including the due date of such payment to (but excluding) the date of actual payment (as well after as before judgment or determination by an arbitrator or panel of arbitrators) at the **Base Rate**. Provided that should the **Defaulting Party** otherwise fail to pay any amount properly due under the **CUSC** and the relevant **Balancing Services Agreement** on the due date then the **Defaulting Party** shall pay to the other party interest on such overdue amount at the **Enhanced Rate** from the due date on which such payment was properly due to (but excluding) the date of actual payment. Any interest shall accrue from day to day.
- 4.3.2.12 If following a dispute or by virtue of Paragraphs 4.3.2.2, 4.3.2.3, 4.3.2.4, 4.3.2.7 or 4.3.2.8 it is determined or agreed that the **User** was entitled to a further payment from **The Company**, the **User** shall be entitled to interest at the **Base Rate** on the amount of such further payment from the due date calculated in accordance with Paragraph 4.3.2.9 until

the date of payment.

- 4.3.2.13 If following a dispute or by virtue of the provisions of Paragraphs 4.3.2.2, 4.3.2.3, 4.3.2.4, 4.3.2.7 or 4.3.2.8 it is determined or agreed that **The Company** or the **User** was not entitled to any payment it has received, the other party shall be entitled to interest at the **Base Rate** on the amount so paid from the date of payment until the date of repayment or the date when **The Company** makes a payment to the **User** which takes such payment into account.
- 4.3.2.14 Notwithstanding any other provision of the **CUSC** and any **Balancing Services Agreement**, **The Company** and a **User** shall not be limited in any way as to the evidence they may rely upon in any proceedings arising out of or in connection with payment for any **Balancing Service** under the **CUSC** and the relevant **Balancing Services Agreement** and the parties agree that in the event and to the extent that either party succeeds in proving in any such proceedings that any **Balancing Service** was or was not provided, the successful party shall (without prejudice to any liquidated damages provision of the **CUSC** and/or the relevant **Balancing Services Agreement**) be entitled to repayment of the sums already paid or payment of sums not paid as the case may be in respect of such **Balancing Service**.
- 4.3.2.15 Save as otherwise expressly provided in the **CUSC** or in any **Balancing Services Agreement**, sums payable by **The Company** or a **User** to the other in respect of **Balancing Services** pursuant to the **CUSC** or any **Balancing Services Agreement** whether by way of charges, interest or otherwise shall (except to the extent otherwise required by law) be paid in full, free and clear of and without deduction, set-off or deferment in respect of any disputes or claims whatsoever save for sums the subject of a final award or judgement (after exhaustion of all appeals if this opportunity is taken) or which by agreement between **The Company** and the relevant **User** may be so deducted or set off.
- 4.3.2.16 **The Company** represents and warrants to each relevant **User**, as between **The Company** and that **User**, that it enters into each **Balancing Services Agreement** as principal and not as agent for any other person.
- 4.3.2.17 All amounts specified hereunder shall be exclusive of any **Value Added Tax** or other similar tax and **The Company**

shall pay to the **User Value Added Tax** at the rate for the time being and from time to time properly chargeable in respect of the making available and/or supply of **Balancing Services** under the **CUSC**, the relevant **Balancing Services Agreement**, the **Grid Code**, or any **Bilateral Agreement**.

- 4.3.2.18 All payments by **The Company** to the **User** (or by the **User** to **The Company**) in respect of the provision of **Balancing Services** will be made by payment to the parties' bank accounts details of which may be set out in the relevant **Balancing Services Agreement** or otherwise notified by **The Company** to the **User** (or by the **User** to **The Company**) from time to time.
- 4.3.2.19 The submission of all **Provisional Monthly Statements** and all **Final Monthly Statements** and facts and other evidence in support thereof and any questions in connection therewith from **The Company** to the **User** and vice versa in accordance with this Paragraph 4.3.2 must be made, in the absence of agreement to the contrary between the parties, by 19.00 hours on the **Business Day** concerned.
- 4.3.2.20 For the purpose of the regulations of HM Revenue and Customs as regards self-billing of **Balancing Services** and the submission of **Value Added Tax** invoices, the **User** hereby consents to the operation of a self-billing system by **The Company** with regard to the payment for **Balancing Services** to be provided pursuant to the **CUSC** and the relevant **Balancing Services Agreement** and will at all times throughout the term of the relevant **Balancing Services Agreement** maintain such consent. The **User** hereby undertakes, as between **The Company** and that **User**, to do (at **The Company's** cost) all acts and things reasonably necessary to enable **The Company** to comply with the regulations of HM Customs and Excise as regards the self-billing of **Balancing Services**.
- 4.3.2.21 Payment of any sum or the submission of any **Provisional Monthly Statement** or **Final Monthly Statement** by **The Company** to a **User** under this Paragraph 4.3.2 shall not operate to impair or be construed as a waiver of any right, power, privilege or remedy **The Company** may have against the **User** under the **CUSC** and/or any **Balancing Services Agreement** and/or the **Grid Code** and/or any **Bilateral Agreement**.

4.3.2.22 For the avoidance of doubt, **The Company** shall issue a **Provisional Monthly Statement** to the **User** for the calendar month following the calendar month in which any **Balancing Services Agreement** to which the **User** is a party shall expire or terminate, setting out details of the **Balancing Services** supplied by the **User** in respect thereof during that calendar month until expiry or termination, and in respect thereof the provisions of this Paragraph 4.3.2 shall continue to apply notwithstanding such expiry or termination.

4.4 CHARGING PRINCIPLES

4.4.1 Application

The provisions of this Paragraph 4.4 shall apply to payments made by **The Company** to a **User** pursuant to **Mandatory Services Agreements** in respect of the provision of the **Mandatory Ancillary Service of Frequency Response**, and (if agreed between **The Company** and a **User**) may also be incorporated by reference into any other **Ancillary Services Agreement** as a term thereof so as to apply in respect of payments made by **The Company** to that **User** in respect of the provision of other **Ancillary Services** (but for the avoidance of doubt not so as to thereby create any obligations on **The Company** and that **User** under the **CUSC** in respect thereof).

4.4.2 Charging Principles - General

4.4.2.1 These principles are to be used to establish the basic arrangements but are not intended to stifle innovation in the development of new services or the giving of appropriate economic signals.

4.4.2.2 Save where otherwise expressly provided in this Paragraph 4.4, the charges shall be "cost reflective" ie. based and founded upon the actual or estimated costs directly incurred or to be incurred by the **User** for the purpose of providing the service or capability concerned.

4.4.2.3 Where a capability to provide an **Ancillary Service** is required by the **Grid Code** from all **BM Units** or **CCGT Units** (as opposed to a capability made available by agreement between **The Company** and a **User** from some only of the **User's BM Units** or **CCGT Units**), no **Ancillary Service** capability payment shall be made.

- 4.4.2.4 The cost of "Grandfathering" **User's** Equipment (i.e. bringing equipment owned by the **User** on 30th March 1990 to a condition of compliance with the **Grid Code**) shall not be included in **Ancillary Services** payments. Where a **Derogation** is withdrawn or reduced in scope then, except in relation to **Frequency Response**, the **User** shall be entitled to take the cost of meeting the withdrawal or reduction in the scope of the **Derogation** into account in its charges.
- 4.4.2.5 Subject to the other provisions of this Paragraph 4.4.2, the charges shall take due account of any change in or amendments to the **Grid Code** or any other statutory or regulatory obligation coming into force after 30th March 1990 affecting the provision of **Ancillary Services**.
- 4.4.2.6 If as a result of any changes to the **Balancing and Settlement Code** the **User** ceases to be entitled to receive payment under the **Balancing and Settlement Code** in respect of any elements of **Ancillary Services** provided by it which are expressed in this Paragraph 4.4 to be paid for under the **Balancing and Settlement Code**, the **User** shall be entitled to charge for such elements under an **Ancillary Services Agreement**. Where, however, such change entitles the **User** to be paid for any elements of **Ancillary Services** which are expressed in this Paragraph 4.4 to be paid for under an **Ancillary Services Agreement** the **User** shall cease to be entitled to charge for such elements under an **Ancillary Services Agreement**.

4.4.3 Charging Principles – Frequency Response

Holding Payments shall be determined in accordance with Paragraph 4.1.3.13 and, as specified in Paragraph 4.1.3.13(g), therefore need not be cost reflective.

- 4.4.3.1 Part-loading of a **BM Unit** at a level other than that specified in a **Physical Notification** in order to provide **Frequency Response** will normally be achieved by the issue of a **Bid-Offer Acceptance**.
- 4.4.3.2 In recognition of the energy production costs likely to be incurred or avoided when providing **Frequency Response**, an additional amount based upon an expected delivery of

Frequency Response energy shall be payable under Paragraph 4.1.3.9A.

4.5 INDEXATION

4.5.1 Application

The provisions of this Paragraph 4.5 shall apply to payments made by **NGC** to a **User** pursuant to Paragraphs 4.2A.4(a) and (c) in respect of the provision of **System to Generator Operational Intertripping**, and (if agreed between **The Company** and a **User**) may be incorporated by reference into any other **Balancing Services Agreement** (other than a **Mandatory Services Agreement**) as a term thereof so as to apply in respect of payments made by **The Company** to that **User** in respect of the provision of other **Balancing Services** (other than **Mandatory Ancillary Services**) (but for the avoidance of doubt not so as to thereby create any obligations on **The Company** and that **User** under the **CUSC** in respect thereof).

4.5.2 Indexation provisions

4.5.2.1 The rates and/or prices to be indexed shall be specified in the **Balancing Services Agreement** or (in the case of **System to Generator Operational Intertripping**) in Schedule 4 to this Section 4 as applicable for a 12 month period commencing 1st April (“the base year”), and these rates and/or prices will be adjusted annually to take account of general price inflation. The index used will be the Retail Prices Index (RPI) with 1987 = 100 base.

4.5.2.2 The source of the RPI index is to be the monthly Office for National Statistics “Business Monitor MM23.”

4.5.2.3 The rates and/or prices to be indexed shall be increased (or reduced as appropriate) for the subsequent 12 month period commencing 1st April by the following factor:-

$$\frac{RPI_2}{RPI_1}$$

Where

RPI_2 is the RPI for March immediately prior to commencement of that 12 month period

RPI_1 is the RPI for March immediately prior to commencement of the base year.

- 4.5.2.4 The rates and/or prices to be indexed shall be increased (or reduced as appropriate) for the subsequent 12 month period commencing 1st April by the following factor:-

$$\frac{RPI_3}{RPI_1}$$

Where

RPI_3 is the RPI for March immediately prior to commencement of that 12 month period

RPI_1 is the RPI for March immediately prior to commencement of the base year.

- 4.5.2.5 In subsequent years indexation will continue in accordance with the above, with always the numerator of the factor representing the RPI of the 12 month period in question and the denominator of the factor being the RPI for March immediately prior to the base year.
- 4.5.2.6 In the event that RPI ceases to be published or is not published in respect of any relevant month or it is not practicable to use RPI because of a change in the method of compilation or some other reason, indexation for the purposes of this Paragraph 4.5 shall be calculated by **The Company** using an index agreed between **The Company** and the relevant **User** with a view to determining the relevant price after indexation that would be closest to the relevant price after indexation if RPI had continued to be available. If **The Company** and a relevant **User** are unable to agree a suitable index, either of them may initiate the **Dispute Resolution Procedure** for resolution of the issue as an **Other Dispute** in accordance with Paragraph 7.4.
- 4.5.2.7 For the avoidance of doubt, the provisions of Paragraph 11.3 with regard to determination of an alternative index should the **Retail Prices Index** not be published or there is a material change to the basis of such index shall not apply with respect to the rates and/or prices the subject of this Paragraph 4.5.

SCHEDULE 1

WEEKLY MAXIMUM GENERATION DECLARATION OF AVAILABILITY

[NAME OF GENERATOR]

Optional Logo

StationTelephone:

Standby Tel:

Fax:

Standby Fax:

Maximum Generation shall be available for the week commencing [] from
Maximum Generation BM Unit(s) as follows:-

Operational Day (dd/mm/yy)	Maximum Generation BM Unit	Indicative Maximum Generation Capability	Available? (YES/NO)

ADDITIONAL RELEVANT INFORMATION

--

Fax Sent By (Print name):

Signature:

Date:

Time:

Acknowledged by **The Company**:

Signature:

Date:

Time:

National Grid Control Centre

Fax:
Standby Fax:

[]
[]

SCHEDULE 2

MAXIMUM GENERATION REDECLARATION OF AVAILABILITY

[NAME OF GENERATOR]

Optional Logo

StationTelephone:

Standby Tel:

Fax:

Standby Fax:

The availability of Maximum Generation is revised as follows:

OPERATIONAL DAY (dd/mm/yy)	Maximum Generation BM Unit	Indicative Maximum Generation Capability	Available (YES/NO)

ADDITIONAL RELEVANT INFORMATION

Fax Sent By (Print name):

Signature:

Date:

Time:

Acknowledged by **The Company**:

Signature:

Date:

Time:

National Grid Control Centre

Fax: []
Standby Fax: []

SCHEDULE 3

SYSTEM TO GENERATOR OPERATIONAL INTERTRIPPING - FACSIMILE FORMS

Part I

Instruction to arm and disarm System to Generator Operational Intertripping Scheme

From: []

To: []

Time and date instruction issued: []

Category of Intertrip	
Connection Site	
Time and date of arming	
Restricted MW Export Level (MW) post trip	
Special instructions (if any)	
Reason(s) for arming	
Relevant fault(s)	
Generating Unit(s)/BM Unit(s)/Intertrip Contacted Unit(s) to be armed (delete as appropriate)	

Anticipated duration of arming	
--------------------------------	--

Category of Intertrip	
Connection Site	
Time and date of arming	

Part II

Confirmation of Withdrawal of Restricted MW Export Level

From : []

To: []

Time and date confirmation issued: []

Connection Site	
Restricted MW Export Level (MW)	
No longer applies	<i>Tick if applicable</i>
Has been increased to (MW)	

Special instructions (if any) if Restricted MW Export Level has been increased	
--	--

SCHEDULE 4**SYSTEM TO GENERATOR OPERATIONAL INTERTRIPPING - PAYMENT RATES**

	Category 1	Category 2	Category 3	Category 4
Capability Payment (£/Settlement Period)	N/A	£ 1.72	N/A	£ 1.72
Intertrip Payment (£/Intertrip Contracted Unit/Trip)	N/A	£ 400,000	N/A	£ 400,000

All rates in this Schedule 4 are specified at April 2005 base and shall be subject to indexation in accordance with Paragraph 4.5 with effect from 1st April 2006.

END OF SECTION 4

CUSC - SECTION 5
EVENTS OF DEFAULT, DEENERGISATION,
AND DISCONNECTION

CONTENTS

- 5.1 Duration and Termination
- 5.2 Emergency Deenergisation
- 5.3 Generic Events of Default and Deenergisation
- 5.4 Site Specific Deenergisation and Disconnection
- 5.5 Balancing Services Use of System Charges: Events of Default
- 5.6 Notice to Disconnect
- 5.7 Disconnection
- 5.8 Not Used
- 5.9 Non-Embedded Customers
- 5.10 Relevant Interruptions

CUSC - Section 5

Events of Default, Deenergisation, Disconnection and Decommissioning

5.1 DURATION AND TERMINATION

5.1.1 Licensed CUSC Parties

Upon either:

- (a) termination of all **Bilateral Agreements, Mandatory Services Agreements and Construction Agreements** entered into by a **User** and cessation of any other right to use the **National Electricity Transmission System** pursuant to Paragraph 3.8 or Paragraph 9.23; or
- (b) a **User** having a **Licence** but not yet being connected to or otherwise using the **National Electricity Transmission System**, until such time as the **User** accepts an **Offer** to connect to or use the **National Electricity Transmission System**,

a **User** with a **Licence** shall be or continue to be a **CUSC Party** but shall not (except in the case of Paragraph 5.1.5) have any further rights and obligations for the period of such dormancy under the **CUSC** (and shall be a "**Dormant CUSC Party**") until the execution (or other entering into) of a **Bilateral Agreement** or commencement / recommencement of its right to use the **National Electricity Transmission System** pursuant to the **CUSC**. Termination or expiry of a particular **Bilateral Agreement, Mandatory Services Agreement or Construction Agreement** shall not, of itself, cause the relevant **User** to become a **Dormant CUSC Party**.

- 5.1.2 A **Dormant CUSC Party** may once it ceases to have a **Licence** which requires it to be a party to the **CUSC Framework Agreement**, by prior notice to **The Company** cease to be a **CUSC Party** from the date specified in such notice, on which date it shall cease to be a party to the **CUSC Framework Agreement**.

5.1.3 Non-Licensed CUSC Parties

Upon termination of all **Bilateral Agreements, Mandatory Services Agreements and Construction Agreements** entered into by a **User** and cessation of any other right to use the **National Electricity Transmission System** pursuant to

Paragraph 3.8 or Paragraph 9.23, a **User** without a **Licence** shall cease to be a **CUSC Party** from the date of cessation of the last such agreement or right to use, and shall on that date cease to be a party to the **CUSC Framework Agreement**.

5.1.4 A person ceasing to be a **CUSC Party** or becoming a **Dormant CUSC Party** shall not affect any rights or obligations of any **CUSC Party** which may have accrued to the date of termination or dormancy under the **CUSC**, any **Bilateral Agreement** or **Mandatory Services Agreement** or **Construction Agreement** or the **Charging Statements** or otherwise and shall not affect any continuing obligations of any other **CUSC Party** under the **CUSC**.

5.1.5 **Embedded Exemptable Large Power Station**

A **User** in respect of an **Embedded Exemptable Large Power Station** shall (unless **The Company** agrees otherwise in writing, such agreement not to be unreasonably withheld or delayed), once it has acceded to the **CUSC Framework Agreement** continue to remain a **CUSC Party** and shall not be treated as a **Dormant CUSC Party** notwithstanding the provisions of Paragraph 5.1.1.

5.2 **EMERGENCY DEENERGISATION**

5.2.1 **Emergency Deenergisation by The Company**

If, in the reasonable opinion of **The Company**, the condition or manner of operation of the **National Electricity Transmission System** or a **User's System** or an **Interconnector** poses an immediate threat of injury or material damage to any person or to the **Total System** or to any **User's System** or to the **National Electricity Transmission System**, **The Company** shall have the right to:

- (a) **Deenergise that User's Equipment**, or
- (b) request the owner of the **Distribution System** to which that **User's Equipment** or equipment for which that **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) is connected to **Deenergise that User's Equipment** or equipment for which that **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**),

if it is necessary or expedient to do so to avoid the occurrence of such injury or damage.

5.2.2 Emergency Deenergisation by a User

If, in the reasonable opinion of a **User**, the condition or manner of operation of the **National Electricity Transmission System**, the **Total System** or any other **User's System** poses an immediate threat of injury or material damage to any person or to its **User's System** or **User's Equipment** or equipment for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) that **User** shall have the right to **Deenergise** its **User's Equipment** or equipment for which that **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**), if it is necessary or expedient to do so to avoid the occurrence of such injury or damage.

5.2.3 Post Emergency Reenergisation

The Company or, as the case may be, the **User** shall **Reenergise** the **User's Equipment** at the **Connection Site** (or, in the case of the **User** the site of connection) or **The Company** shall request the owner/operator of the **Distribution System** to which the **User's Equipment** or equipment for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) is connected to **Reenergise** the **User's Equipment** at the site of connection, in each case as quickly as practicable after the circumstances leading to any **Deenergisation** under this Paragraph 5.2 have ceased to exist.

5.3 **GENERIC EVENTS OF DEFAULT AND DEENERGISATION**

5.3.1 Generic Events of Default

It shall be an **Event of Default** if:-

- (a) a **User** shall fail to pay (other than by inadvertent error in funds transmission which is discovered by **The Company**, notified to that **User** and corrected within 2 **Business Days** thereafter) any amount properly due or owing from that **User** to **The Company** pursuant to the **CUSC** or any **Bilateral Agreement** and such failure continues unremedied for 7 **Business Days** after the due date for payment; or
- (b) in respect of a **User**:-
 - (i) an order of the High Court in England and Wales or an order of the Court of Session in Scotland is made or an effective resolution passed for its insolvent winding up or dissolution; or

(ii) a receiver (which expression shall include an administrative receiver within the meaning of section 251 Insolvency Act 1986) of the whole or any material part of its assets or undertaking is appointed; or

(iii) an administration order under section 8 of the Insolvency Act 1986 is made or if a voluntary arrangement is proposed under section 1 of that Act; or

(iv) a **User** enters into any scheme of arrangement (other than for the purpose of reconstruction or amalgamation upon terms and within such period as may previously have been approved in writing by the **Authority**); or

(v) any of the events referred to in (i) to (iv) above has occurred and is continuing and a **User** is unable to pay its debts (within the meaning of section 123(l) or (2) of the Insolvency Act 1986 save that such sections shall have effect as if for £750 there was inserted £250,000 and a **User** shall not be deemed to be unable to pay its debts if any demand for payment is being contested in good faith by that **User** with recourse to all appropriate measures and procedures),

and in any such case within 28 days of his appointment the liquidator, receiver, administrative receiver, administrator, nominee or other similar officer has not provided to **The Company** a guarantee of future performance by the **User** of the **CUSC** and all **Bilateral Agreements, Construction Agreements and Mandatory Services Agreements** to which the **User** is a party in such form and amount as **The Company** may reasonably require.

5.3.2 Generic Deenergisation upon an Event of Default

Provided that at the time the failure specified in Paragraph 5.3.1(a) is still continuing or the circumstances referred to in Paragraph 5.3.1(b) still exist **The Company** may having given 48 hours notice of an **Event of Default Deenergise** all of the **User's Equipment** which is the subject of a **Bilateral Agreement** with that **User** or may as appropriate instruct the operator of a **Distribution System** to **Deenergise** such **User's Equipment** or in the case of an **Interconnector User** or **Interconnector Error Administrator** request the relevant **Interconnector Owner** to cease or procure the cessation of the transport of power across the **Interconnector** by or on behalf of that **User** provided that prior to **Deenergisation** the **User** may refer the matter to the **Dispute Resolution Procedure**.

5.3.3 BSC Deenergisation

The Company shall **Deenergise** the **User's Equipment** if it is so instructed by the **BSC Panel** at any time in accordance with the provisions of the **Balancing and Settlement Code**.

5.3.4 Generic Disconnection

If the **Event of Default** under Paragraph 5.3.2 or 5.3.3 is still continuing six months after the later of **Deenergisation** and the conclusion of the **Dispute Resolution Procedure** in favour of **The Company**, **The Company** may **Disconnect** all that **User's Equipment** at each **Connection Site** where that **User's Equipment** is connected and:-

- (a) the **User** shall remove any of the **User's Equipment**:
 - (i) in the case of **Connection Sites** in England and Wales, on **The Company's** land or, in the case of **Connection Sites** in Scotland on the **Relevant Transmission Licensee's** land (as appropriate) within 6 months or such longer period as may be agreed between the **User** and **The Company** or the **Relevant Transmission Licensee** (as appropriate); or
 - (ii) in the case of **Connection Sites Offshore**, on or adjacent to the **Relevant Transmission Licensee's Offshore Platform** within a period agreed between the **User** and the **Relevant Transmission Licensee**.
- (b) in the case of
 - (i) **Connection Sites** in England and Wales, **The Company** shall remove and, in the case of **Connection Sites** in Scotland, **The Company** shall procure that the **Relevant Transmission Licensee** removes, any of the **Transmission Connection Assets** on the **User's** land within 6 months or such longer period as may be agreed between the **User** and **The Company** or the **Relevant Transmission Licensee** (as appropriate); or
 - (ii) **Connection Sites Offshore**, **The Company** shall procure that the **Relevant Transmission Licensee** removes, any of the **Transmission Connection Assets** on or adjacent to the **User's Offshore Platform** within a period agreed between the **User** and the **Relevant Transmission Licensee**;
- (c) the **User** shall pay to **The Company** forthwith all **Termination Amounts** and, in the case of a **User** in the

category of a **Power Station** directly connected to the **National Electricity Transmission System** or with a **Bilateral Embedded Generation Agreement** the **Cancellation Charge**;and

- (d) the **User** if unlicensed shall cease to be a **CUSC Party** or if licensed shall become a **Dormant CUSC Party**, as the case may be, and Paragraph 5.1 shall apply.

5.4 SITE SPECIFIC DEENERGISATION AND DISCONNECTION

5.4.1 Site Specific Breach by the User

If a **User** shall be in breach of any of the provisions of the relevant **Bilateral Agreement**, or the provision of the **CUSC** in relation to that particular connection to and/or use of the **National Electricity Transmission System**, or (other than in relation to a **Supplier**, a **Small Power Station Trading Party**, an **Interconnector User** or an **Interconnector Error Administrator**) of the provisions of the **CUSC** enforcing the provisions of the **Grid Code** (but subject always to Paragraphs 6.3.3 and 6.3.4), and such breach causes or can reasonably be expected to cause a material adverse effect on the business or condition of **The Company** or other **Users** or the **National Electricity Transmission System** or any **User Systems** then **The Company** may:-

(a) where the breach is capable of remedy, give written notice to the **User** specifying in reasonable detail the nature of the breach and requiring the **User** within 28 days after receipt of such notice, or within any longer period agreed between **The Company** and the **User** to remedy the breach, the agreement of **The Company** not to be unreasonably withheld or delayed; or

(b) where the breach is incapable of remedy, give written notice to the **User** specifying in reasonable detail the nature of the breach and the reasons why the breach is incapable of remedy and requiring the **User** within 5 **Business Days** after receipt of such notice to undertake to **The Company** not to repeat the breach.

5.4.2 Grid Code Procedures - Future Compliance

Whenever **The Company** serves a notice on a **User** pursuant to Paragraph 5.4.1, **The Company** and the **User** shall discuss in good faith and without delay the nature of the breach and each shall use all appropriate procedures available to it under the **Grid Code** (including testing rights and the procedures set out in **OC5** (Testing and Monitoring)) in an attempt to establish as quickly as reasonably practicable a mutually acceptable way

of ensuring future compliance by the **User** with the relevant provision of the **Grid Code**.

5.4.3 Site Specific Deenergisation

(a) If:

(i) a **User** fails to comply with any valid notice served on it by **The Company** in accordance with Paragraph 5.4.1(a) or is in breach of any undertaking given in accordance with Paragraph 5.4.1(b) and such breach causes or can be reasonably expected to cause a material adverse effect on the business or condition of **The Company** or other **Users** or the **National Electricity Transmission System** or any **User System**; or

(ii) five **Business Days** have elapsed since the date of any valid notice served on the **User** in accordance with Paragraph 5.4.1(b) and no undertaking is given by the **User** in accordance with Paragraph 5.4.1(b);

The Company may:

(iii) provided **The Company** has first complied with **OC5** Monitoring and Testing if appropriate **Deenergise the User's Equipment**; or

(iv) provided **The Company** has first complied with **OC5** Monitoring and Testing if appropriate request the owner/operator of the **Distribution System** to which the **User's Equipment** or equipment for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) is or to which the **User's Customers** are connected to **Deenergise the User's Equipment** or equipment for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) at the relevant site of connection or such **User's Customers** (as the case may be); or

(v) in the case of an **Interconnector User** or **Interconnector Error Administrator** request the relevant **Interconnector Owner** to cease or procure the cessation of the transport of power by or on behalf of that **User** across the **Interconnector**,

upon the expiry of at least 48 hours prior written notice to the **User**, provided that at the time of expiry of such notice the breach concerned remains unremedied and that neither party has referred the matter to the **Dispute Resolution Procedure**. In such event **The Company** may:

- (aa) **Deenergise the User's Equipment**, or
- (bb) request the owner of the **Distribution System** to which the **User's Equipment** or equipment for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) is or to which the **User's Customers** are connected to **Deenergise the User's Equipment** or equipment for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) at the relevant site of connection or the **User's Customers** (as the case may be), or
- (cc) in the case of an **Interconnector User** or **Interconnector Error Administrator** request the relevant **Interconnector Owner** to cease or to procure the cessation of the transfer of power by or on behalf of that **User** across the **Interconnector**,

forthwith following completion of the **Dispute Resolution Procedure** and final determination of the dispute in **The Company's** favour, subject to **The Company** having given, in the case of **Deenergisation** of an **Embedded Small Power Station**, the relevant **User** not less than 24 hours prior written notice and at the expiry of such notice the breach concerned remaining unremedied.

(b) If the **User** fails to comply with the **Grid Code** (but subject always to Paragraphs 6.3.3 and 6.3.4 of the **CUSC**) and the **Authority** makes a final order or a confirmed provisional order as set out in sections 25 and 26 of the **Act** against the **User** in respect of such non-compliance which order the **User** breaches **The Company** may in respect of the relevant **Connection Site(s)** or site(s) of connection:

- (i) **Deenergise the User's Equipment**, or
- (ii) request the owner of the **Distribution System** to which the **User's Equipment** or equipment for which the **User** is responsible (as defined in Section K of the

Balancing and Settlement Code) is connected to **Deenergise the User's Equipment** or equipment for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**),

upon the expiry of at least 48 hours prior written notice to the **User** provided that at the time of expiry of the notice the **User** continues to fail to comply with the order.

5.4.4 Consequence on Transmission Licence

If a breach of the nature referred to in Paragraph 5.4.1 continues to the extent that it places or seriously threatens to place in the immediate future **The Company** in breach of the **Transmission Licence** and/or places or seriously threatens to place in the immediate future any **Relevant Transmission Licensee** in breach of its transmission licence **The Company** may:

- (a) **Deenergise the User's Equipment**, at the relevant **Connection Site**,
- (b) request the owner of the **Distribution System** to which the **User's Equipment** or equipment for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) is or to which the **User's Customers** are connected to **Deenergise the User's Equipment** or equipment for which **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) at the relevant site of connection or such **User's Customer** (as the case may be), or
- (c) request the relevant **Interconnector Owner** to cease or procure the cessation of the transport of power by or on behalf of that **User** across the **Interconnector**,

upon the expiry of at least 12 hours, prior written notice to the **User**, provided that at the time of expiry of such notice the breach concerned remains unremedied.

5.4.5 Generic and Site Specific Reenergisation Disputes

- (a) If following any **Deenergisation** or cessation of use of an **Interconnector** pursuant to this Paragraph 5.4 or Paragraph 5.3.2 the relevant **User** applies to **The Company** for the **User's Equipment** to be **Reenergised** or for **The Company** to issue instructions that the **User's Customers** be **Re-energised** or for

The Company to issue instructions to the owner/operator of the **Distribution System** to which the **User's Equipment** or equipment for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) is connected that it be **Re-energised** or to the relevant **Interconnector Owner** that transport of power across the **Interconnector** can restart, **The Company** shall notify its consent to the **User's Equipment** being **Re-energised** or transport across the **Interconnector** restarting forthwith upon the breach of the **CUSC** or the relevant **Bilateral Agreement** which give rise to the **De-energisation** either:-

- (i) being remedied; or
- (ii) ceasing to be material; or
- (iii) in the case of a **De-energisation** under 5.4.3 ceasing to be of a nature which can reasonably be expected to cause a material adverse effect on the business or condition of **The Company** or other **Users** of the **National Electricity Transmission System**; or
- (iv) in the case of a **De-energisation** under Paragraph 5.4.4 ceasing in **The Company's** opinion to place or seriously threaten to place in the immediate future **The Company** in material breach of the **Transmission Licence** and/or places or seriously threatens to place in the immediate future any **Relevant Transmission Licensee** in material breach of its transmission licence,

and shall forthwith **Re-energise** the **User's Equipment** or issue instructions.

(b) If **The Company** shall refuse to **Re-energise** the **Users Equipment** or to issue instructions that the **User's Customers** be **Reenergised** or to issue instructions to the owner/operator of the **Distribution System** to which the **User's Equipment** or equipment for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) is connected that it be **Reenergised**, or to the relevant **Interconnector Owner** that transport of power can restart, or if the **User** is offered terms by **The Company** which the **User** does not accept, this shall be recognised as a dispute over the terms for connection and use of system which may be referred by the **User** to the **Authority** for determination under Standard Condition C9 of the **Transmission Licence**. If the **User** accepts any terms offered by **The Company** or determined by

the **Authority The Company** shall **Reenergise** the **Users Equipment**, or request the owner of the **Distribution System** to which either the **User's Customers** or the **User's Equipment** or equipment for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) is/are connected to **Reenergise** the same or the relevant **Interconnector Owner** to restart that transport of power, forthwith after any request from the **User** for **The Company** to do so.

5.4.6 Specific Events of Default

Events of Default

5.4.6.1 Any of the following events shall constitute an **Event of Default**:

(a) If the breach which led to any **Deenergisation** pursuant to this Paragraph 5.4 remains unremedied at the expiry of at least 6 months after the date of such **Deenergisation**, **The Company** may declare by notice in writing to the **User** that such breach has become an **Event of Default** provided that:

(i) all disputes arising out of the subject-matter of this Paragraph 5.4 which are referred to the **Dispute Resolution Procedure** have been finally determined in favour of **The Company**; and

(ii) any reference to the **Authority** pursuant to Paragraph 5.4.5(b) hereof has then been finally determined in favour of **The Company** or any terms settled pursuant to such procedure have not been accepted by the **User**.

(b) If any or all of the **Events of Default** in Paragraph 5.3.1 has or have occurred.

Security Event of Default - User Meets The Company Credit Rating

5.4.6.2 In the case where a **User** meets **The Company Credit Rating** on signing a **Bilateral Connection Agreement** any of the following events shall constitute an **Event of Default**:-

- (a) If the **User** fails to provide or procure that there is provided to **The Company** within the requisite time any relevant security satisfactory to **The Company** pursuant to Part III of Section 2 or Paragraph 5.4.6.2(c) or Section 14 of the **CUSC**.
- (b) If having provided security satisfactory to **The Company** pursuant to Part III of Section 2 and Paragraph 5.4.6.2(c) or Section 14 of the **CUSC**:
 - (i) the **User** or any shareholder (whether direct or indirect) of the **User** or any other party who may at any time be providing security to **The Company** pursuant to the requirements of the **CUSC** (or the relevant **Bilateral Connection Agreement**) takes any action whether by way of proceedings or otherwise designed or calculated to prevent, restrict or interfere with the payment to **The Company** of any amount so secured whether or not there shall be a dispute between the parties;
 - (ii) any party who may at any time be providing security to **The Company** pursuant to the provisions of the **CUSC** (or the relevant **Bilateral Connection Agreement**) fails to pay to **The Company** any sum demanded pursuant thereto.
- (c)
 - (i) There is a material adverse change in the financial condition of the **User** such as to give **The Company** reasonable grounds for concluding that there is a substantial probability that the **User** will default in the payment of any sums due or to become due to **The Company** within the next following period of 12 months, in terms of or on termination of the relevant **Bilateral Connection Agreements**; or
 - (ii) an event of default has occurred under any banking arrangements (as may be more particularly described in the

relevant **Bilateral Connection Agreement**) (an event of default being for these purposes anything defined as such in such banking arrangements) put in place by the **User** in connection with a project for which security under this **CUSC** is required by **The Company** and as a result the banks who are party to such banking arrangement have taken steps to declare the principal of the advances under such arrangement immediately due and payable; or

- (iii) any other indebtedness of the **User** for the repayment of borrowed money (in a principal outstanding amount of not less than £1,000,000 (pounds sterling one million) or such greater figure specified in any **Bilateral Connection Agreement**) has become due and payable prior to the stated date of maturity thereof by reason of any default or breach on the part of the **User** and the amount in question has not been paid by the **User** or re-financed by the **User** within a period of 28 days following the date upon which it was so declared due and payable,

and in any of (i) or (ii) or (iii) the **User** fails, within a period of 7 (seven) days following the date on which **The Company** gives the **User** notice in writing of one or other of the above events occurring to provide **The Company** with such security as **The Company** shall require to cover the **User's** payment obligations to **The Company** arising in the event of or which have arisen prior to termination of the relevant **Bilateral Connection Agreement** and which arise under the **CUSC**. The security to be provided shall be in a form satisfactory to **The Company** in accordance with its then current policy and procedures and in such amount as **The Company** shall specify to the **User** in the aforesaid notice.

Provided that (in relation to Paragraphs (i) or (ii) or (iii) above) if at any time after the putting in place of security under this Paragraph the **User** shall produce to **The Company** evidence to **The Company's** reasonable satisfaction that there is not a substantial

probability of the **User** not being able to make payment to **The Company** of such sums within the next following period of twelve (12) months, **The Company** shall not require the **User** to provide the aforesaid security and shall release any such security then in place. This waiver is without prejudice to **The Company's** right to require security at any time thereafter in the event of any of the circumstances set out in Paragraph (i) and/or (ii) and/or (iii) subsequently occurring.

Security Event of Default - User Does Not Meet The Company Credit Rating

5.4.6.3 In the case where a **User** does not meet **The Company Credit Rating** on signing a **Bilateral Connection Agreement** any of the following events shall constitute an **Event of Default**:-

- (a) (i) There is a material adverse change in the financial condition of the **User** such as to give **The Company** reasonable grounds for concluding that there is a substantial probability that the **User** will default in the payment of any unsecured sums due or to become due to **The Company** within the next period of 12 months, in terms of or on termination of the relevant **Bilateral Connection Agreements**; or
- (ii) an event of default has occurred under any banking arrangements (as may be more particularly described in the relevant **Bilateral Connection Agreement**), (an event of default being for these purposes anything defined as such in such banking arrangements) put in place by the **User** in connection with a project for which security under this **CUSC** is required by **The Company** and as a result the banks who are party to such banking arrangement have taken steps to declare the principal of the advances under such arrangement immediately due and payable; or
- (iii) any other indebtedness of the **User** for the repayment of borrowed money (in a principal outstanding amount of not less

than £1,000,000 (pounds sterling one million) or such greater amount specified in any **Bilateral Connection Agreement**) has become due and payable prior to the stated date of maturity thereof by reason of any default or breach on the part of the **User** and the amount in question has not been paid by the **User** or refinanced by the **User** within a period of 28 days following the date upon which it was so declared due and payable.

And in any one of (i) or (ii) or (iii) the **User** fails:-

- (aa) within a period of 14 (fourteen) days following the date on which **The Company** gives notice of such circumstances to provide to **The Company** a cash deposit in a **Bank Account**, a **Performance Bond** or a **Letter of Credit** in favour of **The Company** and **Valid** at least up to the last day of the **Financial Year** in which the event occurs for such amount representing **The Company's** reasonable estimate of all unsecured sums to become due to **The Company** in the period up to the end of the **Financial Year** in which the event occurs such sum to be specified in the said notice; or
- (bb) to subsequently provide such cash deposit or renew such **Performance Bond** or **Letter of Credit** (or such renewed **Performance Bond** or **Letter of Credit** provided under this paragraph) not less than 45 days prior to its stated expiry date for such amount representing **The Company's** reasonable estimate of the unsecured sums to become due to **The Company** in the next following **Financial Year** valid at least up to the last day of the next following **Financial Year** and to continue the provision of cash deposit, a **Performance Bond** or **Letter of**

Credit in a similar manner, to such estimate of unsecured sums.

Provided that regarding any one of (i) or (ii) or (iii) if at any time after the putting in place of security under this Paragraph 5.4.6.3(a) the **User** shall provide to **The Company** evidence to **The Company's** reasonable satisfaction that there is not a substantial probability of the **User** being unable to make payment to **The Company** of any unsecured sums within the next following period of twelve (12) months, **The Company** shall not require the **User** to provide the aforesaid security and shall release any such security then in place. This waiver is without prejudice to **The Company's** right to require security at any time thereafter in the event of any of the circumstances set out in paragraph (i) and/or (ii) and/or (iii) in this Paragraph 5.4.6.3(a) subsequently occurring.

- (b) If the **User** fails to provide or procure that there is provided to **The Company** or at any time fails to maintain or procure that there is maintained in full force and effect the relevant security arrangement required under Part III of Section 2 or Paragraph 5.4.6.3(a) or to renew or revise such security or to substitute any security with the required replacement security or to maintain or procure that there is maintained in full force and effect any such renewed, revised or substituted security as so required or if the **User** is otherwise in breach of any of its obligations under Paragraph 2.22.
- (c) If the **User** or any shareholder (whether direct or indirect) of the **User** takes any action whether by way of proceedings or otherwise designed or calculated to prevent restrict or interfere with the payment to **The Company** of any amount so secured or seeks or permits or assists others to do so, whether or not there shall be a dispute between the parties.
- (d) If any party who may at any time be providing or holding security in favour of **The Company** pursuant to Part III of Section 2 or Paragraph 5.4.6.3(a) fails to pay **The Company** any sum demanded in any **Notice of Drawing** pursuant thereto.

5.4.7 Specific Event of Default Disconnection

Once **The Company** has given a valid notice of an event of default pursuant to Paragraph 5.4.6 provided that the **Event of Default** is continuing **The Company** may give notice of termination to that **User** whereupon the relevant **Bilateral Agreement** or right to use the system shall terminate and:

(a) **The Company** shall in relation to such an **Event of Default** of a **User** in relation to a **Connection Site**:

- (i) **Disconnect** all the **User's Equipment** at the **Connection Site**; and
- (ii) the **User** concerned shall remove any of the **User's Equipment**:
 - (aa) in the case of **Connection Sites** in England and Wales, on **The Company's** or, in the case of **Connection Sites** in Scotland, on the **Relevant Transmission Licensee's** land (as appropriate) within six (6) months of the date of termination or such longer period as may be agreed between **The Company** or the **Relevant Transmission Licensee** (as appropriate) and the relevant **User**; or
 - (bb) in the case of **Connection Sites Offshore**, on or adjacent to the **Relevant Transmission Licensee's Offshore Platform** within a period agreed between the **User** and the **Relevant Transmission Licensee**; and
 - (iii) in the case of **Connection Sites** in England and Wales, **The Company** shall remove and, in the case of **Connection Sites** in Scotland, **The Company** shall procure that the **Relevant Transmission Licensee** removes, any of the **Transmission Connection Assets** on the land of the **User** concerned within 6 months or such longer period as may be agreed between the **User** and **The Company** or the **Relevant Transmission Licensee** (as appropriate); and,
 - (iv) in the case of **Connection Sites Offshore**, **The Company** shall procure that the **Relevant Transmission Licensee** removes any of the **Transmission Connection Assets** on or adjacent to the **User's Offshore Platform** within

a period agreed between the **User** and the **Relevant Transmission Licensee**.

Such **User** shall (notwithstanding any longer time for payment which but for such termination the **User** may have for payment pursuant to the **CUSC** or the relevant **Bilateral Agreement**) within 14 days from the date of termination pay to **The Company** all amounts due and owing on the date of such termination and be liable to pay to **The Company Termination Amounts** applicable to the **Connection Site** and, in the case of a **User** in the category of a **Power Station** directly connected to the **National Electricity Transmission System** the **Cancellation Charge**, such payments to be made within 14 days of the date of **The Company's** invoice(s) in respect thereof;

- (b) (i) **The Company** shall request the owner of any **Distribution System** to which the **User** is connected to **Disconnect** all the **User's Equipment** or equipment for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) at the site of connection;
- (ii) **The Company** shall in relation to such an event of default of a **User** acting as a **Supplier** request the owner of the **Distribution System** to which any of that **User's Customer's** are connected to **Disconnect** such **User's Customer's**;
- (iii) **The Company** shall in relation to such an **Event of Default** of a **User** acting as an **Interconnector User** or **Interconnector Error Administrator** request the relevant **Interconnector Owner** to cease or procure the cessation of the transfer of power across the **Interconnector** by or on behalf of that **Interconnector User**; and

the **User** shall be obliged to pay to **The Company** forthwith the **Use of System Charges** due under the **CUSC** or the relevant **Bilateral Agreement** up to the end of the **Financial Year** in which **Termination** occurs and, in the case of a **User** with **Bilateral Embedded Generation Agreement** the **Cancellation Charge**.

5.5 BALANCING SERVICES USE OF SYSTEM CHARGES: EVENTS OF DEFAULT

5.5.1 Breaches

Notwithstanding any other provisions of this Paragraph 5.5 and/or Paragraph 5.3 of the **CUSC**, in relation to the payment of the **Balancing Services Use of System Charges** the following shall constitute breaches under the **CUSC** and/or the relevant **Bilateral Agreement**:-

- (a) the **User** in question shall fail to provide or maintain or renew in accordance with Paragraph 3.21 or Paragraph 9.22.3 (as appropriate) the requisite amount of **Security Cover**; or
- (b) the **User** shall fail to pay any sum payable by the **User** in respect of **Balancing Services Use of System Charges** to **The Company** within 3 **Business Days** of its due date; or
- (c) an event of default under Paragraph 5.3.1(b) of the **CUSC** has occurred provided always that the final Paragraph of Paragraph 5.3.1(b) of the **CUSC** referring to the provision of guarantees shall not apply.

5.5.2 Events of Default

Forthwith upon the occurrence of any of the breaches specified in Paragraph 5.5.1 then notwithstanding any other provisions of the **CUSC** or of any **Bilateral Agreement** to which the **User** is a party, and in addition to any rights it may have under the terms of the **CUSC**, **The Company** may upon reaching a bona fide conclusion that the reason for the failure by the **User** under Paragraph 5.5.1 is other than an administrative or banking error (having taken into account representations if any of the **User** made within 24 hours after the request therefor is made to the **User** by **The Company**, which request **The Company** shall be obliged to make) by notice to the **User** declare such breach an event of default.

5.5.3 Deenergisation by User

If **The Company** declares an **Event of Default** under Paragraph 5.5.2 the **User** shall forthwith and in compliance with the instructions of **The Company** or (in the case of any connection to a **User System**) the owner of the **User System** to which the **User's Customers** are connected, **Deenergise** itself and/or its **Customers** or in the case of a **User** acting as

an **Interconnector User** or **Interconnector Error Administrator** cease or procure the cessation of the transport of power by or on behalf of that **User** across the **Interconnector** as the case may be.

5.5.4 Deenergisation by The Company/User System Owner

If the **User** shall fail to take such action as is referred to in Paragraph 5.5.3 within 48 hours after the date of any such notice referred to therein **The Company** shall be entitled to:-

(a) request the owner of the **User System** to which the **User's Customers** and/or the **User** are connected, to **Deenergise** the **User's Customers** and/or the **User** (as the case may be) and to use all reasonable endeavours to effect or (as the case may be) give instructions to give effect to such **De-energisation** as quickly as practicable having regard to all the circumstances affecting such **De-energisation** (including any operational difficulties and relevant **Licence** duties); and/or

(b) **Deenergise** the **User's Equipment** or equipment for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) at any **Connection Site(s)** which serves only the **User** or a customer of the **User**; and/or

(c) where the **User** is an **Interconnector User** request the relevant **Interconnector Owner** to cease or procure the cessation of the transfer of power by or on behalf of the **User** across the **Interconnector**.

5.5.5 BSUoS Event of Default

5.5.5.1 **The Company** may terminate the relevant **Bilateral Agreement** and all others to which the **User** is a party and revoke the **Use of System Supply Confirmation Notice** and **Use of System Interconnector Confirmation Notice** forthwith by notice to the **User** if:-

(a) **The Company** has given a valid notice of default pursuant to Paragraph 5.5.2; and

(b) such event of default remains unremedied at the expiry of the later of:-

(i) the period of 6 months from the date of such notice; and

(ii) where the **User** disputes bona fide the event of default and has promptly brought and is actively pursuing proceedings against **The**

Company to determine the dispute, the date on which the dispute is resolved or determined.

Upon termination pursuant to this Paragraph the **User** shall pay to **The Company** the **Termination Amounts** calculated in accordance with the **Charging Statements** and, in the case of a **User** in the category of a **Power Station** directly connected to the **National Electricity Transmission System** or with a **Bilateral Embedded Generation Agreement**, the **Cancellation Charge** and shall disconnect all the **User's Equipment** at the **Connection Site** and:

aa) the **User** concerned shall remove any of the **User's Equipment**:

(i) in the case of **Connection Sites** in England and Wales, on **The Company's** or, in the case of **Connection Sites** in Scotland, on the **Relevant Transmission Licensee's** land (as appropriate) within 6 months of the date of termination or such longer period as may be agreed between **The Company** or the **Relevant Transmission Licensee** (as appropriate) and the **User**; or

(ii) in the case of **Connection Sites Offshore**, on or adjacent to the **Relevant Transmission Licensee's Offshore Platform** within a period agreed between the **Relevant Transmission Licensee** and the **User**; and

bb) in the case of **Connection Sites** in England and Wales, **The Company** shall remove and, in the case of **Connection Sites** in Scotland, **The Company** shall procure that the **Relevant Transmission Licensee** removes, any of the **Transmission Connection Assets** on the land of the **User** concerned within 6 months or such longer period as may be agreed between the **User** and **The Company** or the **Relevant Transmission Licensee** (as appropriate); and

cc) in the case of **Connection Sites Offshore**, **The Company** shall procure that the **Relevant Transmission Licensee** removes any of the **Transmission Connection Assets** on or adjacent to the **User's Offshore Platform** within a period

agreed between the **User** and the **Relevant Transmission Licensee**; and

dd) the provisions of Paragraph 5.4.7 shall apply *mutatis mutandis*.

5.5.5.2 The service of a notice under Paragraph 5.5.5.1 and/or the expiry of a notice given under Paragraph 5.6 shall not relieve the **User** of its obligation under Paragraph 3.9.3 or Paragraph 9.10 or any **Bilateral Agreement** to which the **User** is a party to pay any outstanding **Balancing Services Use of System Charges** in respect of any **Settlement Day** which fell prior to the issue or expiry of (as the case may be) such a notice but for which the **Payment Date** fell after the date of the termination of the relevant **Bilateral Agreement** (or use of system not subject to a **Bilateral Agreement**).

5.6 NOTICE TO DISCONNECT

Without prejudice to Paragraph 5.2.2, each **User** shall, as between **The Company** and that **User**, give to **The Company** not less than 6 months written notice of any intention of the **User** to **Disconnect the User's Equipment**. In the absence of any specific notice to the contrary, any notice of **Disconnection** shall also be treated as a notice under **CUSC** Paragraph 6.30.1 decreasing **Transmission Entry Capacity** to zero with effect from the expiry of the period specified in the notice of **Disconnection**

5.7 DISCONNECTION

5.7.1 If notice to **Disconnect** is given by the **User** under Paragraph 5.6 hereof the **User** may upon expiry of the period specified in such notice and not before **Disconnect the User's Equipment**. At the expiry of such period the relevant **Bilateral Agreement** shall terminate and the following provisions shall apply.

5.7.2 The **User** shall be liable forthwith on the date the relevant **Bilateral Agreement** so terminates to pay to **The Company**:-

- (a) **Connection Charges** and/or **Use of System Charges** to the end of the **Financial Year** in which termination occurs all such charges becoming immediately due and payable upon the termination of the relevant **Bilateral Agreement**; and
- (b) **Termination Amounts** applicable to the **Connection Site**; and
- (c) where the **User** is in the category of a **Power Station** directly connected to the **National Electricity Transmission**

System or with a Bilateral Embedded Generation Agreement Cancellation Charge,

such payments to be made within 28 (twenty eight) days of the date of **The Company 's** invoice in respect thereof.

5.7.3 Within 6 months of the date of such termination or such longer period as may be agreed between **The Company** and the **User** in the case of **Connection Sites** in England and Wales, and/or between the **Relevant Transmission Licensee** and the **User** in the case of **Connection Sites** in Scotland:

- (a) the **User** shall remove any of the **User's Equipment** on, in the case of **Connection Sites** in England and Wales, **The Company's** or, in the case of **Connection Sites** in Scotland, **Relevant Transmission Licensee's** land (as appropriate); and
- (b) in the case of **Connection Sites** in England and Wales, **The Company** shall remove and, in the case of **Connection Sites** in Scotland, **The Company** shall procure that the **Relevant Transmission Licensee** removes, any of the **Transmission Connection Assets** on the land of the **User** concerned.

5.7.4 In the case of **Connection Sites Offshore** within a period agreed between the **Relevant Transmission Licensee** and the **User**:

- (a) the **User** shall remove any of the **User's Equipment** on or adjacent to the **Relevant Transmission Licensee's Offshore Platform**; and
- (b) **The Company** shall procure that the **Relevant Transmission Licensee** removes any of the **Transmission Connection Assets** on or adjacent to the **User's Offshore Platform** .

5.8 Not Used

5.9 NON-EMBEDDED CUSTOMERS

5.9.1 This Paragraph 5.9 provides for additional **Deenergisation** provisions which only apply in relation to **Users** acting in their category of connection and/or use as **Non-Embedded Customers**.

5.9.2 If the following condition ceases to be satisfied in respect of the **Supplier** supplying the **Connection Site** **The Company** may give written notice of that fact to the **User** and unless within 5 days of receipt

of such notice the **User** advises **The Company** that it has contracted with an alternative **Supplier**, **The Company** shall be entitled to **Deenergise the Non-Embedded Customer's User's Equipment**:-

“the **Supplier** being authorised by a current **Supply Licence** to supply electricity to the premises to be supplied with electricity through the **Connection Site**.”

5.9.3 If there ceases to be a subsisting right of **Use of System** by a **Supplier** at the **Connection Site** who is liable to **The Company** for **Use of System Charges** in respect of **Demand** attributable to the **Connection Site**, **The Company** shall be entitled to **Deenergise the User's Equipment**.

5.9.4 Where:

(a) the **Supplier** is in breach of the **CUSC** relating to the supply to the **Connection Site** and accordingly **The Company** is permitted under the **CUSC** to **Deenergise the User's Equipment**; or

(b) an **Event of Default** under Paragraph 5.6 has occurred in relation to the **Supplier** with whom the **User** has a **Supply Agreement** and the relevant event is still continuing or the relevant circumstances still exist,

The Company may **Deenergise the User's Equipment** upon the expiry of at least 48 hours prior written notice to the **User** provided that at the time of expiry of such notice the breach concerned remains unremedied or (as the case may be) the reason permitting **Deenergisation** continues or the relevant **Event of Default** is still continuing and neither **The Company** nor the **Supplier** has referred the matter to the **Dispute Resolution Procedure**. In such event, **The Company** may **Deenergise the User's Equipment** forthwith following completion of the **Dispute Resolution Procedure** and final determination of the dispute in **The Company's** favour.

5.9.5 If a breach of the nature referred to in Paragraph 5.9.4 continues to the extent that it places or seriously threatens to place in the immediate future **The Company** in breach of the **Transmission Licence** and/or places or seriously threatens to place in the immediate future any **Relevant Transmission Licensee** in breach of its transmission licence, **The Company** may **Deenergise the Non-Embedded Customer's Equipment** at the **Connection Site** upon the expiry of at least five (5) **Business Days** prior written notice to the **User**, provided that at the time of expiry of such notice the breach concerned remains unremedied.

5.10 RELEVANT INTERRUPTIONS

5.10.1 In the event of a **Relevant Interruption**, unless 5.10.7 applies, where the **Affected User** has not otherwise received compensation under the **Balancing and Settlement Code** **The Company** shall be liable to pay the **Affected User** upon request the **Interruption Payment** for the **Interruption Period**.

5.10.2 The **Interruption Payment** shall be paid by **The Company** to the **Affected User** within 28 days of the date of agreement as to the amount of the **Interruption Payment**.

5.10.3 The **Affected User** will take all reasonable steps to minimise the effect (and therefore the amount of the **Interruption Payment** sought as a consequence) of the **Relevant Interruption** on the operation of its business.

5.10.4 Subject to 5.10.10, the **Affected User** must request an **Interruption Payment** for a **Relevant Interruption** within 30 days of the end of the **Relevant Interruption** by submitting to **The Company** a completed **Loss of Transmission Access Compensation Claim Form**. No **Interruption Payment** will be payable by **The Company** if the **Interruption Payment** request falls outside this period.

5.10.5 **The Company** shall as soon as reasonably practicable after the end of the **Interruption Period** notify the **Affected User** where the **Relevant Interruption** was in accordance with **Emergency Deenergisation Instruction**.

5.10.6 **The Company** shall confirm to the **Affected User** whether or not an **Interruption** is a **Relevant Interruption** and confirm the **Interruption Payment** value within 60 days of that **Affected User** requesting an **Interruption Payment**, or use reasonable endeavours to agree with the **Affected User** when it shall provide such confirmation.

5.10.7.1 No **Interruption Payment** will be payable by **The Company** if the total agreed value of a claim under this Section 5.10 is less than the **Interruption Payment Threshold** unless the **Interruption Payment** is for a **Relevant Interruption** arising as result of a **Planned Outage**

5.10.7.2 The “**Interruption Payment threshold**” shall be £1, or such amount up to a maximum of £5,000 as may be determined by the **CUSC Modification Panel** from time to time. In the event of the **CUSC Modification Panel** varying the **Interruption Payment Threshold** such revised threshold shall apply from 30 days after such variation being notified to all **Users**.

5.10.8 If an **Affected User** and **The Company** cannot reach agreement under Section 5.10.2 or 5.10.6 the **Dispute Resolution Procedure** shall apply.

5.10.9 **The Company** shall report to the **CUSC Modification Panel** in respect of the claims processed under this Section 5.10, such report to detail the number of claims received, under investigation, validated or rejected in the reporting period.

The frequency of the reporting will be decided by the **CUSC Modification Panel** and may be varied from time to time.

5.10.10 In respect of any **Relevant Interruptions** occurring before the date and time of implementation of **CUSC Modification Proposal CMP212**, the **Affected User** must request an **Interruption Payment** for a **Relevant Interruption** within 30 days of the date and time of implementation of **CUSC Modification Proposal CMP 212**.

END OF SECTION 5

CUSC - SECTION 6
GENERAL PROVISIONS

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CUSC - SECTION 6

GENERAL PROVISIONS

6.1 INTRODUCTION

This General Provisions Section contains those provisions which are generic, but which do not relate directly to the specific areas dealt with in other sections.

6.2 The Company OBLIGATIONS

The Company agrees with each **User** to (and in respect of licence obligations contained within Section D or Section E of a transmission licence, procure that a **Relevant Transmission Licensee** shall) make available, plan, develop, operate and maintain the **National Electricity Transmission System** in accordance with the transmission licences and with the **Grid Code** subject to any **Derogations** from time to time.

6.3 COMPLIANCE WITH GRID CODE/DISTRIBUTION CODE

- 6.3.1 Subject to Paragraph 6.3.3 each **CUSC Party** agrees with each other **CUSC Party** to be bound by and to comply in all respects with the provisions of the **Grid Code** in so far as applicable to that **CUSC Party**.
- 6.3.2 Subject to Paragraph 6.3.3 each **CUSC Party** agrees with each other **CUSC Party** to be bound by and to comply in all respects with the provisions of the relevant **Distribution Code(s)** in so far as applicable to that **CUSC Party** except as may be otherwise provided in any agreement for connection to a **Distribution System**.
- 6.3.3 Neither **The Company** nor a **User** need comply with the **Grid Code** or any relevant **Distribution Code(s)** to the extent (if any) that:-
- (i) either the **Authority** has issued directions relieving **The Company** or that **User** from the obligation under its respective licence to comply with the **Licence Standards**, the **Grid Code** or any relevant **Distribution Code(s)** in respect of such parts of the **Grid Code** or any relevant **Distribution Code(s)** respectively as may be specified in those directions or to the extent that **The Company** and a **User** which does not have a **Licence** under the **Act** can and have so agreed in any **Bilateral Agreement** or in relation to any **Connection Site** or **New Connection Site** or **Transmission Interface Site** and/or **Derogated Plant**; or
 - (ii) in the case of a **User** the **Grid Code** relates to the provision

by that **User** of any **Ancillary Services** unless there is an **Ancillary Services Agreement** in force between that **User** and **The Company** for the payment by **The Company** for such **Ancillary Services**.

- 6.3.4 Each **User** undertakes to **The Company** and **The Company** undertakes to each **User** to use all reasonable endeavours to carry out such works as are necessary to ensure that each item of **Derogated Plant** owned or operated by that **User** or **The Company** (as appropriate) is brought up to the **Required Standard** applicable to it no later than the **Back-Stop Date** applicable to it.
- 6.3.5 The terms and provisions of the **Fuel Security Code** shall prevail to the extent that they are inconsistent with the **Grid Code** or any **Distribution Code** and the **CUSC Parties'** obligations under the **CUSC** shall be construed accordingly.
- 6.3.6 Without prejudice to Paragraph 6.3.1, where a **User** who does not hold a **Licence**, so requests **The Company** in respect of an **Embedded Exemptable Large Power Station** that the **CUSC Party** owns or operates:
- (i) **The Company** shall apply to the **Authority** for a direction under paragraph 11 of Standard Condition C14 relieving **The Company** from the obligation to implement or comply with the **Grid Code** in respect of that **Embedded Exemptable Large Power Station**; and
 - (ii) that **User** shall provide such information and assistance as **The Company** may reasonably request to enable **The Company** to make such an application to the **Authority**.
- 6.3.7 An application by **The Company** pursuant to paragraph 6.3.6(i) shall inter alia include any grounds which **The Company**, in its reasonable opinion, may have why the **Authority** should not issue a direction under paragraph 11 of Standard Condition C14 in respect of that **Embedded Exemptable Large Power Station**.

6.4 JOINT SYSTEM INCIDENTS

This paragraph applies to all **Users** other than:-

- (a) **Users** acting as **Suppliers**; and
- (b) **Users** who are **Trading Parties** and are responsible (as defined in the **Balancing and Settlement Code**) for **Embedded Small Power Station(s)**;

Each such **User** confirms to **The Company** (and **The Company** confirms to each such **User**) that as between **The Company** and that

User its Senior Management Representatives whose names are nominated and notified to the other pursuant to **OC9** of the **Grid Code** are fully authorised to make binding decisions on its behalf for the purposes of **OC9**.

6.5 OBLIGATIONS OF USERS WHO OWN OR OPERATE DISTRIBUTION SYSTEMS

6.5.1

- (a) Any **User** who owns or operates a **Distribution System** shall not **Energise** the connection between a **Relevant Embedded Medium Power Station** or a **Relevant Embedded Small Power Station** and its **Distribution System** nor permit the use of its **Distribution System** by the same until:
- (i) **The Company** has confirmed to the **User** that those works set out in the relevant **Construction Agreement** have been completed,
 - (ii) the **User** has confirmed to **The Company** that the requirements of the **Grid Code** which relate to the **Power Station** and any additional **Site Specific Requirements**, as set out in the **User's Bilateral Agreement** have been complied with, and
 - (iii) the process in Paragraph 6.5.5 has been completed to **The Company's** reasonable satisfaction.

Any **User** who owns or operates a **Distribution System** shall not **Energise** the connection between an **Embedded Medium Power Station** (other than a **Relevant Embedded Medium Power Station**, where the provisions above shall apply) or an **Embedded Small Power Station** which is the subject of a **Bilateral Agreement** and its **Distribution System** nor permit the use of its **Distribution System** by the same until **The Company** has confirmed to the **User** who owns or operates the relevant **Distribution System** that the person owning or operating the plant has where required completed the **Use of System Application (Generators)** and has entered into a **Bilateral Agreement** in the appropriate form with **The Company**.

Any **User** who owns or operates a **Distribution System** shall not **Energise** the connection between a **Large Power Station** (other than an **Embedded Exemptable Large Power Station** where the provisions of Paragraph 6.5.1(b) and (c) apply) and its **Distribution System** nor permit the use of its

Distribution System by the same until the person owning or operating the **Large Power Station** has entered into a **Bilateral Agreement** in the appropriate form with **The Company** and (if such person is not already a party to **CUSC**) has entered into an **Accession Agreement**.

- (b) Any **User** who owns or operates a **Distribution System** shall not **Energise** the connection between any **Embedded Exemptable Large Power Station** and its **Distribution System** nor permit the use of its **Distribution System** by the same until the person who owns or operates the relevant **Embedded Exemptable Large Power Station** has (if such person is not already a party to the **CUSC**) entered into an **Accession Agreement**, and until **The Company** has confirmed to the **User** that any **Transmission Reinforcement Works** associated with the **Embedded Exemptable Large Power Station** listed in the relevant **Construction Agreement** have been completed.
 - (c) Without prejudice to Paragraph 6.5.1(b), any **User** who owns or operates a **Distribution System** shall use its best endeavours to procure that any person who owns or operates an **Embedded Exemptable Large Power Station** and with whom the **User** has an agreement for connection to or use of the **User's Distribution System** shall (if such person is not already a party to the **CUSC**) enter into an **Accession Agreement**.
 - (d) Sub-paragraphs (b) and (c) do not apply to any **User** who owns or operates a **Distribution System** in relation to an **Embedded Exemptable Large Power Station** which is **Embedded** in a part of the **User's Distribution System** that is not directly or indirectly connected to the **National Electricity Transmission System** in respect of that **Embedded Exemptable Large Power Station**.
- 6.5.2 Any **User** who owns or operates a **Distribution System** shall not **Energise** the connection between any **Customer** of another **Authorised Electricity Operator** connected to such **Distribution System** if the **Authorised Electricity Operator** is responsible for **Demand (Active Power)** being supplied to such **Customer** pursuant to the **Balancing and Settlement Code** unless such **Authorised Electricity Operator** has first submitted a **Use of System Application**, has received a **Use of System Offer Notice** which has been accepted by the **User**, and (if the **Authorised Electricity Operator** is not already a

party to the **CUSC Framework Agreement**) has become a party to the **CUSC Framework Agreement**.

- 6.5.3 **The Company** shall notify the relevant owner or operator of the **Distribution System** in writing as soon as the conditions set out in Paragraph 6.5.1 and Paragraph 6.5.2 have been satisfied in any particular case together with, if appropriate, a copy of any list provided under Paragraph 3.5. **The Company** undertakes to each **CUSC Party** that, for so long as it is the case, **The Company** shall from time to time forthwith upon receipt of any written request from that **CUSC Party** to do so, confirm in writing to any person specified in such request that that **CUSC Party** is a party to the **CUSC Framework Agreement** and any **Bilateral Agreement** specified in such request.
- 6.5.4 Each owner or operator of a **Distribution System** shall **De-energise** the connection equipment of any such **User** the subject of Paragraph 6.5.1 or **Customer** the subject of Paragraph 6.5.2 as soon as reasonably practicable following the instruction of **The Company** in accordance with the terms of the **CUSC**. **The Company** shall reimburse such owner or operator any expense incurred in relation to such act of **De-energisation**, if any, and shall indemnify such owner or operator against any liability, loss or damage suffered by it as a result of such **De-energisation**. Details of any circumstances likely to lead to such a **De-energisation** shall be notified promptly by **The Company** to the said owner or operator. The owner or operator of a **Distribution System** shall promptly notify **The Company** when the connection equipment of any **User** or **Customer** the subject of Paragraph 6.5.1 or 6.5.2 is **De-energised** or **Disconnected** from its **Distribution System** or ceases to use its **Distribution System** as the case may be following the instruction of **The Company** in accordance with the terms of the **CUSC**.

6.5.5 Statement of Works

- 6.5.5.1 Any **User** who owns or operates a **Distribution System** shall as soon as reasonably practicable upon receipt of a request for a connection to and / or for the use of that **User's Distribution System** from a **Relevant Embedded Medium Power Station** or a **Relevant Embedded Small Power Station**, except where it has submitted a Modification Application in respect of such a request, submit to **The Company** a **Request for a Statement of Works**. Such a submission by a **User** who owns or operates a **Distribution System** of a **Request for a Statement of Works** will be substantially in the form of Exhibit U.
- 6.5.5.2 The **Request for a Statement of Works** must include the Technical Information in respect of such **Power Station** and its proposed date of connection to and / or for the use of the **Distribution System**.
- 6.5.5.3 **The Company** will within 28 days of the submission of a **Request for a Statement of Works** respond in writing to the **User** who owns or operates a **Distribution System** with a **Statement of Works** substantially in the form of **Exhibit V**. The **User** who owns or operates a **Distribution System** shall forward such **Statement of Works** to the **Power Station** as soon as reasonably practicable.
- 6.5.5.4 The **User** who owns or operates a **Distribution System** shall have 90 **Business Days** from such notification under Paragraph 6.5.5.3 to return to **The Company** a completed and signed **Confirmation of Project Progression**, in the form attached to the **Statement of Works** together with the appropriate fee. The **User** who owns or operates a **Distribution System** shall forward a copy of such **Confirmation of Project Progression** to the **Power Station** as soon as reasonably practicable.
- 6.5.5.5 The **Confirmation of Project Progression** together with the information included in the **Request for a Statement of Works**, and any further details as may be required by **The Company** shall be deemed to be a **Modification Application** for the purposes of the **Charging Statements** and Paragraphs 1.3.2, 6.9.2, 6.9.4 and 6.10 of the **CUSC** which shall apply thereto.

6.5.5A Report on Distributed Generation

Within one month of the end of a **Financial Year**, each **User** who owns or operates a **Distribution System** shall send a written

report [(in a format specified by The Company)] to **The Company** in respect of **Distributed Generation** which is yet to connect to its **Distribution System** or which has been **Energised** during that **Financial Year** detailing the following information by reference to each category of **Distributed Generation**:

- (a) number of **Distribution Agreements** terminated;
- (b) any reduction in, as appropriate, **Developer Capacity** or **Transmission Entry Capacity**;
- (c) whether such termination or reduction occurred prior to (and including) or after the **Key Consents in Place Date**

6.5.5.6 Where **The Company** believes the **Power Station** has no significant impact on the **National Electricity Transmission System** (for avoidance of doubt, such significant impact involves either party in an expenditure of more than £10,000) or the **Statement of Works** indicates that no works are required nor any **Site Specific Requirements** are necessary, the **Statement of Works** completes the process required for in respect of the **Request for a Statement of Works** for the purposes of Paragraph 6.5.1(a)(i) and the **User** who owns or operates a **Distribution System** may **Energise** the connection of the **Power Station** or permit the use of its **Distribution System** by the **Power Station**.

6.5.5.7 Where **The Company** believes the **Power Station** has a significant impact on the **National Electricity Transmission System** (for avoidance of doubt, such significant impact involves either party in an expenditure of more than £10,000) and the **Statement of Works** indicates that works are required and/or **Site Specific Requirements** are necessary, should the **User** who owns or operates a **Distribution System** fail to return to **The Company** a signed and completed **Confirmation of Project Progression** (together with the appropriate fee) within 90 **Business Days** from such notification under Paragraph 6.5.5.3, the **Request for a Statement of Works** shall be deemed withdrawn and the **User** who owns or operates a **Distribution System** shall not energise the connection of nor permit the use of its **Distribution System** by the **Power Station** that was the subject of the **Request for a Statement of Works** in the manner described in the **Request for a Statement of Works**.

6.5.5.8 The **User** who owns or operates a **Distribution System** shall notify **The Company** in writing if the proposed date of connection or any other of the details included in or provided pursuant to the **Request for a Statement of Works** for such

Power Station for which a **Request for a Statement of Works** has been submitted, changes and the **User** who owns or operates a **Distribution System** shall (except where **The Company** agrees in writing that a revised **Statement of Works** is not reasonably required) submit a revised **Request for a Statement of Works**

6.5.5.9 If **The Company** has notified the **User** that no works are required on the **National Electricity Transmission System** pursuant to Paragraph 6.5.5.3, **The Company** may notify the **User** in writing within 28 days of the submission of a **Request for a Statement of Works** that **Site Specific Requirements** are necessary at the site of connection of the **Power Station**. Any **Site Specific Requirements** notified to the **User** shall be incorporated through an agreement to vary the **Bilateral Agreement** between **The Company** and the **User** for the appropriate **Grid Supply Point** of such **User**.

6.5.5.10 If **Site Specific Requirements** are necessary and a **Modification Application** has been submitted pursuant to Paragraph 6.5.5.4, then any such **Site Specific Requirements** shall be included in the **Modification Offer**.

6.5.5.11 The **User** shall notify **The Company** in writing if the proposed date of connection for such **Power Station** for which a **Request for a Statement of Works** has been submitted changes and shall submit a revised **Request for a Statement of Works**.

6.5.6 Offshore Transmission Implementation

6.5.6.1 Any **User** who owns or operates a **Distribution System** and has a **Relevant Offshore Agreement** with an **Existing Offshore Generator** shall cooperate with **The Company** to contribute to the full and timely completion of the **Offshore Transmission Implementation Plan**

6.5.6.2 Any **User** who owns or operates a **Distribution System** and has a **Relevant Offshore Agreement** with an **Existing Offshore Generator** shall provide **The Company** with information including:

- (a) The terms that have been agreed between the **User** who owns or operates a **Distribution System** and the **Existing Offshore Generator**;
- (b) Technical information about the connection arrangements that have been agreed between the **User** who owns or operates a **Distribution System** and the **Existing Offshore Generator**; and
- (c) Technical information about the **Existing Offshore Generator's Power Station** provided as part of the

Existing Offshore Generator's application to the **User** who owns or operates a **Distribution System**.

6.5.6.3 **The Company** shall treat the information provided by any **User** who owns or operates a **Distribution System** under Paragraph 6.5.6.2, as an application for connection and use of the **National Electricity Transmission System** from the **Existing Offshore Generator**, for the purposes of standard condition C8.

6.6 PAYMENT

6.6.1 **The Company** will invoice **Users** for **Connection Charges** and/or **Use of System Charges** due under the **CUSC** and/or each **Bilateral Agreement** and/or as notified to the **User** where there is no **Bilateral Agreement**, in accordance with the **CUSC** and/or the **Charging Statements** in the following manner:

- (a) in the case of recurrent monthly charges identified in the relevant **Charging Statements** **The Company** shall despatch an invoice on or before the 15th day of the month for the charges due in relation to that month;
- (b) in the case of the **STTEC Charge** **The Company** shall invoice the **User** on or before the 15th day of the month for the full **STTEC Charge**;
- (c) In the case of the **LDTEC Charge** **NGC** shall invoice the **User** on or before the 15th day of the month for the full **LDTEC Charge**;
- (d) in the case of **ET Use of System Charges**, **The Company** shall invoice the **User** on the dates specified in the **Bilateral Connection Agreement**;
- (e) unless otherwise specified in the **CUSC** where charges are payable other than monthly **The Company** shall despatch an invoice not less than 30 days prior to the due date for payment.

6.6.2 **Users** shall pay **Connection Charges** and/or **Use of System Charges** and the **STTEC Charge** and the **LDTEC Charge** and due to **The Company** under the **CUSC** and/or each **Bilateral Agreement** and/or as otherwise notified to the **User** where there is no **Bilateral Agreement**, in accordance with the **CUSC** and/or the **Charging Statements** in the following manner:

- (a) in the case of recurrent monthly charges and the **STTEC Charge** and the **LDTEC Charge** on the 15th day of the month in which **The Company's** invoice therefor was despatched (if despatched on the first day of that month)

or, in all other cases, on the 15th day of the month following the month in which **The Company's** invoice therefor was despatched unless, in any such case, the said date is not a **Business Day** in which case payment shall be made on the next **Business Day**;

- (b) in the case of **ET Use of System Charges**, by the date specified for payment in **The Company's** invoice therefor;
 - (c) unless otherwise specified in the **CUSC** where charges are payable other than monthly within 30 days of the date of **The Company's** invoice therefor.
- 6.6.3 All payments under this Paragraph 6.6 shall be made by the variable direct debit method or such other form of bankers automated payment as shall be approved by **The Company** to the account number, bank and branch as **The Company** or a **User** may from time to time notify in writing to the other.
- 6.6.4 All sums payable by one **CUSC Party** to the other pursuant to this **CUSC**, the **Bilateral Agreements** and/or the **Mandatory Services Agreements**, whether of charges, interest or otherwise shall (except to the extent otherwise required by law) be paid in full, free and clear of and without deduction set off or deferment in respect of sums the subject of any disputes or claims whatsoever save for sums the subject of a final award or judgement (after exhaustion of all appeals if this opportunity is taken) or which by agreement between **The Company** and those **CUSC Parties** may be so deducted or set-off.
- 6.6.5 Where a **User** wishes to pay its **Use of System Charges** payments in advance of the due date for such payment then **The Company** will discuss and agree arrangements for this with the **User**.
- 6.6.6 Subject to Section 4, if any **CUSC Party** fails to pay on the due date any amount properly due under the **CUSC** or any **Bilateral Agreement** such **CUSC Party** shall pay to the **CUSC Party** to whom such amount is due interest on such overdue amount from and including the date of such failure to (but excluding) the date of actual payment (as well after as before judgement) at the **Prescribed Rate**. Interest shall accrue from day to day.
- 6.6.7 All amounts specified hereunder or under any **Bilateral Agreement** shall be exclusive of any **Value Added Tax** or other similar tax.

6.7 METERING

- 6.7.1 Each **User** consents to **The Company** having access to and copies of all meter readings taken from **Energy Metering**

Equipment pursuant to the **Balancing and Settlement Code** in any **Financial Year** for the purposes of calculating **Connection Charges** and **Use of System Charges** due from **Users** or for the purpose of operating the **National Electricity Transmission System** or of carrying out its **EMR Functions**. Such access and copies shall be obtained from the relevant **BSC Agent** appointed under the **Balancing and Settlement Code** from time to time provided always that if the relevant **BSC Agent** fails to provide such access and copies at **The Company's** request the **User** shall supply any such meter readings in the possession of the **User** direct to **The Company**.

6.7.2 The relationship between the **CUSC Parties** with respect to **Energy Metering Equipment** shall be regulated by Section L of the **Balancing and Settlement Code**.

6.7.3 In respect of **Operational Metering Equipment** owned by one **CUSC Party** and in respect of which access and rights to deal with such **Operational Metering Equipment** are not set down in any other document the **CUSC Parties** shall grant each other such access and other rights as are reasonably necessary to enable them to perform their obligations under the **CUSC** and the **Grid Code** upon presentation of a suitable indemnity and the **CUSC Parties** shall take such action as may be necessary to regularise the position forthwith thereafter.

6.7.4 The voltage at which the tariff metering is connected and its location shall be referred by **The Company** to the **BSC Panel**. **The Company** shall inform the relevant **User** of the voltage requirements specified by the **BSC Panel** as soon as possible thereafter.

6.7.5 Meter Operator Agent

Where a **Connection Site** is a **Grid Supply Point**, and the **User** is or will be **Registrant** in relation to the **Energy Metering Equipment** required by the **Balancing and Settlement Code** at the **Grid Supply Point** and/or at the bulk supply point(s) which are related to that **Grid Supply Point**, **The Company** shall install and be the **Meter Operator Agent** of all such **Energy Metering Equipment** from the date of the relevant **Construction Agreement** until the **FMS Date** and thereafter:-

- (a) **The Company** may resign as **Meter Operator Agent** of such **Energy Metering Equipment** on giving no less than 12 months' notice in writing; and
- (b) the **User** may remove **The Company** as **Meter Operator Agent** upon giving no less than 12 months' notice in writing,

Provided that where the **User** agrees to become owner of any such **Energy Metering Equipment** **The Company** may resign as **Meter**

Operator Agent upon such transfer of ownership and shall agree such terms as shall be reasonably necessary to enable the **User** to perform its obligations as **Meter Operator Agent** of such **Energy Metering Equipment**.

6.7.6 Charges

The Company shall recover its charges for acting as **Meter Operator Agent** of any **Energy Metering System**, which is a **Transmission Connection Asset** charged for under the **CUSC**, as part of such charges. Where **The Company** acts as **Meter Operator Agent** of any other **Energy Metering System** owned by **The Company** for which the **User** is **Registrant** **The Company** shall charge and the **User** shall pay such amount which is reasonable in all the circumstances.

6.7.7 Interference

The **User** shall ensure that its employees, agents and invitees will not interfere with any **Energy Metering Equipment** in respect of which **The Company** is **Meter Operator Agent** or the connections to such **Energy Metering Equipment**, without the prior written consent of **The Company** (except to the extent that emergency action has to be taken to protect the health and safety of persons or to prevent serious damage to property proximate to the **Energy Metering Equipment** or to the extent that such action is authorised under the **CUSC** or any other agreement between **The Company** and the **User**.)

6.7.8 Pulse Data

The **User** shall have the right to collect and record pulses from the meters comprised in the **Energy Metering System(s)** at the **Connection Site**. In relation to **Connection Sites** in England and Wales, **The Company** shall give the **User** access in accordance with the **Interface Agreement** to collect and record such pulses and to install and maintain such lines and equipment as may be reasonably necessary. In relation to **Connection Sites** in Scotland or **Offshore**, **The Company** shall procure that the **Relevant Transmission Licensee** shall give the **User** access in accordance with the **Interface Agreement** to collect and record such pulses and to install and maintain such lines and equipment as may be reasonably necessary.

6.7.9 Where a **User** is acting as a **Supplier** to a **Non-Embedded Customer** the **User** shall register the **Energy Metering System** at the **Connection Site** in accordance with the

Balancing and Settlement Code and shall otherwise act as Registrant.

6.8 BALANCING MECHANISM REQUIREMENTS

6.8.1 If the **User** is a **BSC Trading Party**, then the following provision[s] must be met:

6.8.2 Trading Point Electronic Data Transfer (CC.6.5.8)

If required under **Grid Code** CC.6.5.8, the **User** must provide electronic data communication facilities approved by **The Company** to permit the submission of data required by the **Grid Code**, from the **User's Trading Point** (as defined in the **Grid Code**) to **The Company**. The **User** can elect to send data to two locations depending upon the level of diversity required by the **User**. **The Company** will provide the necessary "router" connection equipment at both Wokingham and Warwick House.

6.8.3 If the **User** chooses to participate in the **Balancing Mechanism** then the following provisions must be met:

(a) Control Telephony (CC.6.5.2 to CC.6.5.5)

The requirements of Control Telephony are specified in Appendix 1 of this Section 6. This encompasses Additional Communication Requirements (CC.6.5.7 and CC.6.5.9).

(b) Operational Metering (CC.6.5.6)

(i) The Operational Metering requirements are contained in Appendix 2 to this Section 6. The Operational Metering Summator (OMS) is detailed in NGTS 3.9.11.

(ii) **The Company** shall supply and install the OMS Front End (FE) unit in a position close to the high accuracy meters, to be agreed with the **User**, preferably within the high accuracy metering cubicle. The OMS FE links to the OMS Processing End (PE) unit via a serial data link and this may need to be connected via **User** supplied cabling depending on the agreed positions of the two units.

(iii) Where **User's Equipment** or equipment for which the **User** is responsible (as defined in the **Balancing and Settlement Code**) is located immediately adjacent to the Grid Entry Point (

Transmission Substation), Telecoms Room accommodation shall be provided by the **User** for the **Transmission** Marshalling Cubicles, Telemetry, System Monitoring, Signalling and Telephone equipment required to collect and return the information required, and to provide voice communication. This will require space for between three and five 600mm square cubicles to contain equipment, supplies (e.g. 48-volt dc) and marshalling. The equipment will be provided and installed by **The Company**. The **User** will be responsible for providing the site connections and cabling to the plant/peripherals. The **User** should ensure that signals are wired out to the appropriate cubicle.

- (iv) Where **User's Equipment** or **Equipment** for which the User is responsible (as defined in the **Balancing and Settlement Code**) is located immediately adjacent to the Grid Entry Point (**Transmission Substation**), and the two sites have their earthing bonded together, the data required by **The Company** (from the OMS-FE and other plant) will be cabled directly between the two sites and **The Company** equipment located in the **User** bay in the **Transmission** substation.
 - (v) The requirements as specified in Appendix 2 to this Section 6 must be met for all generating plant, including any plant specifically installed for Black Start, that is the subject of bids or offers to the **Balancing Mechanism**.
 - (vi) The requirements as specified in Appendix 2 to this Section 6, to the extent that they are applicable, must be met where reasonably required by **The Company** for demand supplied by the **User** that is the subject of bids or offers to the **Balancing Mechanism**. **The Company** will not require the requirements of Appendix 2 to this Section 6 to be met where it is impracticable or unreasonable to do so, for example where the demand is a disparate collection of small demands aggregated to form a **BM Unit**.
- (c) Control Point Electronic Dispatch & Logging (CC.6.5.8)
- Electronic data communication facilities approved by **The Company** to permit the submission of Bid Offer

Acceptance data from **The Company** to the **User's** Control Point (as defined in the **Grid Code**) and to permit the submission data required by the **Grid Code**, from the **User's** Control Point to **The Company**. **The Company** will provide the necessary communication links and "router" connection equipment at the **User's** Control Point. The requirements for Control Point Electronic Dispatch & Logging are specified in Appendix 1 to this Section 6 (Communications Plant).

6.9 MODIFICATIONS

6.9.1 No **Modification** may be made by or on behalf of a **User** or **The Company** otherwise than in accordance with the provisions of this Paragraph 6.9.

6.9.2 Modifications Proposed by Users

6.9.2.1 If a **User** wishes to make a **Modification** it shall complete and submit to **The Company** a **Modification Application** and comply with the terms thereof.

6.9.2.2 **The Company** shall make the **Modification Offer** to that **User** as soon as practicable and (save where the **Authority** consents to a longer period) in any event not more than 3 months after receipt by **The Company** of the **Modification Application**. The **Modification Offer** shall include details of any variations **The Company** proposes to make to the **Bilateral Agreement** or, where applicable, the **Construction Agreement** which applies to the **Connection Site** or **Transmission Interface Site** in question. During such period **The Company** and the **User** concerned shall discuss in good faith the implication of the proposed **Modifications**.

6.9.2.3 The **Modifications Offer** shall remain open for acceptance for 3 months from the date of its receipt by that **User** unless either that **User** or **The Company** makes an application to the **Authority** under Standard Condition C9 of the **Transmission Licence**, in which event the **Modification Offer** shall remain open for acceptance by that **User** until the date 14 days after any determination by the **Authority** pursuant to such application.

6.9.2.4 If the **Modification Offer** is accepted by that **User** the **Bilateral Agreement** or **Construction Agreement** relating to the **Connection Site** or

Transmission Interface Site in question shall be varied to reflect the terms of the **Modification Offer** and the **Modification** shall proceed according to the terms of the **Bilateral Agreement** or **Construction Agreement** as so varied.

6.9.3 Modifications Proposed by The Company

6.9.3.1 If **The Company** wishes to make a **Modification** to the **National Electricity Transmission System**, **The Company** shall complete and submit to each **User** a **Modification Notification** and shall advise each **User** of any works (including where applicable any **OTSDUW** or changes to **OTSDUW**) which **The Company** reasonably believes that **User** may have to carry out as a result.

6.9.3.2 Any **User** which considers that it shall be required to make a **Modification** as a result of the **Modification** proposed by **The Company** (a "**Modification Affected User**") may as soon as practicable after receipt of the **Modification Notification** and (save where the **Authority** consents to a longer period) within the period stated therein (which shall be sufficient to enable the **User** to assess the implications of the proposed **Modification** and in any event shall not be less than 3 months) may make an application to the **Authority** under Standard Condition C9 of the **Transmission Licence**.

6.9.3.3 As soon as practicable after the receipt of the **Modification Notification** or, if an application to the **Authority** has been made, the determination by the **Authority**, and in any event within two months thereof, each **Modification Affected User** shall complete and submit a **Modification Application** to **The Company** and comply with the terms thereof. No fee shall be payable by any **User** to **The Company** in respect of any such **Modification Application**.

6.9.3.4 Once a **Modification Application** has been made by a **User** pursuant to Paragraph 6.9.3.2 the provisions of Paragraph 6.9.2.2, 6.9.2.3 and 6.9.2.4 shall thereafter apply.

6.9.4 Modifications Required for Offshore Transmission Implementation

- 6.9.4.1 **The Company** shall notify **Existing Offshore Generators** on or before go-active if **The Company** is required to make a **Modification** to a **Relevant Offshore Agreement** to meet the requirements of the **Offshore Transmission Implementation Plan**. Such notification by **The Company** shall be treated as a **Modification Application** from the **Existing Offshore Generator**.
- 6.9.4.2 Any **Existing Offshore Generator** that **The Company** has notified under Paragraph 6.9.4.1, shall cooperate with **The Company** to contribute to the full and timely completion of the **Offshore Transmission Implementation Plan**
- 6.9.4.3 Once a **Modification Application** has been made by a **User** pursuant to Paragraph 6.9.4.1 the provisions of Paragraph 6.9.2.2, 6.9.2.3 and 6.9.2.4 shall thereafter apply.
- 6.9.5 To the extent that the provisions of any **Nuclear Site Licence Provisions Agreement** relate to **Modifications** (either by a **User** or by **The Company**) as (and only as) between **User** and **The Company**, they shall prevail over the provisions of this Paragraph 6.9 to the extent that they are inconsistent.

6.9.6 **Modifications relating to OTSDUW**

Where a **Construction Agreement** has been entered into on the basis of **OTSDUW Arrangements**, then any actual or proposed replacement, renovation, modification, alteration, or construction by or on behalf of the **User** to the **OTSUA**, the scope of the **OTSDUW** or the manner of the operation of the **OTSUA** which may have a **Material Effect** on another **CUSC Party** at the particular **Connection Site** and/or **Transmission Interface Site** shall be deemed to be a **Modification** proposed by the **User** for the purposes of the **CUSC**.

6.10 **GENERAL PROVISIONS CONCERNING MODIFICATIONS AND NEWCONNECTION SITES**

- 6.10.1 Subject to the payment of its **Reasonable Charges**, if any, as provided for in this Paragraph 6.10 **The Company** undertakes to each **User** to provide all advice and assistance reasonably requested by that **User** to enable that **User** adequately to assess the implications (including the feasibility) of making a **Modification** to the **User's Equipment**, the **User's System** or the **OTSUA** (whether such **Modification** is to be made at the request of **The Company** or of the **User**) or of constructing a **New Connection Site** or undertaking **Offshore Transmission System Development User Works** (including adequately

assessing the feasibility of making any **Connection Application** or considering the terms of any **Connection Offer**). If the proposed **Modification** by the **User** is or may be required as a result of a **Modification** proposed by **The Company** then **The Company** shall provide such advice and assistance free of charge. If the proposed **Modification** is or may be proposed by the **User** or if the advice and assistance is in respect of a **New Connection Site** **The Company** may charge the **User Reasonable Charges** for such advice and assistance. The provision of such advice and assistance shall be subject to any confidentiality obligations binding on **The Company** and that **User**.

- 6.10.2 When giving such advice and assistance **The Company** shall comply with **Good Industry Practice**.
- 6.10.3 **The Company** shall have no obligation to compensate any **User** (the "**First User**") for the cost or expense of any **Modification** required to be made by any **User** as a result of any **The Company Modification** under Paragraph 6.9.3.1. Where such **The Company Modification** is made as a result of the construction of a **New Connection Site** or a **Modification** for another **User** (the "**Other User**"), the **Other User** shall compensate the **First User** for the reasonable and proper cost and expense of any **Modifications** required to be made by the **First User** as a result of that **The Company Modification**. Such compensation shall be paid to the **First User** by the **Other User** within thirty days of production to the **Other User** of a receipted invoice (together with a detailed breakdown of such reasonable costs and expenses) for the expenditure which has been incurred by the **First User**.

Modification Offer and Connection Offer conditional upon other Modification and Connection Offers

- 6.10.4 If at the time of making any **Offer** or **Modification Offer** or **Connection Offer** to a **User** (the "**Second Offer**") there is an outstanding **Modification Offer(s)** or **Connection Offer(s)** to another **User(s)** (the "**First Offer**") which if accepted would affect the terms of the **Second Offer** **The Company** shall at the time of making the **Second Offer**:
- 6.10.4.1 inform the recipient(s) of both the **First Offer(s)** and **Second Offer(s)** in writing that there is another **Offer** outstanding which might affect them; and
- 6.10.4.2 be entitled to make the **First Offer(s)** and **Second Offer(s)** conditional upon other outstanding **Offers** not having been or being accepted; and

6.10.4.3 be entitled to vary the terms of either **Offer** if the other **Offer** is accepted first on the same procedures as those set out in Paragraphs 6.9.2.2 to 6.9.2.4 or 2.14.2 to 2.14.4 inclusive as the case may be.

6.11 NUCLEAR INSTALLATIONS

6.10.4 Save as provided in Paragraph 6.11.2 below notwithstanding anything to the contrary contained in the **CUSC** (but subject to the following proviso), in circumstances affecting a generator of nuclear electricity (a "**Nuclear Generator**") in which:

- (a) a breach of any of the matters specified in Paragraph 6.11.4 below may be reasonably anticipated; and
- (b) there is no defence (other than that provided for under this Paragraph) available to the **Nuclear Generator** in respect of the breach referred to in Paragraph (a);

the **Nuclear Generator** shall be entitled to take any action or refrain from taking any action which is reasonably necessary in order to avert the breach referred to in Paragraph 6.11.1(a) and each and every provision of the **CUSC** shall be read and construed subject to this Paragraph 6.11.1,

Provided that the **Nuclear Generator** shall:-

- (i) make reasonable efforts to verify the factors that it takes into account in its assessment of the circumstances and anticipated breach referred to above; and
- (ii) use its best endeavours to comply with the relevant provision in a manner which will not cause the **Nuclear Generator** to breach any of the matters specified in Paragraph 6.11.4 below.

6.10.5 Paragraphs 6.11.1 and 6.11.3 shall not apply in relation to the provisions of the **Balancing Codes** which will apply with full force and effect notwithstanding the occurrence of the circumstances referred to in 6.11.1(a) (including those provisions specified in Paragraph 6.11.4 which relate to Safety of Personnel and **Plant**).

6.10.6 Save as provided in Paragraph 6.11.2 above notwithstanding anything in the **CUSC**, the **Nuclear Generator** shall be entitled upon giving reasonable notice to all affected **CUSC Parties** to require any **CUSC Party** to take any reasonable and proper action whatsoever to the extent necessary in order to comply

with (or avert an anticipated breach of) any of the matters specified in Paragraph 6.11.4 below.

- 6.10.7 The matters referred to in Paragraphs 6.11.1 and 6.11.3 above are any covenant, agreement, restriction, stipulation, instruction, provision, condition or notice contained, or referred to, in a licence for the time being in force, granted in accordance with the Nuclear Installations Act 1965 (or legislation amending, replacing or modifying the same) or any consent, or approval issued, or to take effect from time to time under such licence, any emergency arrangements, operating rules or other matters from time to time under such licence, any emergency arrangements, operating rules or other matters from time to time approved by the relevant authority under, or pursuant to, any such agreements, restrictions, stipulations, instructions, provisions, conditions or notices.
- 6.10.8 The **Nuclear Generator** shall indemnify and keep indemnified any **CUSC Party** for any loss, damage, costs and expenses incurred by that **CUSC Party** as a consequence of any action of that **CUSC Party** pursuant to Paragraph 6.11.3 (to the extent that the action was not required by any licence or agreement binding on that **CUSC Party**).
- 6.10.9 Notwithstanding the fact that any action or inaction allowed by Paragraph 6.11.1 above does not constitute a breach of the **CUSC** or an **Event of Default** under Paragraph 5.3, the **Nuclear Generator** shall be liable to the other **CUSC Parties** to the **CUSC** for any loss, claims, costs, liabilities and expenses arising from such action or inaction to the extent only that such loss, claims, costs, liabilities and expenses (had it arisen as a result of a breach of the **CUSC**) would not have been limited or excluded under the provisions of Paragraph 6.12.

6.12 LIMITATION OF LIABILITY

- 6.12.1 Subject to Paragraphs 4.3, 5.10.1, 6.12.6, 6.5.4 and 6.11.5 and any liquidated damages provisions of any **Construction Agreement** or **Bilateral Agreement** or **Mandatory Services Agreement** and the payment adjustment provisions of the relevant **Mandatory Services Agreement** and save where any provision of the **CUSC**, any **Bilateral Agreement** or any **Mandatory Services Agreement** provides for an indemnity each **CUSC Party** agrees and acknowledges that no **CUSC Party** (the "**Party Liable**") nor any of its officers, employees or agents shall be liable to any of the other **CUSC Parties** for loss arising from any breach of the **CUSC** and any such agreements other than for loss directly resulting from such breach and which at the date hereof was reasonably foreseeable as not unlikely to occur in the ordinary course of events from such breach in respect of:-

- 6.12.1.1 physical damage to the property of any of the other **CUSC Parties**, or its or their respective officers, employees or agents; and/or
- 6.12.1.2 the liability of any such other **CUSC Party** to any other person for loss in respect of physical damage to the property of any other person, subject, for the avoidance of doubt, to the requirement that the amount of such liability claimed by such other **CUSC Party** should be mitigated in accordance with general law.

provided that the liability of any **CUSC Party** in respect of all claims for such loss shall not exceed £5million per incident or series of related incidents and that in cases where an incident or series of related incidents occur on an **Onshore Distribution System** affects **Users** of an **ET Offshore Transmission System** or on an **ET Transmission System** affecting **Users** of an **Onshore Distribution System**, the liability of all **CUSC Parties** in respect of all claims for such loss shall not exceed £1million per incident or series of related incidents.

- 6.12.2 Nothing in the **CUSC** shall exclude or limit the liability of the **Party Liable** in respect of fraudulent misrepresentation or death or personal injury resulting from the negligence of the **Party Liable** or any of its officers, employees or agents and the **Party Liable** shall indemnify and keep indemnified each of the other **CUSC Parties**, its officers, employees or agents, from and against all such and any loss or liability which any such other **CUSC Party** may suffer or incur by reason of any claim on account of fraudulent misrepresentation, death or personal injury resulting from the negligence of the **Party Liable** or any of its officers, employees or agents.
- 6.12.3 In consideration of the rights conferred upon each **CUSC Party** (other than **The Company**) under the **CUSC**, the right of such **CUSC Party** (other than **The Company**) to claim in negligence, other tort, or otherwise howsoever against a **Relevant Transmission Licensee** in respect of any act or omission of such **Relevant Transmission Licensee** in relation to the subject matter of the **STC** is hereby excluded and each **CUSC Party** (other than **The Company**) agrees not to pursue any such claim save that nothing in this paragraph 6.12.3 shall restrict the ability of such **CUSC Party** to claim in respect of fraudulent misrepresentation or death or personal injury resulting from the negligence of a **Relevant Transmission Licensee**.
- 6.12.4 Subject to Paragraphs 4.3, 5.10.1, 6.12.6, 6.5.4 and 6.11.5 and any liquidated damages provision of any **Construction Agreement** or **Bilateral Agreement** or **Mandatory Services**

Agreement and save where any provision of the **CUSC**, any **Bilateral Agreement** or any **Mandatory Services Agreement** provides for an indemnity, neither the **Party Liable** nor any of its officers, employees or agents shall in any circumstances whatsoever be liable to any of the other **CUSC Parties** for:-

6.12.4.1 any loss of profit, loss of revenue, loss of use, loss of contract or loss of goodwill; or

6.12.4.2 any indirect or consequential loss; or

6.12.4.3 loss resulting from the liability of any other **CUSC Party** to any other person howsoever and whensoever arising save as provided in Sub Paragraphs 6.12.1.1 and 6.12.1.2.

6.12.5 The rights and remedies provided by the **CUSC** to the **CUSC Parties** are exclusive and not cumulative and exclude and are in place of all substantive (but not procedural) rights or remedies express or implied and provided by common law or statute in respect of the subject matter of the **CUSC**, including without limitation any rights any **CUSC Party** may possess in tort which shall include actions brought in negligence and/or nuisance. Accordingly, each of the **CUSC Parties** hereby waives to the fullest extent possible all such rights and remedies provided by common law or statute, and releases a **CUSC Party** which is liable to another (or others), its officers, employees and agents to the same extent from all duties, liabilities, responsibilities or obligations provided by common law or statute in respect of the matters dealt with in the **CUSC** and undertakes not to enforce any of the same except as expressly provided herein.

6.12.6 Save as otherwise expressly provided in the **CUSC**, this Paragraph 6.12 insofar as it excludes or limits liability shall override any other provision in the **CUSC** provided that nothing in this Paragraph 6.12 shall exclude or restrict or otherwise prejudice or affect any of:-

6.12.6.1 the rights, powers, duties and obligations of any **CUSC Party** which are conferred or created by the **Act**, the **Licence** or the **Regulations**; or

6.12.6.2 the rights, powers, duties and obligations of the **Authority** or the **Secretary of State** under the **Act**, any **Licence** or otherwise howsoever.

6.12.7 Each of the Paragraphs of this Paragraph 6.12 shall:-

6.12.7.1 be construed as a separate and severable contract term, and if one or more of such Paragraphs is held

to be invalid, unlawful or otherwise unenforceable the other or others of such Paragraphs shall remain in full force and effect and shall continue to bind the **CUSC Parties**; and

6.12.7.2 survive termination of the **CUSC** and/or the **CUSC Framework Agreement**.

6.12.8 Each **CUSC Party** acknowledges and agrees that each of the other **CUSC Parties** holds the benefit of Paragraphs 6.12.1 and 6.12.2 and 6.12.3 above for itself and as trustee and agent for its officers, employees and agents.

6.12.9 Each **CUSC Party** acknowledges and agrees that the provisions of this Paragraph 6.12 have been the subject of discussion and negotiation and are fair and reasonable having regard to the circumstances as at the date hereof.

6.12.10 For the avoidance of doubt, nothing in this Paragraph 6.12 shall prevent or restrict any **CUSC Party** enforcing any obligation (including suing for a debt) owed to it under or pursuant to the **CUSC**.

6.13 ADDITIONAL CUSC PARTIES

6.13.1 The **CUSC Parties** shall admit as an additional party to the **CUSC Framework Agreement** any person who accepts a **Connection Offer** or **Use of System Offer** from **The Company** (the '**New CUSC Party**') and who is not at the time a **CUSC Party**. Such admission shall take effect by way of an **Accession Agreement** prepared by **The Company** at the expense and cost of the **New CUSC Party** and to be executed by **The Company** for itself and on behalf of all other **CUSC Parties**. Upon execution of the **Accession Agreement** by **The Company**, subject to and in accordance with the terms and conditions of that **Accession Agreement**, the **New Party** shall become a **CUSC Party** for all purposes of the **CUSC Framework Agreement**.

6.13.2 Each **CUSC Party** hereby authorises and instructs **The Company** to sign any such **Accession Agreement** on its behalf and undertakes not to withdraw, qualify or remove any such authority or instruction at any time.

6.13.3 **The Company** shall promptly notify all **Users** that the **New CUSC Party** has become a **CUSC Party**. Such notification shall be by both publication on **The Company Website** and written notice (which may be sent electronically) of the name, registered address and capacities in which the new **CUSC Party** will, or intends to, be connected to or use the **National Electricity Transmission System**.

6.14 TRANSFER AND SUBCONTRACTING

6.14.1 The rights, powers, duties and obligations of a **User** under the **CUSC** or the **CUSC Framework Agreement** and/or any **Bilateral Agreement** (and associated **Construction Agreement**) or **Mandatory Services Agreement** are personal to that **User** and that **User** may not assign or transfer the benefit or burden of those documents save in the following circumstances:

6.14.1.1 upon the disposal by that **User** of the whole of its business or undertaking it shall have the right to transfer its rights and obligations under the **CUSC**, all **Bilateral Agreements** (and associated **Construction Agreements**) and all **Mandatory Services Agreements** to the purchaser thereof on condition that the purchaser if not already a **User** enters into an **Accession Agreement** with **The Company** pursuant to Paragraph 6.13 and confirms to **The Company** in writing either that all of the technical or related conditions, data, information, operational issues or other matters specified in or pursuant to the relevant **Bilateral Agreement** (and associated **Construction Agreement**) or **Grid Code** by the **User** seeking the transfer will remain unchanged or, (except in the case of a **Mandatory Services Agreement**) if any such matters are to be changed, the purchaser first notifies **The Company** in writing of such changes which **The Company** will consider promptly and in any event within 28 days of receiving notice of such change, and until such consideration is complete the transfer shall not be effective. If having considered such changes **The Company** in its reasonable opinion does not consider the proposed changes reasonably satisfactory to **The Company** it shall consult with the **User** seeking to undertake such transfer and pending the outcome thereof to **The Company's** reasonable satisfaction the transfer shall not be effective; provided always that the **User** may refer any dispute to the **Dispute Resolution Procedure**. Such transfer shall become effective once the changes are reasonably satisfactory to **The Company** or have been determined to be so under the **Dispute Resolution Procedure**;

6.14.1.2 upon the disposal by a **User** of part of its business undertaking comprising **User's Equipment** at one or more **Connection Sites** that **User** shall have the right to transfer its rights and obligations under all relevant **Bilateral Agreements** (and associated

Construction Agreements) and all relevant **Mandatory Services Agreements** to the purchaser thereof on condition that the purchaser (if not already a **User**) enters into an **Accession Agreement** with **The Company** under Paragraph 6.13 and confirms to **The Company** in writing either that all of the technical or related conditions, data, information, operational issues or other matters specified in or pursuant to the relevant **Bilateral Agreement** (and associated **Construction Agreement**) or **Grid Code** by the **User** seeking the transfer will remain unchanged or, (except in the case of a **Mandatory Services Agreement**) if any such matters are to be changed, the purchaser first notifies **The Company** in writing of such changes which **The Company** will consider promptly and in any event within 28 days of receiving notice of such change and until such consideration is complete the assignment shall not be effective. If having considered such changes **The Company** in its reasonable opinion does not consider the proposed changes reasonably satisfactory to **The Company** it shall consult with the **User** seeking to undertake such transfer and pending the outcome thereof to **The Company's** reasonable satisfaction the transfer shall not be effective provided always that the **User** may refer any dispute to the **Dispute Resolution Procedure**. Such transfer shall become effective once the changes are reasonably satisfactory to **The Company** or have been determined to be so under the **Dispute Resolution Procedure**;

- 6.14.1.3 a **User** may assign or charge its benefit under the **CUSC** and any **Bilateral Agreements** (and associated **Construction Agreement**) or any **Mandatory Services Agreements** in whole or in part by way of security.

Each **CUSC Party** shall have the right to sub-contract or delegate the performance of any of its obligations or duties arising under the **CUSC** or any **Bilateral Agreement**, associated **Construction Agreement** or **Mandatory Services Agreements** including activities envisaged by the **Grid Code** without the prior consent of any other **CUSC Party**. The sub-contracting by a **CUSC Party** of the performance of any obligations or duties under the **CUSC** or any **Bilateral Agreement**, **Construction Agreements** or **Mandatory Services Agreements** or of any activities envisaged by the **Grid Code** shall not relieve that **CUSC Party** from liability for performance of such obligation or duty.

6.14.2 Nothing in Paragraph 6.14.1 shall prevent a transfer of **OTSUA** (and transfer or assignment of all associated property and rights) by the relevant **User** to an **Offshore Transmission Licensee**.

6.15 Confidentiality

6.15.1 Confidentiality for **The Company** and its subsidiaries

6.15.1.1 **The Company** and its subsidiaries in each of their capacities in the **CUSC** shall secure that **Protected Information** is not:

- (a) divulged by **Business Personnel** to any person unless that person is an **Authorised Recipient**;
- (b) used by **Business Personnel** for the purposes of obtaining for **The Company** or any of its subsidiaries or for any other person:
 - (i) any electricity licence; or
 - (ii) any right to purchase or otherwise acquire (including to enter into or acquire the benefit of a contract conferring rights or obligations, including rights or obligations by way of option, in relation to or by reference to the sale, purchase or delivery of electricity at any time or the price at which electricity is sold or purchased at any time), or to distribute electricity; or
 - (iii) any contract or arrangement for the supply of electricity to **Customers** or **Suppliers**; or
 - (iv) any contract for the use of any electrical lines or electrical plant belonging to or under the control of a **Public Distribution System Operator**, except and to the extent that **The Company** is required to do so pursuant to a request by a **User** in its application for connection to the **National Electricity Transmission System** at a **Connection Site** located **Offshore**; or
 - (v) control of any body corporate which, whether directly or indirectly, has the

benefit of any such licence, contract or arrangement; and

- (c) used by **Business Personnel** for the purpose of carrying on any activities other than **Permitted Activities** except with the prior consent in writing of the **CUSC Party** to whose affairs such **Protected Information** relates.

6.15.1.2 Nothing in Paragraph 6.15.1.1 shall apply:

- (a) to any **Protected Information** which, before it is furnished to **Business Personnel**, is in the public domain; or
- (b) to any **Protected Information** which, after it is furnished to **Business Personnel**:
 - (i) is acquired by **The Company** or any subsidiary of **The Company** in circumstances in which Paragraph 6.15.1 does not apply; or
 - (ii) is acquired by **The Company** or any subsidiary of **The Company** in circumstances in which Paragraph 6.15.1.1 does apply and thereafter ceases to be subject to the restrictions imposed by such Paragraph; or
 - (iii) enters the public domain,

and in any such case otherwise than as a result of a breach by **The Company** or any subsidiary of **The Company** of its obligations in Paragraph 6.15.1.1, or a breach by the person who disclosed the **Protected Information** of that person's confidentiality obligation and **The Company** or any of its subsidiaries is aware of such breach; or

- (c) to the disclosure of any **Protected Information** to any person if **The Company** or any subsidiary of **The Company** is required or expressly permitted to make such disclosure to such person:
 - (i) in compliance with the duties of **The Company** or any subsidiary under the **Act** or any other requirement of a **Competent Authority**; or

- (ii) in compliance with the conditions of the **Transmission Licence** or any document referred to in the **Transmission Licence** with which **The Company** or any subsidiary of **The Company** is required by virtue of the **Act** or the **Transmission Licence** to comply; or
 - (iii) in compliance with any other requirement of law; or
 - (iv) in response to a requirement of any stock exchange or regulatory authority or the Panel on Take-overs and Mergers; or
 - (v) pursuant to the Arbitration Rules for the **Electricity Arbitration Association** or pursuant to any judicial or other arbitral process including where determination is by an expert or tribunal having jurisdiction in relation to **The Company** or any of its subsidiaries; or
 - (vi) in compliance with the requirements of section 35 of the **Act** and with the provisions of the **Fuel Security Code**; or
 - (vii) pursuant to an **EMR Document** and if an **EMR Document** requires the disclosure of data from previous years, **The Company** may disclose that data also; or
- (d) to any **Protected Information** to the extent that **The Company** or any of its subsidiaries is expressly permitted or required to disclose that information under the terms of any agreement or arrangement (including the **CUSC**, the **Grid Code**, the **Distribution Codes** and the **Fuel Security Code**) with the **CUSC Party** to whose affairs such **Protected Information** relates.

6.15.1.3 **The Company** and each of its subsidiaries may use all and any information or data supplied to or acquired by it, from or in relation to **Users** in performing **Permitted Activities** including for the following purposes:

- (a) the operation and planning of the **National Electricity Transmission System**;
- (b) the calculation of charges and preparation of offers of terms for connection to or use of the **National Electricity Transmission System**;
- (c) the operation and planning in relation to the utilisation of **Balancing Services** and the calculation of charges therefor;
- (d) the provision of information under the **British Grid Systems Agreement** and **EdF Documents**,

and may pass the same to subsidiaries of **The Company** which carry out such activities and the **CUSC Parties** agree to provide all information to **The Company** and its subsidiaries for such purposes.

6.15.1.3A In addition, and without prejudice, to the provisions of paragraph 6.15.1.3, **The Company** and each of its subsidiaries may use all and any information or data supplied to or acquired by it in any year, from or in relation to **Users**, for the purpose of carrying out its **EMR Functions**

6.15.1.4 **The Company** undertakes to each of the other **CUSC Parties** that, having regard to the activities in which any **Business Person** is engaged and the nature and effective life of the **Protected Information** divulged to him by virtue of such activities, neither **The Company** nor any of its subsidiaries shall unreasonably continue (taking into account any industrial relations concerns reasonably held by it) to divulge **Protected Information** or permit **Protected Information** to be divulged by any subsidiary of **The Company** to any **Business Person**:

- (a) who has notified **The Company** or the relevant subsidiary of his intention to become engaged as an employee or agent of any other person (other than of **The Company** or any subsidiary thereof) who is:
 - (i) authorised by licence or exemption to generate, transmit, distribute or supply electricity; or

- (ii) an electricity broker or is known to be engaged in the writing of electricity purchase contracts (which shall include the entering into or acquiring the benefit of a contract conferring rights or obligations including rights and obligations by way of option, in relation to or by reference to the sale, purchase or delivery of electricity at any time or the price at which electricity is sold or purchased at any time); or
 - (iii) known to be retained as a consultant to any such person who is referred to in (i) or (ii) above; or
 - (b) who is to be transferred to the **Generation Business**, save where **The Company** or such subsidiary could not, in all the circumstances, reasonably be expected to refrain from divulging to such **Business Person Protected Information** which is required for the proper performance of his duties.
- 6.15.2 Without prejudice to the other provisions of this Paragraph 6.15 **The Company** shall procure that any additional copies made of the **Protected Information** whether in hard copy or computerised form, will clearly identify the **Protected Information** as protected.
- 6.15.3 **The Company** undertakes to use all reasonable endeavours to procure that no employee is a **Corporate Functions Person** unless the same is necessary for the proper performance of his duties.
- 6.15.4 Without prejudice to Paragraph 6.15.1.3, **The Company** and each of its subsidiaries may use and pass to each other all and any period metered demand data supplied to or acquired by it and all and any information and data supplied to it pursuant to **OC6** of the **Grid Code** for the purposes of Demand Control (as defined in the **Grid Code**), but in each case only for the purposes of its estimation and calculation from time to time of the variable "system maximum ACS demand" (as defined in the **Transmission Licence**).
- 6.15.5 Any information regarding, or data acquired by the relevant **BSC Agent** or its agent from **Energy Metering Equipment at Sites** which are a point of connection to a **Distribution System** shall and may be passed by the relevant **BSC Agent** or his agent to the operator of the relevant **Distribution System**. The said operator of the relevant **Distribution System** may only use

the same for the purposes of the operation of such **Distribution System** and the calculation of charges for use of and connection to the **Distribution System**.

Confidentiality other than for The Company and its subsidiaries

6.15.6 Each **User** undertakes with each other **User** and with **The Company** and its subsidiaries that it shall preserve the confidentiality of, and not directly or indirectly reveal, report, publish, disclose or transfer or use for its own purposes **Confidential Information** except in the circumstances set out in Paragraph 6.15.7 or to the extent otherwise expressly permitted by the **CUSC** or with the prior consent in writing of the **CUSC Party** to whose affairs such **Confidential Information** relates.

6.15.7 The circumstances referred to in Paragraph 6.15.6 are: (a) where the **Confidential Information**, before it is furnished to the **User**, is in the public domain; or

(b) where the **Confidential Information**, after it is furnished to the **User**:

(i) is acquired by the **User** in circumstances in which Paragraph 6.15.6 does not apply; or

(ii) is acquired by the **User** in circumstances in which Paragraph 6.15.6 does apply and thereafter ceases to be subject to the restrictions imposed by Paragraph 6.15.6; or

(iii) enters the public domain,

and in any such case otherwise than as a result of a breach by the **User** of its obligations in Paragraph 6.15.6 or a breach by the person who disclosed that **Confidential Information** of that person's confidentiality obligation and the **User** is aware of such breach; or

(c) if the **User** is required or permitted to make disclosure of the **Confidential Information** to any person:

(i) in compliance with the duties of the **User** under the **Act** or any other requirement of a **Competent Authority**; or

(ii) in compliance with the conditions of any **Licence** or any document referred to in any **Licence** with which the **User** is required to comply or

(iii) in compliance with any other requirement of law; or

- (iv) in response to a requirement of any stock exchange or regulatory authority or the Panel on Take-overs and Mergers; or
 - (v) pursuant to the Arbitration Rules for the **Electricity Arbitration Association** or pursuant to any judicial or other arbitral process (including where determination is by an expert) or tribunal having jurisdiction in relation to the **User**; or
 - (vi) pursuant to an EMR Document; or
- (d) where **Confidential Information** is furnished by the **User** to its **Affiliates** or **Related Undertakings** or to the employees, directors, agents, consultants and professional advisors of the **User** or those of its **Affiliates** or **Related Undertakings**, in each case on the basis set out in Paragraph 6.15.8.

6.15.8 With effect from the date of the **MCUSA** the **User** shall adopt procedures within its organisation for ensuring the confidentiality of all **Confidential Information** which it is obliged to preserve as confidential under Paragraph 6.15.6 These procedures are:

6.15.8.1 the **Confidential Information** will be disseminated within the **User** only on a "need to know" basis;

6.15.8.2 employees, directors, agents, consultants and professional advisers of the **User** or those of its **Affiliates** or **Related Undertakings** in receipt of **Confidential Information** will be made fully aware of the **User's** obligations of confidence in relation thereto; and

6.15.8.3 any copies of the **Confidential Information**, whether in hard copy or computerised form, will clearly identify the **Confidential Information** as confidential.

6.15.9 Each **User** shall procure that its **Affiliates**, **Related Undertakings**, consultants and professional advisers observe the restrictions set out in this Paragraph 6.15 (as if references to "**User**" were references to such **Affiliates**, **Related Undertakings**, consultants and professional advisers) and shall be responsible under the **CUSC** for any failure by such persons to observe such restrictions.

6.15.10 For the avoidance of doubt, data and other information which any **CUSC Party** is permitted or obliged to divulge or publish to any other **CUSC Party** pursuant to the **CUSC** shall not necessarily be regarded as being in the public domain by reason of being so divulged or published.

6.15.11 Notwithstanding any other provision of the **CUSC**, the provisions of this Paragraph 6.15 shall continue to bind a person after its cessation as a **CUSC Party** for whatever reason.

6.15.12 Where **The Company** and a **User** are parties to an **Interface Agreement** in relation to a connection under the **CUSC**, the confidentiality provision in that agreement shall be deemed to include the changes which have been made to this Paragraph 6.15 consequent to the introduction of the **EMR Documents**.

6.16 DATA

Data of a technical or operational nature collected recorded or otherwise generated pursuant to the **CUSC** or any relevant **Bilateral Agreement** shall be deemed data lodged pursuant to the **Grid Code** to the extent that the **Grid Code** makes provision therefore.

6.17 Not Used

6.18 INTELLECTUAL PROPERTY

Subject to Paragraph 8.15.7, all **Intellectual Property** relating to the subject matter of the **CUSC** or any **Bilateral Agreement** or **Mandatory Services Agreement** conceived, originated, devised, developed or created by a **CUSC Party**, its officers, employees, agents or consultants during the currency of the **CUSC** or any **Bilateral Agreement** or **Mandatory Services Agreement** shall vest in such **CUSC Party** as sole beneficial owner thereof save where the **CUSC Parties** agree in writing otherwise.

6.19 FORCE MAJEURE

If any **CUSC Party** (the "**Non-Performing Party**") shall be unable to carry out any of its obligations under the **CUSC**, the relevant **Bilateral Agreement** and/or **Mandatory Services Agreement** due to a circumstance of **Force Majeure** the **CUSC** and the relevant **Bilateral Agreements** or **Mandatory Services Agreements** shall remain in effect but:

6.19.1 the **Non-Performing Party's** relevant obligations;

6.19.2 the obligations of each of the other **CUSC Parties** owed to the **Non-Performing Party** under the **CUSC** and/or the relevant **Bilateral Agreements** or **Mandatory Services Agreements** as the case may be; and

6.19.3 any other obligations of such other **CUSC Parties** under the **CUSC** owed between themselves which the relevant **CUSC Party** is unable to carry out directly as a result of the suspension of the **Non-Performing Party's** obligations

shall be suspended for a period equal to the circumstance of **Force Majeure** provided that:

- (a) the suspension of performance is of no greater scope and of no longer duration than is required by the **Force Majeure**;
- (b) no obligations of any **CUSC Party** that arose before the **Force Majeure** causing the suspension of performance are excused as a result of the **Force Majeure**;
- (c) the **Non-Performing Party** gives the other **CUSC Parties** prompt notice describing the circumstance of **Force Majeure**, including the nature of the occurrence and its expected duration, and continues to furnish regular reports with respect thereto during the period of **Force Majeure**;
- (d) the **Non-Performing Party** uses all reasonable efforts to remedy its inability to perform; and
- (e) as soon as practicable after the event which constitutes **Force Majeure** the **CUSC Parties** shall discuss how best to continue their operations so far as possible in accordance with the **CUSC**, any **Bilateral Agreements** or **Mandatory Services Agreements** and the **Grid Code**.

6.20 WAIVER

No delay by or omission of a **CUSC Party** in exercising any right, power, privilege or remedy under this **CUSC**, any **Bilateral Agreement** or any **Construction Agreement** or any **Mandatory Services Agreement** or the **Grid Code** shall operate to impair such right, power, privilege or remedy or be construed as a waiver thereof. Any single or partial exercise of any such right, power, privilege or remedy shall not preclude any other or future exercise thereof or the exercise of any other right, power, privilege or remedy.

6.21 NOTICES

- 6.21.1. Save to the extent otherwise expressly provided in the **CUSC**, any **Mandatory Services Agreement** or **Bilateral Agreement**, any notice or other communication to be given by one **CUSC Party** to another under, or in connection with the matters contemplated by, the **CUSC** shall be addressed to the recipient and sent to the address, or facsimile number of such other **CUSC Party** as that **CUSC Party** may have notified the other for the purpose and marked for the attention of the company secretary or to such other address, and/or facsimile number and/or marked for such other attention as such other **CUSC**

Party may from time to time specify by notice given in accordance with this Paragraph 6.21 to the **CUSC Party** giving the relevant notice or other communication to it.

- 6.21.2 Save as otherwise expressly provided in the **CUSC**, any notice or other communication to be given by any **CUSC Party** to any other **CUSC Party** under, or in connection with the matters contemplated by, the **CUSC** shall be in writing and shall be given by letter delivered by hand or sent by first class prepaid post (airmail if overseas) or telex or facsimile, and shall be deemed to have been received:
- 6.21.2.1 in the case of delivery by hand, when delivered; or
 - 6.21.2.2 in the case of first class prepaid post, on the second day following the day of posting or (if sent airmail from overseas) on the fifth day following the day of posting; or
 - 6.21.2.3 in the case of telex, on the transmission of the automatic answer back of the address (where such transmission occurs before 17.00 hours on day of transmission) and in any other case on the day following the day of transmission; or
 - 6.21.2.4 in the case of facsimile, on acknowledgement by the addressee's facsimile receiving equipment (where such acknowledgement occurs before 17.00 hours on the day of acknowledgement) and in any other case on the day of acknowledgement.
- 6.21.3 Where CUSC expressly provides for notices or other communication to be by electronic means or a CUSC Party otherwise agrees this with another CUSC Party, the electronic communication shall be addressed and sent to the address provided for this purpose and shall, subject to Paragraph 6.21.4, be deemed to have been received one hour after it has been sent in the absence of an undeliverable return receipt received by the sender during that period.
- 6.21.4 If the time at which any notice or communication sent by e-mail is deemed to have been received falls after 17.00 hours on a day, the notice or communication shall be deemed to have been received at the start of the next Business Day.
- 6.21.5 Where a notice or communication is sent by e-mail, the CUSC Party giving the notice or communication shall (but without prejudice to Paragraph 6.21.3), if requested by the recipient CUSC Party resend, as soon as reasonably practicable, the notice or communication by e-mail

6.21.6 This Paragraph shall apply only to **Users** acting in their capacity as **Trading Parties** (as defined in the **Balancing and Settlement Code**) who are responsible for **Small Power Stations** which are **Embedded**. In addition to the other provisions of this Paragraph 6.21 of the **CUSC**, any notice or other communications to be served upon the **User** under the provisions of Paragraph 5.4 shall in each case be served by any one of the senior managers of **The Company** whose names, posts, locations, telephone and facsimile numbers have been provided to the **User** by **The Company** for that purpose. In the case where an application, notice or other communication is to be made by the **User** to **The Company** under the provisions of Section 5 such application, notice or other communication shall be made by any one of the senior managers whose names, posts, location, telephone and facsimile numbers have been provided to **The Company** by the **User** for that purpose. Both parties shall be under an obligation to keep each other notified in writing of changes to the lists of senior managers exchanged between them.

6.22 THIRD PARTY RIGHTS

6.22.1 Subject to the remainder of this Paragraph 6.22, a **Relevant Transmission Licensee** may rely upon and enforce the terms of Paragraph 6.12.3, against a **CUSC Party** (other than **The Company**) as specified therein.

6.22.2 The third party rights referred to in Paragraph 6.22.1 (and any other terms of the **CUSC** which expressly provide that a third party may in his own right enforce a term of the **CUSC**) may only be enforced by the relevant third party subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999 and all other relevant terms of this **CUSC**.

6.22.3 Notwithstanding any other provisions of the **CUSC**, the **CUSC Parties** may (pursuant to section 8), amend the **CUSC** without recourse to the consent of a third party and accordingly, section 2(1) of the Contracts (Rights of Third Parties) Act 1999 shall not apply, save that, where and to the extent that any amendment to the **CUSC** would have an impact on the rights of third parties conferred under Paragraph 6.22.1, then **The Company** shall bring such impact to the attention of **CUSC Parties** and third persons to the extent that such impact is not already brought to their attention in an **Amendment Proposal** by the **Proposer**.

6.22.4 Except as provided in Paragraph 6.22.1 (or insofar as the **CUSC** otherwise expressly provides that a third party may in his own right enforce a term of the **CUSC**), a person who is not a **CUSC Party** has no right under the Contracts (Rights of Third Parties) Act 1999 to rely upon or enforce any term of the **CUSC**

but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

6.23 JURISDICTION

6.23.1 Subject and without prejudice to Section 7 and to Paragraph 6.23.4 below, all the **CUSC Parties** irrevocably agree that only the courts of England and Wales and the courts of Scotland are to have jurisdiction to settle any disputes which may arise out of or in connection with the **CUSC** including the **Grid Code** and any **Bilateral Agreement** or **Mandatory Services Agreement** and that accordingly any suit, action or proceeding (together in this Paragraph 6.23 referred to as "**Proceedings**") arising out of or in connection with the **CUSC** and any **Bilateral Agreement** or **Mandatory Services Agreement** may be brought in such courts.

6.23.2 Each **CUSC Party** irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any **Proceedings** in any such court as is referred to in this Paragraph 6.23 and any claim that any such **Proceedings** have been brought in an inconvenient forum and further irrevocably agrees that judgement in any **Proceedings** brought in the courts of England and Wales or the courts of Scotland shall be conclusive and binding upon such **CUSC Party** and may be enforced in the courts of any other jurisdiction.

6.23.3 Each **CUSC Party** which is not incorporated in any part of **Great Britain** agrees that if it does not have, or shall cease to have, a place of business in **Great Britain** it will promptly appoint, and shall at all times maintain, a person in **Great Britain** irrevocably to accept service of process on its behalf in any **Proceedings** in **Great Britain**.

For the avoidance of doubt nothing contained in Paragraphs 6.23.1 to 6.23.3 above shall be taken as permitting a **CUSC Party** to commence **Proceedings** in the courts where the **CUSC** otherwise provides for **Proceedings** to be referred to arbitration or to the **Authority**.

6.24 COUNTERPARTS

Any **Bilateral Agreement** or **Mandatory Services Agreement** or **Accession Agreement** may be executed in any number of counterparts and by the different parties on separate counterparts, each of which when executed and delivered shall constitute an original, but all the counterparts shall together constitute one and the same instrument.

6.25 GOVERNING LAW

The **CUSC** and each **Bilateral Agreement** and **Mandatory Services Agreement** shall be governed by and construed in all respects in accordance with English law.

6.26 SEVERANCE OF TERMS

If any provision of the **CUSC** or any **Bilateral Agreement** or **Mandatory Services Agreement** is or becomes or is declared invalid, unenforceable or illegal by the courts of any competent jurisdiction to which it is subject or by order of any other **Competent Authority** such invalidity, unenforceability or illegality shall not prejudice or affect the remaining provisions of the **CUSC** or any **Bilateral Agreement** or **Mandatory Services Agreement** which shall continue in full force and effect notwithstanding such invalidity, unenforceability or illegality.

6.27 LANGUAGE

Each notice, instrument, certificate or other document to be given by one **CUSC Party** to another under the **CUSC** shall be in the English language.

6.28 MCUSA

The **CUSC Parties** agree that for the purposes of cross references in documents existing as at the date of the introduction of the **CUSC**, the **CUSC**, **Bilateral Agreements**, **Construction Agreements** and **Agreements to Vary** shall be regarded as the **MCUSA** and the relevant “**Supplemental Agreements**” and any relevant **Agreements for Construction Works** and relevant **Agreements to Vary**.

6.29 BSC

Each and every **User** connected to or using the **National Electricity Transmission System** shall be a **BSC Party** except for:

- 6.29.1 **Non-Embedded Customers** being supplied by a **Trading Party**;
- 6.29.2 A **User** acting in the category of **Exempt Power Station** where another party is responsible under the BSC for the export from such **Exempt Power Station**;
- 6.29.3 A **User** acting in the category of an **Embedded Exemptable Large Power Station** where another party is responsible under the **BSC** for the export from such **Embedded Exemptable Large Power Station**.

6.30 Transmission Entry Capacity

6.30.1 Decrease in Transmission Entry Capacity

- 6.30.1.1 Subject to payment of the **Cancellation Charge**, each **User** shall be entitled to decrease the **Transmission Entry Capacity** for the **Connection Site** or site of **Connection** once the **Power Station** to which it relates has been **Commissioned** upon giving **The Company** not less than five **Business Days** notice in writing.
- 6.30.1.2 **The Company** shall as soon as practicable after receipt of such notice issue a revised Appendix C for the purposes of the relevant **Bilateral Agreement** reflecting the decrease in the **Transmission Entry Capacity**.
- 6.30.1.3 The decrease in the **Transmission Entry Capacity** shall take effect on the first of April following the expiry of the notice period stated in the notice from the **User**.
- 6.30.1.4 In addition to its obligation to pay the **Use of System Charges** until the reduction in **Transmission Entry Capacity** takes effect, the **User** shall, depending on the length of notice given, pay to **The Company** the **Cancellation Charge**. **The Company** shall calculate any **Cancellation Charge** due from the **User** on receipt of the notice of reduction of **Transmission Entry Capacity** from the **User** and advise the **User** accordingly. Unless a **User** wishes to make alternative arrangements regarding earlier payment, **The Company** shall invoice the **User** for the **Cancellation Charge** by (but no earlier than) 28 days prior to the end of the **Financial Year** in which the decrease in **Transmission Entry Capacity** is to take effect. The **Cancellation Charge** shall be payable within 28 days of the date of **The Company's** invoice in respect thereof.

6.30.2 Increase in Transmission Entry Capacity

Each **User** shall be entitled to request an increase in its **Transmission Entry Capacity** for a **Connection Site** up to a maximum of the **Connection Entry Capacity** for the **Connection Site** and such request shall be deemed to be a **Modification** for the purposes of the **CUSC** but with the words "as soon as practicable... not more than 3 months after" being

read in the context of such **Modification** as being “within 28 days where practicable and in any event not more than 3 months (save where the **Authority** consents to a longer period after”.

6.30.3 Exchange Rate Requests

6.30.3.1 The **Company** shall establish and maintain a **TEC Register** published on **The Company Website** recording the details set out in 6.30.3.2.

6.30.3.2 The **TEC Register** shall set out the name of the **User**, the **Connection Site** (or in the case of an **Embedded Generator** site of connection), the **Transmission Entry Capacity**, the year of connection to (or in the case of an **Embedded Generator** the year of the use of) the **National Electricity Transmission System** in respect of any **Bilateral Agreements** or agreements to change a **User’s Transmission Entry Capacity**.

6.30.3.3 The details of the **Bilateral Agreement** or agreements to change a **User’s Transmission Entry Capacity** shall be recorded on the **TEC Register** within 5 **Business Days** of the completion of such agreements.

6.30.3.4 Subject to the payment of the fee as outlined in the **Charging Methodology Statements**, **The Company** shall, after receipt of an **Exchange Rate Request** calculate the **Exchange Rate** as soon as practicable but in any event not more than 3 months after such request is received.

6.30.3.5 In the event that the parties which to proceed with a **TEC Trade** on the basis of the **Exchange Rate** then the **User** shall notify **The Company** and effective from the following 1 April, **The Company** shall revise the **Bilateral Agreements** (as appropriate) provided.

6.31 Short Term Transmission Entry Capacity

6.31.1 Background

A **User**, who is party to a **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** may make a **STTEC Request** to **The Company** in accordance with this Paragraph of the **CUSC**.

6.31.2 Form of STTEC Request

- 6.31.2.1 A **STTEC Request** must be received by **The Company** by the relevant date specified in Paragraph 6.31.6.5.
- 6.31.2.2 A **STTEC Request** must be made by email and confirmed by fax and must attach the **STTEC Request Form** duly completed and signed on behalf of the **User**.
- 6.31.2.3. A **STTEC Request** shall not be deemed received by **The Company** until the non-refundable **STTEC Request Fee** has been paid to **The Company** and until the faxed copy of the **STTEC Request** is received in accordance with Paragraph 6.21.2.4 of the **CUSC**.
- 6.31.2.4 The **STTEC Request** must specify whether it is a **Request for a STTEC Authorisation** or an **Application for a STTEC Offer**.
- 6.31.2.5 Each **STTEC Request** must state one **STTEC Period** only.
- 6.31.2.6. A **STTEC Request** must be for a **STTEC Period** within a 12 month period of receipt by **The Company** of the **STTEC Request** and the **STTEC Period** must not include any days within more than one **Financial Year**. The **STTEC Request** must include the minimum and maximum level of MW for the **STTEC Period**.
- 6.31.2.7 In respect of **Power Stations** directly connected to the **National Electricity Transmission System**, a **User' s Transmission Entry Capacity** plus the maximum figure requested (plus any **STTEC** previously granted for any part of the **STTEC Period**) must not exceed its total station **Connection Entry Capacity**.

6.31.3 Assessment by The Company of STTEC Requests

- 6.31.3.1 **The Company** may reject any **STTEC Request** that is not made in accordance with the provisions of this Paragraph 6.31.
- 6.31.3.2 **The Company** will assess **STTEC Requests** and whether or not to grant **STTEC Requests** at its absolute discretion.
- 6.31.3.3 **The Company** will start assessing a **STTEC Request** no later than the relevant date specified in Paragraph 6.31.6.5.
- 6.31.3.4 If **The Company** has received more than one **STTEC Request** for a **STTEC Period** with the same start date, **The Company** will:
 - (i) assess any **Requests for a STTEC Authorisation** before assessing any **Applications for a STTEC Offer**;
 - (ii) assess **Requests for a STTEC Authorisation** on a first come first served basis such that the **Request for a STTEC Authorisation** received earliest in time by **The Company** (as

recorded by **The Company**) will be assessed first and then the **Request for a STTEC Authorisation** received next in time after that, and so on;

- (iii) assess **Applications for a STTEC Offer** on a first come first served basis such that the **Application for a STTEC Offer** received earliest in time by **The Company** (as recorded by **The Company**) will be assessed first and then the **Application for a STTEC Offer** received next in time after that, and so on.

6.31.3.5. No priority will be given to any **Users** who have previously made successful **STTEC Requests** or **LDTEC Requests**.

6.31.4 Notification by The Company

6.31.4.1 Each **User** confirms and agrees that **The Company** shall have no liability to it for any **STTEC Request** which **The Company** does not grant in accordance with this Paragraph 6.31.

6.31.4.2 **The Company** is not obliged to grant any **STTEC Request** submitted.

6.31.4.3 A **STTEC Request** will only be granted at a level within the maximum and minimum range in MW submitted by the **User**.

6.31.4.4 **STTEC Requests** will be granted for a uniform amount of MW for the **STTEC Period**.

6.31.4.5 No **STTEC Request** will be granted if the maximum figure in the **STTEC Request** would together with the **User's Transmission Entry Capacity** (plus any **STTEC** previously granted for any part of the **STTEC Period**) exceeds the total station **Connection Entry Capacity**.

6.31.4.6 **The Company** shall notify a **User** who has made a **STTEC Request** by no later than the relevant date referred to at Paragraph 6.31.6.6, whether or not **The Company** grants the **User's STTEC Request**.

6.31.5 Charging, Invoicing and Payment

6.31.5.1 Each **User** must pay the **STTEC Charge** even if the **User** does not use the corresponding **STTEC**.

6.31.5.2 The provisions of Section 3 shall apply in respect of the **STTEC Charge**.

6.31.5.3 The provisions of Section 6.6 shall apply in respect of payment of the **STTEC Charge**.

6.31.6 General

6.31.6.1 Each **Request for a STTEC Authorisation** will constitute an unconditional and irrevocable offer by the **User** to **The Company** to buy **Short Term Capacity** (on a station basis) up to the quantity (in whole MW) stated in the **STTEC Request** for the **STTEC Period** and at the relevant price per MW set out in the **Statement of Use of System Charges** and upon the terms and conditions of **CUSC**. A **Request for a STTEC Authorisation** is capable of being accepted by **The Company**. Notification by **The Company** that it has granted the **Request for a STTEC Authorisation** in accordance with Paragraph 6.31.4.6 constitutes acceptance by **The Company** of the **Request for a STTEC Authorisation**. The notification of **STTEC Authorisation** will:-

- (i) state the level in MW (within the maximum and minimum range requested by the **User**) granted for the **STTEC Period**;
- (ii) include a revised Appendix C to the relevant **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** (as appropriate) which will detail the **STTEC** and the **STTEC Period** for which this applies and **The Company** and the **User** agree that Appendix C to the relevant **Bilateral Agreement** will be deemed to be that notified in accordance with this Paragraph 6.31.6 for the **STTEC Period**, unless otherwise amended in accordance with such **Bilateral Agreement** or the **CUSC**. Upon expiry of the **STTEC Period** the provisions in Appendix C that relate to such **STTEC** for that **STTEC Period** shall cease to have effect;
- (iii) state the **STTEC Charge**.

6.31.6.2 Each **Application for a STTEC Offer** is an application for the right to buy **Short Term Capacity** (on a station basis) up to the quantity (in whole MW) stated in the **STTEC Request** for the **STTEC Period** at the relevant price per MW set out in the **Statement of Use System Charges** and upon the terms and conditions of **CUSC**. Once an **Application for a STTEC Offer** has been received by **The Company** it cannot be withdrawn without the written consent of **The Company**. Notification by **The Company** that it has granted the **Application for a STTEC Offer** in accordance with Paragraph 6.31.4.5 will constitute a **STTEC Offer**.

6.31.6.3 A **STTEC Offer** shall:

- (i) state the level in MW of **STTEC** (within the maximum and minimum range requested by the **User**) offered for the **STTEC Period**;

(ii) include a revised Appendix C to the relevant **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** (as appropriate) which will detail the **STTEC** and the **STTEC Period** for which this applies and **The Company** and the **User** agree that, if the **User** accepts the **STTEC Offer** in accordance with Paragraph 6.31.6.4, Appendix C to the relevant **Bilateral Agreement** will be deemed to be that notified in accordance with this Paragraph 6.31 for the **STTEC Period**, unless otherwise amended in accordance with such **Bilateral Agreement** or the **CUSC**. Upon expiry of the **STTEC Period** the provisions in Appendix C that relate to such **STTEC** for that **STTEC Period** shall cease to have effect;

(iii) state the **STTEC Charge**.

(iv) be open for acceptance by the **User** within 24 hours of receipt of the faxed copy of the **STTEC Offer**.

6.31.6.4 A **User** may accept a **STTEC Offer** within 24 hours of receipt of the faxed copy of the **STTEC Offer**. Acceptance of a **STTEC Offer** shall be made by the **User** executing and faxing back the Appendix C sent to the **User** as part of the **STTEC Offer**. A **STTEC Offer** lapses if not accepted within such period.

6.31.6.5 The dates referred to at Paragraphs 6.31.2.1 and 6.31.3.3 are:-

- (i) in the case of a **Request for a STTEC Authorisation**, six weeks before the start date for the **STTEC Period**; and
- (ii) in the case of an **Application for a STTEC Offer**, two weeks before the start date for the **STTEC Period**.

6.31.6.6 The date referred to at Paragraph 6.31.4.6 is:-

- (i) in the case of a **Request for a STTEC Authorisation**, four weeks before the start date for the **STTEC Period**;
- (ii) in the case of an **Application for a STTEC Offer**, seven days before the start date for the **STTEC Period**.

6.31.6.7 **The Company** may publish the following information in respect of **STTEC Authorisations**, and **STTEC Offers** which are accepted:-

1. details of the **STTEC Period**;
2. maximum and minimum amount in MW requested;
3. identity of the **User**;
4. the **Connection Site** or site of **Connection**,

in such form and manner as shall be prescribed by **The Company** from time to time.

6.31.6.8 **The Company** may publish the following information in respect of **Requests for a STTEC Authorisation** and **Applications for a STTEC Offer** which in either case are not granted and **STTEC Offers** which are not accepted:-

1. details of the **STTEC Period**;
2. maximum and minimum amount in MW requested,

in such form and manner as shall be prescribed by **The Company** from time to time.

6.31.6.9 The **User** consents to the publication by **The Company** of the information referred to above.

6.32 Limited Duration Transmission Entry Capacity

6.32.1 Background

A **User**, who is party to a **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** may make an **LDTEC Request** to **NGC** in accordance with this Paragraph of the **CUSC**.

6.32.2 Form of LDTEC Request

6.32.2.1 An **LDTEC Request** must be received by **NGC** no later than:

- (i) in cases where the requested **LDTEC Period** is 9 months or exceeds 9 months, 7 weeks and one **Business Day** before the start date for the **LDTEC Period**;
- (ii) in cases where the requested **LDTEC Period** is 6 months or exceeds 6 months but is less than 9 months, 5 weeks and one **Business Day** before the start date for the **LDTEC Period**;
- (iii) in cases where the requested **LDTEC Period** is 3 months or exceeds 3 months but is less than 6 months, 4 weeks and one **Business Day** before the start date for the **LDTEC Period**;
- (iv) in cases where the requested **LDTEC Period** is less than 3 months, 3 weeks and one **Business Day** before the start date for the **LDTEC Period**.

- 6.32.2.2 An **LDTEC Request** must be made by email and confirmed by fax and must attach the **LDTEC Request Form** duly completed and signed on behalf of the **User**.
- 6.32.2.3. An **LDTEC Request** shall not be deemed received by **NGC** until the **LDTEC Request Fee** has been paid to **NGC** and until the faxed copy of the **LDTEC Request** is received in accordance with Paragraph 6.32.2.2 of the **CUSC**.
- 6.32.2.4 Each **LDTEC Request** must state whether it is for an **LDTEC Block Offer** only, an **LDTEC Indicative Block Offer** only or for both an **LDTEC Block Offer** and an **LDTEC Indicative Block Offer** and must specify one **LDTEC Period** only.
- 6.32.2.5. An **LDTEC Request** cannot be made prior to the start of the **Financial Year** to which it relates. The **LDTEC Request** must state the **LDTEC Period** and include the minimum and maximum level of MW for the **LDTEC Period** which, for the avoidance of doubt, must be the same for any **LDTEC Block Offer** and **LDTEC Indicative Block Offer** in the same **LDTEC Request**.
- 6.32.2.6 In respect of **Power Stations** directly connected to the **National Electricity Transmission System**, a **User's Transmission Entry Capacity** plus the maximum MW figure requested in any **LDTEC Request** (plus any **STTEC** or **LDTEC** previously granted for any part of the **LDTEC Period**) must not exceed its total station **Connection Entry Capacity**.

6.32.3 Assessment by NGC of LDTEC Requests

- 6.32.3.1 **NGC** may reject any **LDTEC Request** that is not made in accordance with the provisions of this Paragraph 6.32.
- 6.32.3.2 **NGC** will assess **LDTEC Requests** and whether or not to grant **LDTEC Requests** at its absolute discretion.
- 6.32.3.3 Subject to Paragraphs 6.32.3.4 and 6.32.3.5, **NGC** will start assessing an **LDTEC Request** no later than:
- (i) in cases where the requested **LDTEC Period** is 9 months or exceeds 9 months, 7 weeks and one **Business Day** before the start date for the **LDTEC Period**;
 - (ii) in cases where the requested **LDTEC Period** is 6 months or exceeds 6 months but is less than 9 months, 5 weeks and one **Business Day** before the start date for the **LDTEC Period**;
 - (iii) in cases where the requested **LDTEC Period** is 3 months or exceeds 3 months but is less than 6 months, 4 weeks and

one **Business Day** before the start date for the **LDTEC Period**;

- (iv) in cases where the requested **LDTEC Period** is less than 3 months, 3 weeks and one **Business Day** before the start date for the **LDTEC Period**.

6.32.3.4 If **NGC** receives more than one **LDTEC Request** for an **LDTEC Period** or a **STTEC Request** or a **TEC Increase Request** which **NGC** believes will impact on each other, **NGC** will assess such requests and the capacity available on the **National Electricity Transmission System** on a first come first served basis such that the request received earliest in time by **NGC** (as recorded by **NGC**) will be considered first in terms of capacity available and then the request received next in time after that, and so on.

6.32.3.5 Where Paragraph 6.32.3.4 applies and the **TEC Increase Request** was received before the **LDTEC Request** **NGC** shall be entitled to suspend the assessment and making of the **LDTEC Offer** in respect of such **LDTEC Request** as necessary to enable it to make an offer in respect of the **TEC Increase Request**.

6.32.3.6 Where the circumstances in Paragraph 6.32.3.5 apply **NGC** shall as soon as practicable advise the **User** of such suspension giving an indication of the timescale for the **LDTEC Offer**. The **User** shall be entitled to withdraw its **LDTEC Request** in such circumstances.

6.32.3.7 No priority will be given to any **Users** who have previously made successful **STTEC Requests** or **LDTEC Requests**.

6.32.4 Notification by NGC

6.32.4.1 Each **User** confirms and agrees that **NGC** shall have no liability to it for any **LDTEC Request** which **NGC** does not grant in accordance with this Paragraph 6.32.

6.32.4.2 **NGC** is not obliged to grant any **LDTEC Request** submitted.

6.32.4.3 An **LDTEC Request** will only be granted within the maximum and minimum range in MW submitted by the **User**.

6.32.4.5 No **LDTEC Request** will be granted if the maximum MW figure in the **LDTEC Request** would together with the **User's Transmission Entry Capacity** (plus any **STTEC** or **LDTEC** previously granted for any part of the **LDTEC Period**) exceed the total station **Connection Entry Capacity**.

6.32.4.6 **NGC** shall no later than seven days and one **Business Day** before the start date for the **LDTEC Period**, either make an **LDTEC Offer** in

response to the **User's LDTEC Request** or notify such **User** that it does not intend to grant an **LDTEC Request**.

6.32.5 Charging, Invoicing and Payment

6.32.5.1 Each **User** must pay the **LDTEC Charge** even if the **User** does not use the corresponding **LDTEC**.

6.32.5.2 The provisions of Section 3 shall apply in respect of the **LDTEC Charge**.

6.32.5.3 The provisions of Section 6.6 shall apply in respect of payment of the **LDTEC Charge**.

6.32.6 LDTEC Offers

6.32.6.1 An **LDTEC Block Offer** shall:

- (i) state the **LDTEC Profile** ;
- (ii) include a revised Appendix C to the relevant **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** (as appropriate) which will detail the **LDTEC Profile** and the **LDTEC Period** for which this applies; and
- (iv) be open for acceptance by the **User** within one **Business Day** of receipt of the faxed copy of the **LDTEC Offer**.

6.32.6.2 An **LDTEC Indicative Block Offer** shall:

- (i) state the **LDTEC Indicative Profile** ;
- (ii) include a revised Appendix C to the relevant **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** (as appropriate) which will detail the **LDTEC Indicative Profile** and the **LDTEC Period** for which this applies;
- (iii) state the **Available LDTEC** for the first seven **LDTEC Weeks** within the **LDTEC Indicative Profile**; and
- (iv) and be open for acceptance by the **User** within one **Business Day** of receipt of the faxed copy of the **LDTEC Offer**.

6.32.6.3 Where the **LDTEC Offer** comprises both an **LDTEC Block Offer** and an **LDTEC Indicative Block Offer** a **User** may only accept one or the other but not both.

6.32.6.4 A **User** may accept an **LDTEC Block Offer** within one **Business Day** of receipt of the faxed copy of the **LDTEC Block Offer**. Acceptance

of an **LDTEC Block Offer** shall be made by the **User** executing and faxing back the accepted **LDTEC Block Offer** in which the **User** shall have either confirmed acceptance of the **LDTEC Profile** in full or confirmed acceptance of the **LDTEC Profile** with a cap throughout the profile at a specific MW figure (not exceeding the maximum MW figure in the **LDTEC Profile**). An **LDTEC Block Offer** lapses if not accepted within such period.

6.32.6.5 A **User** may accept an **LDTEC Indicative Block Offer** within one **Business Day** of receipt of the faxed copy of the **LDTEC Indicative Block Offer**. Acceptance of an **LDTEC Indicative Block Offer** shall be made by the **User** accepting the **LDTEC Indicative Block Offer** in which the **User** shall have completed the **Requested LDTEC** figure in MW (which figure shall not exceed the maximum level of MW in the **LDTEC Request**). An **LDTEC Indicative Block Offer** lapses if not accepted within such period.

Notification of weekly available LDTEC

6.32.6.6 Where **NGC** has made an **LDTEC indicative Block Offer** to a **User** and this has been accepted in accordance with Paragraph 6.31.6.5 **NGC** will by 17.00 on the Friday prior to the eighth **LDTEC Week** and each subsequent Friday during the **LDTEC Period** send to the **User** by email an **LDTEC Availability Notification** which will state the **Available LDTEC** up to the **Requested LDTEC** for the **LDTEC Week** eight weeks ahead.

6.32.6.7 If the **User** accepts the **LDTEC Offer** made in accordance with Paragraph 6.32.6.4 or 6.32.6.5, for the **LDTEC Period** Appendix C to the relevant **Bilateral Agreement** will be that accepted by the **User** in accordance with Paragraph 6.32.6.4 or 6.32.6.5 as appropriate unless otherwise subsequently amended in accordance with such **Bilateral Agreement** or the **CUSC**. Upon expiry of the **LDTEC Period** such Appendix C as it relates to that **LDTEC** shall cease to have effect.

6.32.7 LDTEC reporting provisions

6.32.7.1 **NGC** may publish the following information in respect of **LDTEC Requests** which are accepted:-

1. details of the **LDTEC Period**;
2. maximum and minimum amount in MW requested;
3. identity of the **User**;
4. the **Connection Site** or site of **Connection**,

in such form and manner as shall be prescribed by **NGC** from time to time.

6.32.7.2 **NGC** may publish the following information in respect of **LDTEC Requests** which in either case are not withdrawn and not granted and **LDTEC Offers** which are not accepted:-

1. details of the **LDTEC Period**;
2. maximum and minimum amount in MW requested,

in such form and manner as shall be prescribed by **NGC** from time to time.

6.32.7.3 The **User** consents to the publication by **NGC** of the information referred to above.

6.33 Change from “NGC” to “The Company”

The **CUSC Parties** agree that references to “**NGC**” in any relevant document as at the time and date for implementation of the **Authority’s** direction under **CUSC** Paragraph 8.23.1 approving the **Proposed Amendment** in respect of the change from “**NGC**” to “**The Company**” shall be read as reference to “**The Company**”.

6.34 Temporary TEC Exchanges

6.34.1 Background

Two **Users** that are party to a **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** may make a **Temporary TEC Exchange** in accordance with this Paragraph of the **CUSC**.

6.34.2 Form of Temporary TEC Exchange Rate Request

6.34.2.1 A **Temporary TEC Exchange Rate Request** must be received by **The Company** no later than:

- (i) in cases where the requested **Temporary TEC Exchange Period** is 9 months or more, 10 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**;
- (ii) in cases where the requested **Temporary TEC Exchange Period** is 6 months or more but is less than 9 months, 7 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**;

- (iii) in cases where the requested **Temporary TEC Exchange Period** is 3 months or more but is less than 6 months, 6 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**;
 - (iv) in cases where the requested **Temporary TEC Exchange Period** is less than 3 months, 4 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**.
- 6.34.2.2 A **Temporary TEC Exchange Rate Request** must be made by email and confirmed by fax and must attach the **Temporary TEC Exchange Rate Request Form** duly completed and signed by the **Joint Temporary TEC Exchange Users**.
- 6.34.2.3 A **Temporary TEC Exchange Rate Request** shall not be deemed received by **The Company** until the **Temporary TEC Exchange Rate Request Fee** has been paid to **The Company** and until the faxed copy of the **Temporary TEC Exchange Rate Request** is received in accordance with Paragraph 6.34.2.2 of the **CUSC**.
- 6.34.2.4 Each **Temporary TEC Exchange Rate Request** must state one **Temporary TEC Exchange Period** only. Each **Temporary TEC Exchange Rate Request** must be by reference to whole MW only.
- 6.34.2.5 A **Temporary TEC Exchange Rate Request** cannot be made prior to the start of the **Financial Year** to which it relates.
- 6.34.2.6 A **Temporary TEC Exchange Rate Request** cannot be made unless **The Company** has published within that **Financial Year** a **Temporary TEC Exchange Notification of Interest Form** from the **Temporary TEC Exchange Donor User**.
- 6.34.2.7 In respect of **Power Stations** directly connected to the **National Electricity Transmission System**, a **User's Transmission Entry Capacity** plus any **Temporary Received TEC** plus any **STTEC** or **LDTEC** less any **Temporary Donated TEC** must not exceed its total station **Connection Entry Capacity**.
- 6.34.2.8 A **Temporary TEC Exchange Rate Request** can be withdrawn at any time upon written notice from the **Joint Temporary TEC Exchange Users**.
- 6.34.2.9 The **Temporary Donated TEC** stated in a **Temporary TEC Exchange Rate Request** shall not exceed the **Transmission Entry Capacity** of the **Temporary TEC Exchange Donor User**.
- 6.34.3 **Assessment by The Company of Temporary TEC Exchange Rate Requests**

- 6.34.3.1 **The Company** may reject any **Temporary TEC Exchange Rate Request** that is not made in accordance with the provisions of this Paragraph 6.34.
- 6.34.3.2 **The Company** will assess **Temporary TEC Exchange Rate Requests** and whether or not to grant **Temporary TEC Exchange Rate Requests** at its absolute discretion.
- 6.34.3.3 Subject to Paragraph 6.34.3.4 and 6.34.3.5 **The Company** will start assessing an **Temporary TEC Exchange Rate Request** no later than:
- (i) in cases where the requested **Temporary TEC Exchange Period** is 9 months or more, 10 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**;
 - (ii) in cases where the requested **Temporary TEC Exchange Period** is 6 months or more but is less than 9 months, 7 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**;
 - (iii) in cases where the requested **Temporary TEC Exchange Period** is 3 months or more but is less than 6 months, 6 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**;
 - (iv) in cases where the requested **Temporary TEC Exchange Period** is less than 3 months, 4 weeks and one **Business Day** before the start date for the **Temporary TEC Exchange Period**.
- 6.34.3.4 If **The Company** receives more than one **Temporary TEC Exchange Rate Request** for a **Temporary TEC Exchange Period** or a **STTEC Request** or an **LDTEC Request** or a **TEC Increase Request** which **The Company** believes will impact on each other, **The Company** will assess such requests and the capacity available on the **National Electricity Transmission System** on a first come first served basis such that the request received earliest in time by **The Company** (as recorded by **The Company**) will be considered first in terms of capacity available and then the request received next in time after that, and so on.
- 6.34.3.5 Where Paragraph 6.34.3.4 **The Company** shall be entitled to suspend the assessment and making of the **Temporary TEC Exchange Rate Offer** in respect of such **Temporary TEC Exchange Rate Request** or the **LDTEC Offer** in respect of such **LDTEC Request** or the **STTEC Offer** in respect of such **STTEC Request** or the **Offer** in respect of such **TEC Increase Request**.

6.34.3.6 Where the circumstances in Paragraph 6.34.3.5 apply **The Company** shall as soon as practicable advise the **Joint Temporary TEC Exchange Users** of such suspension giving an indication of the timescale for the **Temporary Exchange Rate Offer**. Where both **Joint Temporary TEC Exchange Users** agree, the **Temporary TEC Exchange Rate Request** can be withdrawn in such circumstances.

6.34.3.7 No priority will be given to any **Users** who have previously made successful **STTEC Requests** or **LDTEC Requests** or **Temporary TEC Exchange Rate Requests**.

6.34.4 Notification by The Company

6.34.4.1 Each **User** confirms and agrees that **The Company** shall have no liability to it for any **Temporary TEC Exchange Rate Request** which **The Company** does not grant in accordance with this Paragraph 6.34.

6.34.4.2 **The Company** is not obliged to grant any **Temporary TEC Exchange Rate Request** submitted.

6.34.4.3 Any **Temporary TEC Exchange Rate Request** will only be granted provided that during the **Temporary TEC Exchange Period** the **User's Transmission Entry Capacity** plus the **Temporary Received TEC** plus any **STTEC** or **LDTEC** less any **Temporary Donated TEC** does not exceed its total station **Connection Entry Capacity**.

6.34.4.4 **The Company** shall no later than seven days and one **Business Day** before the start date for the **Temporary TEC Exchange Period**, by 17:00 on a **Business Day** either make an **Temporary TEC Exchange Rate Offer** in response to the **Temporary TEC Exchange Rate Request** or notify the **Joint Temporary TEC Exchange Users** that it does not intend to grant a **Temporary TEC Exchange Rate Request**.

6.34.5 Charging, Invoicing and Payment

6.34.5.1 Each **Temporary TEC Exchange Recipient User** must pay the **LDTEC Charge** in respect of the **Temporary Received TEC** even if the **User** does not use the corresponding **Temporary Received TEC**.

6.34.6 Temporary TEC Exchange Rate Offers

6.34.6.1 A **Temporary TEC Exchange Rate Offer** shall:

- (i) be made to both the **Temporary TEC Exchange Donor User** and the **Temporary TEC Exchange Recipient User** and state

the **Temporary Donated TEC** and **Temporary TEC Exchange Rate**;

- (ii) include in the offer sent to the **Temporary TEC Exchange Donor User** a revised Appendix C to the relevant **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** (as appropriate) of the **Temporary TEC Exchange Donor User** which will detail the **Temporary Donated TEC** and the **Temporary TEC Exchange Period** for which this applies;
- (iii) include in the offer sent to the **Temporary TEC Exchange Recipient User** a revised Appendix C to the relevant **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** (as appropriate) of the **Temporary TEC Exchange Recipient User** which will detail the **Temporary Received TEC** and the **Temporary TEC Exchange Period** for which this applies; and
- (iv) be open for acceptance by receipt of the faxed copy of the **Temporary TEC Exchange Rate Offer** up to 17:00 the following **Business Day**.

6.34.6.2 A **Temporary TEC Exchange Rate Offer** must be accepted by both the **Joint Temporary TEC Exchange Users** within the timescales in Paragraph 6.34.6.2(iii). Acceptance of a **Temporary TEC Exchange Rate Offer** shall be made by executing and faxing back the accepted **Temporary TEC Exchange Rate Offer**. A **Temporary TEC Exchange Rate Offer** lapses if not accepted by both **Temporary TEC Exchange Users** within such period.

6.34.6.3 If the **Temporary TEC Exchange Rate Offer** is accepted in accordance with Paragraph 6.34.6.2, for the **Temporary TEC Exchange Period** Appendix C to the relevant **Bilateral Agreements** will be that accepted by the **Joint Temporary TEC Exchange Users**, unless otherwise subsequently amended in accordance with such **Bilateral Agreement** or the **CUSC**. Upon expiry of the **Temporary TEC Exchange Period** such Appendix C as it relates to that **Temporary TEC Exchange Period** shall cease to have effect.

6.34.7 **Temporary TEC Exchange reporting and information provisions**

6.34.7.1 **The Company** may publish the following information in respect of **Temporary TEC Exchange Rate Offers** which are accepted:-

- 1. details of the **Temporary TEC Exchange Period**;
- 2. details of the **Temporary Donated TEC** and **Temporary Received TEC**;

3. the identity of the **Temporary TEC Exchange Donor User** and the **Temporary TEC Exchange Recipient User**;
4. the **Connection Site** or site of **Connection**,

in such form and manner as shall be prescribed by **The Company** from time to time.

6.34.7.2 **The Company** may publish the following information in respect of **Temporary TEC Exchange Rate Offers** which are made are not accepted:-

1. details of the **Temporary TEC Exchange Period**;
2. details of the **Temporary Donated TEC** and **Temporary Received TEC**;
3. the identity of the **Temporary TEC Exchange Donor User**;
4. the **Connection Site** or site of **Connection**,

in such form and manner as shall be prescribed by **The Company** from time to time.

6.34.7.3 **The Company** may publish the following information in respect of **Temporary TEC Exchange Rate Offers** not made:-

1. details of the **Temporary TEC Exchange Period**;
2. details of the **Temporary Donated TEC**;
3. the identity of the **Temporary TEC Exchange Donor User**;
4. the **Connection Site** or site of **Connection**,

in such form and manner as shall be prescribed by **The Company** from time to time.

6.34.7.4 The **Temporary TEC Exchange Donor User** and the **Temporary TEC Exchange Recipient User** consent to the publication by **The Company** of the information referred to above.

6.34.7.5 A **User** may also from time to time request that **The Company** advise other **Users** that such **User** is interested in making a **Temporary TEC Exchange**. Such request must be sent by email and a fax copy made using the **Temporary TEC Exchange Notification of Interest Form**.

6.34.7.6 **The Company** shall publish such **Temporary TEC Exchange Notification of Interest Form** on its **TEC Register** within 10 **Business Days** of its receipt.

6.35 Embedded Generator MW Register

6.35.1 **The Company** shall establish and maintain the **Embedded Generator MW Register** published on **The Company Website** recording the details set out in 6.34.2.

6.35.2 The **Embedded Generator MW Register** shall set out:

- the name of **Embedded Generator's** who have a **BELLA** or who are a **Relevant Embedded Medium Power Station** or a **Relevant Embedded Small Power Station**,
- the site of connection to the **Distribution System** and the relevant **Grid Supply Point**,
- the proposed year of connection to the **Distribution System** and
- the maximum output of the **Embedded Generator's** in MW's as set out in the **BELLA** or provided by the **Authorised Electricity Operator** to whose **Distribution System** that **Embedded Generator** is to connect.

6.35.3 **The Company** shall record the details of any new **BELLA's** or any changes to existing **BELLA's** on the **Embedded Generator MW Register** within 5 **Business Days** of such agreements being entered into by **The Company**.

6.35.4 **The Company** shall record the details provided by the **Authorised Electricity Operator** in respect of a **Relevant Embedded Medium Power Station** or a **Relevant Embedded Small Power Station** or any changes on the **Embedded Generator MW Register** within 5 **Business Days** of of the relevant agreements being entered into relating to such **Relevant Embedded Medium Power Station** or **Relevant Embedded Small Power Station** between the **Authorised Electricity Operator** and **The Company**.

6.36 Transmission Works Register

6.36.1 **The Company** shall establish and maintain a **Transmission Works Register** in respect of **Transmission Works** set out in **Generators' and Interconnector Owners' Construction Agreements** and/or set out in the relevant **Construction Agreement** with the owner/operator of the **Distribution System** in respect of an **Embedded Exemptable Large Power Station** which is the subject of a **BELLA** (until such **Transmission Works** are completed) which it shall publish on **The Company Website** recording the details set out in Paragraph 6.36.2.

6.36.2 The **Transmission Works Register** shall in respect of each such **Construction Agreement** set out the name of **the Generator** or **Interconnector Owner**, the **Connection Site** or, where applicable, the

Transmission Interface Site (or in the case of an **Embedded Generator** the site of connection), the **Completion Date(s)**, and the **Transmission Works** which relate to such **Construction Agreement** (each as amended from time to time).

- 6.36.3 The details referred to a Paragraph 6.36.2 shall be recorded on the **Transmission Works Register** within 10 **Business Days** of the completion of such agreements or any changes to an existing agreement if such change affects any item in the **Transmission Works Register**.

Communications Plant (CC.6.5) - Appendix 1

Power Station Located Adjacent to the Transmission Substation

Description	Source	Work	Provided By	Notes
Control Telephone (CC.6.5.2)	Transmission Substation Exchange.	User to install free issue handset on dedicated communications circuit. User to install wiring from User control room to Transmission substation exchange.	Wiring to be provided by User. The Company to provide handset only.	Where the power station is located immediately adjacent to the Transmission substation.
Extension Bell (CC.6.5.3)	Transmission Substation Exchange.	User to install free issue extension bell on dedicated communications circuit (separate cores from the control telephone). User to install wiring from User control room to Transmission substation exchange.	Wiring to be provided by User. The Company to provide bell only.	
PSTN (or other off-site communications circuits) for Telephony. (CC.6.5.2 to CC.6.5.5)	Public Telecommunications Operator (PTO).	The User shall provide their own off site communications paths. Data and speech required by The Company shall be cabled from the User site to the Transmission Substation Exchange.	Wiring to be provided by User.	
Telegraph Instructor (CC.6.5.7)	Transmission Marshalling Cubicles.	Wire out and install free issue display unit and driver (free issue) and communication connections to the Transmission Marshalling Cubicles. The Company to commission.	Wiring to be provided by User. The Company to provide display unit and driver.	
Electronic Data Communication Facilities (Electronic Despatch & Logging) (CC.6.5.8)	PTO.	User to install EDL terminal for submission of MEL and dynamics re-declarations and for bid and offer acceptance instructions.	User to provide EDL terminal. The Company to provide communications path to a site router associated with the EDL terminal in conjunction with the User.	
Facsimile Machine (CC.6.5.9)	PTO.	Install facsimile machine on dedicated communications circuit.	User to provide facsimile machine and wiring to PTO.	

Communications Plant (CC.6.5) - Appendix 1

Power Station Not Located Adjacent to the Transmission Substation

Description	Source	Work	Provided By	Notes
Control Telephone (CC.6.5.2)	Remote Telephone Equipment (RTE) unit.	User to install free issue handset on dedicated communications circuit. User to install wiring from User control room to Transmission Marshalling Cubicles.	Wiring to be provided by User. The Company to provide handset only.	Where the Power Station is not located immediately adjacent to the Transmission substation.
Extension Bell (CC.6.5.3)	RTE unit.	User to install free issue extension bell on dedicated communications circuit (separate cores from the control telephone). User to install wiring from User control room to Transmission Marshalling Cubicles.	Wiring to be provided by User. The Company to provide bell only.	
PSTN (or other off-site communications circuits) for Telephony. (CC.6.5.2 to CC.6.5.5)	Public Telecommunications Operator (PTO).	Duplicate offsite communications are preferred for security of data and speech transmission. If two outlet cables do not exist then the matter must be resolved on a site specific basis, to the satisfaction of The Company.	User to provide own outlet cables.	
Telegraph Instructor (CC.6.5.7)	Transmission Marshalling Cubicles.	Wire out and install free issue display unit and driver (free issue) and communication connections to the Transmission Marshalling Cubicles. The Company to commission.	Wiring to be provided by User. The Company to provide display unit and driver.	
Electronic Data Communication Facilities (Electronic Despatch & Logging) (CC.6.5.8)	PTO.	User to install EDL terminal for submission of MEL and dynamics re-declarations and for bid and offer acceptance instructions.	User to provide EDL terminal. The Company to provide communications path to a site router associated with the EDL terminal in conjunction with the User.	
Facsimile Machine (CC.6.5.9)	PTO.	Install facsimile machine on dedicated communications circuit.	User to provide facsimile machine and wiring to PTO.	

Communications Plant (CC.6.5) - Appendix 1

Demand

Description	Source	Work	Provided By	Notes
Control Telephone (CC.6.5.2)	Remote Telephone Equipment (RTE) unit.	User to install free issue handset on dedicated communications circuit. User to install wiring from User control room to Transmission Marshalling Cubicles.	Wiring to be provided by User. The Company to provide handset only.	Demand Control Points (as defined in the Grid Code)
Extension Bell (CC.6.5.3)	RTE unit.	User to install free issue extension bell on dedicated communications circuit (separate cores from the control telephone). User to install wiring from User control room to Transmission Marshalling Cubicles.	Wiring to be provided by User. The Company to provide bell only.	
PSTN (or other off-site communications circuits) for Telephony. (CC.6.5.2 to CC.6.5.5)	Public Telecommunications Operator (PTO).	Duplicate offsite communications are preferred for security of data and speech transmission. If two outlet cables do not exist then the matter must be resolved on a site specific basis, to the satisfaction of The Company.	User to provide own outlet cables.	
Telegraph Instructor (If required by The Company) (CC.6.5.7)	Transmission Marshalling Cubicles.	Wire out and install free issue display unit and driver (free issue) and communication connections to the Transmission Marshalling Cubicles. The Company to commission.	Wiring to be provided by User. The Company to provide display unit and driver.	
Electronic Data Communication Facilities (Electronic Despatch & Logging) (CC.6.5.8)	PTO.	User to install EDL terminal for submission of MEL and dynamics re-declarations and for bid and offer acceptance instructions.	User to provide EDL terminal. The Company to provide communications path to a site router associated with the EDL terminal in conjunction with the User.	
Facsimile Machine (CC.6.5.9)	PTO.	Install facsimile machine on dedicated communications circuit.	User to provide facsimile machine and wiring to PTO.	

Appendix 2

Operating Metering (CC.6.5.6)

Description	Source	Type	Work	Provided by	Notes
MW and MVar for Balancing Mechanism Unit.	Settlement Metering (FMS).	Unit per Pulse	Provide dedicated outputs from the FMS (Final Metering Scheme) 'check' meters. Supply and install wiring to the OMS-FE.	User.	Used for Despatch Instructions and Ancillary Services Monitoring (ASM). For information, FMS meters are required under the Balancing and Settlement Code. Refer to the BSC.
Individual alternator MW and MVar (applicable to multi-shaft machines).	Transducer or high accuracy output from User metering.	Unit per Pulse	Provide MW and MVar transducer or high accuracy outputs. Supply and install wiring to the OMS-FE / Transmission Marshalling Cubicles.	User	Used for Network Modelling and ASM. If the User chooses to use transducers, the quality is to be agreed with The Company. LV monitoring is acceptable.
Individual unit transformer MW and MVar.	Transducer or high accuracy output from User metering.	Unit per Pulse	Provide MW and MVar transducer or high accuracy outputs. Supply and install wiring to the OMS-FE / Transmission Marshalling Cubicles.	User.	Used for Network Modelling. If the User chooses to use transducers, the quality is to be agreed with The Company.
Voltage for each generator connection to the Transmission substation.	Single Phase VT (usually a CVT)	AC Waveform	Provide VT secondary output (single phase). Supply and install transducer and wiring to the Transmission Marshalling Cubicles.	User.	For indication purposes. To feed Substation Voltage Selection Scheme. The Company to install Voltage Selection Scheme at Transmission substation as required.
Frequency for each Balancing Mechanism Unit.	High accuracy VT output (single phase).	AC Waveform	Provide high accuracy VT secondary output (single phase). Supply and install wiring to the Transmission Marshalling Cubicles.	User.	Used for ASM.
All generator circuit(s) LV circuit breaker(s) and disconnecter(s)	Double point off dedicated auxiliary contacts (1 n/o and 1 n/c).	Status Indication	Wire out and cable between auxiliary contacts and Transmission Marshalling Cubicles.	User, in switchgear.	Dedicated auxiliary contacts are required. Repeat relays are not normally acceptable.
Unit transformer circuit breaker(s).	Double point off dedicated auxiliary contacts (1 n/o and 1 n/c).	Status Indication	Wire out and cable between auxiliary contacts and Transmission Marshalling Cubicles.	User, in switchgear.	Dedicated auxiliary contacts are required. Repeat relays are not normally acceptable.
All generator circuit(s) HV circuit breaker(s) and disconnecter(s).	Double point off dedicated auxiliary contacts (1 n/o and 1 n/c).	Status Indication	Wire out and cable between auxiliary contacts and Transmission Marshalling Cubicles.	User, in switchgear.	Dedicated auxiliary contacts are required. Repeat relays are not normally acceptable.
Each generator transformer Tap Position Indication (TPI)	Dedicated tap changer auxiliary contact arm.	Tap Position Indication	Provide >one out of (up to) 19' position indications or TPI transducer indication. Wire out and cable between dedicated auxiliary contact arm and Transmission Marshalling Cubicles.	User, in transformer tap-changer.	Used for Network Modelling and ASM.

END OF SECTION 6

CUSC - SECTION 7
CUSC DISPUTE RESOLUTION

CONTENTS

- 7.1 Introduction
- 7.2 Disputes
- 7.3 Charging Disputes
- 7.4 Other Disputes
- 7.5 Third Party Claims

CUSC - SECTION 7

CUSC DISPUTE RESOLUTION

7.1 INTRODUCTION

- 7.1.1 This section of the **CUSC** sets out how disputes under the **CUSC**, **Bilateral Agreements**, **Mandatory Services Agreements** and **Construction Agreements** are to be dealt with.
- 7.1.2 Under the **Transmission Licence**, and in accordance with the power within section 7(3)(c) of the **Act**, it is provided for such matters arising under the **CUSC** as may be specified in the **CUSC** to be referred to the **Authority** for determination. Determining such matters also reflects consideration of utilisation of the power the **Authority** has under section 25 of the **Act** to take enforcement action in respect of any contravention of a licence obligation which would include any contravention of the obligations in respect of **Connection Charges** and **Use of System Charges** contained in the **Transmission Licence**. The **Charging Disputes** provisions of the **CUSC** reflect the role under section 7(3)(c) of the **Act** and provide for such issues to be so referred to the **Authority**.

7.2 DISPUTES

Subject to any contrary provision of the **Act**, any **Licence** or the **Regulations**, or an **EMR Document**, or the rights, powers, duties and obligations of the **Authority** or the **Secretary of State** under the **Act**, any **Licence** or otherwise howsoever, any dispute or difference between **CUSC Parties** of whatever nature howsoever arising under, out of or in connection with:-

- 7.2.1 whether **Connection** and/or **Use of System Charges** have been applied and/or calculated in accordance with the **Charging Statements** (including in all cases whether the dispute or difference does arise under, out of or in connection with such issues and therefore falls within this Paragraph 7.2.1) utilising the **Authority's** role under section 7 of the **Act** (a "**Charging Dispute**") shall be resolved in accordance with Paragraph 7.3;
- 7.2.2 the **Construction Agreement** shall be resolved in accordance with the specific provisions in that **Construction Agreement**;
- 7.2.3 the **CUSC** and **Bilateral Agreements**, and **Mandatory Services Agreements** not being a dispute of a type described in Paragraph 7.2.1 or 7.2.2 above (an "**Other Dispute**") shall be resolved in accordance with Paragraph 7.4;
- 7.2.4 a matter which relates to issues where a **Customer** has raised a dispute which may involve another **CUSC Party** (a "**Third Party**");

Dispute”) shall be resolved in accordance with Paragraph 7.5, and

insofar as **The Company** and a **User** are parties to an agreement related to the **CUSC** and that agreement contains any dispute resolution provision to which the procedure in this section 7 does not apply, **The Company** and that **User** agree that such provision shall be subject to any contrary provision of an **EMR Document**.

7.3 CHARGING DISPUTES:

7.3.1 Initial Discussions

Where a **Charging Dispute** arises, a representative of **The Company** and each **User** concerned who has authority to resolve the dispute shall meet (including by agreement by telephone) within 10 **Business Days** of a request by either party (or within such longer period as may be agreed, acting reasonably) and seek to resolve it. If the parties to the dispute are unable to resolve it within 10 **Business Days** of the meeting (or within such longer period as they may agree within that initial 10 **Business Day** period, both parties acting reasonably as to the length of the period), then the parties' obligations under this paragraph to undertake such discussions shall no longer apply in relation to that **Charging Dispute**.

Reference to Authority

7.3.2 Subject to Paragraph 7.3.1, **Charging Disputes** shall be referred by either **CUSC Party** to the **Authority** for determination in accordance with Paragraph 7.2.1 above and shall not be capable of being referred to arbitration pursuant to the rules of the Electricity Arbitration Association or otherwise, or to any court.

7.3.3 Charging Disputes During Other Disputes

(a) Where, in conducting an arbitration under this Section 7, an arbitrator or panel of arbitrators finds himself or itself considering a **Charging Dispute** (whether or not forming part of an **Other Dispute**), he or it shall have no jurisdiction to determine such **Charging Dispute** (with any dispute on whether it is a **Charging Dispute** being determined by the **Authority** as soon as reasonably practicable in accordance with the definition of **Charging Dispute**) and the parties shall immediately refer such **Charging Dispute** to the **Authority** for determination pursuant to Paragraph 7.2.1 above.

- (b) In such circumstances, if there are issues (the “**Discrete Issues**”) under the **Other Dispute** which are entirely discrete from and can be determined without reference to the issues in the **Charging Dispute**, then resolution of the **Discrete Issues** can continue in accordance with the provisions of Paragraph 7.4; provided that if there is no **Discrete Issue** or issues under the **Other Dispute** the resolution of the **Other Dispute** shall be suspended until after the determination of the **Charging Dispute**.

Application of Determination

- 7.3.4 It is expected that in most circumstances the **Authority’s** determination of a **Charging Dispute** will set out the effect of the determination in terms of the charges in dispute. Where such effect is not set out in detail (for example where a clear principle is stated which should be capable of clear application) then if there is a dispute as to the quantification of any amounts to be calculated by applying the determination that dispute shall be an **Other Dispute**. However, any dispute on the principles reflected in the determination shall be a **Charging Dispute**.
- 7.3.5 If the determination of the **Charging Dispute** is that there has been an over or under payment of a **Connection Charge** and/or **Use of System Charge**, **The Company** shall, subject to what the determination may state, pay to the relevant **User**, or the **User** shall pay to **The Company**, as the case may be, an amount equal to the over or under payment, together with interest thereon from the date the charges were paid until the date of payment of such interest. Such interest shall accrue from day to day at the rate specified in Paragraph 6.6.5.
- 7.3.6 The **Authority’s** determination of a **Charging Dispute** shall (without prejudice to any ability to apply for judicial review of any determination) be final and binding on the parties to the dispute and shall be enforceable in the courts.

7.4 OTHER DISPUTES

Initial Discussions

- 7.4.1 Where an **Other Dispute** arises, a representative of **The Company** and each **User** concerned who has authority to resolve the dispute shall meet (including by agreement by telephone) within 10 **Business Days** of a request by either party (or within such longer period as may be agreed, acting reasonably) and seek to resolve it. If the parties to the dispute are unable to resolve it within 10 **Business Days** of the meeting (or within such longer period as they may agree within that initial 10 **Business**

Day period, both parties acting reasonably as to the length of the period), then the parties' obligations under this paragraph to undertake such discussions shall no longer apply in relation to that **Other Dispute**. Either party may then refer the **Other Dispute** to arbitration pursuant to the rules of the **Electricity Arbitration Association** in force from time to time.

- 7.4.2 Whatever the nationality, residence or domicile of any **CUSC Party** and wherever the **Other Dispute** or any part of it arose, the law of England shall be the proper law of reference to arbitration under this paragraph and in particular (but not so as to derogate from the generality of the foregoing) the provisions of the Arbitration Act 1996 shall apply to any such arbitration wherever it or any part of it shall be conducted.
- 7.4.3 Any arbitrator or panel of arbitrators appointed under this Paragraph 7.4 shall determine such issues as are referred to him or them consistently with any determination by the **Authority** of a **Charging Dispute**, whether or not relating to the same or different facts.
- 7.4.4 Subject to paragraph 7.4.5 the **CUSC Parties** hereby consent to the President of the **Electricity Arbitration Association** deciding, at his discretion and ensuring, so far as practicable, that the proceedings relating to such a decision are managed effectively, fairly and expeditiously:
- (a) following the same process as set out in Article 13 of the **Electricity Arbitration Association** rules in respect of pending arbitrations, that two or more disputes referred to it for arbitration (whether pending or underway), be consolidated or otherwise heard together (whether or not such disputes are all **Other Disputes** or an **Other Dispute** and any dispute(s) referred under the **STC**), where **The Company** or a **CUSC Party** (or a party to a dispute under the **STC**) so requests in writing to the **Electricity Arbitration Association** copied to each of **The Company** and/or the other **CUSC Parties** (as the case may be) and relevant **STC** parties setting out the reasons for such consolidation; or
 - (b) that a dispute referred to it (whether pending or underway and whether another dispute or a dispute referred to it under the **STC**) be stayed for a period not exceeding three months after the referral of such dispute to the **Electricity Arbitration Association**, pending resolution of another dispute referred to it (whether pending or underway and whether an **Other Dispute** or a dispute referred under the **STC**).

- 7.4.5 The consent of the **CUSC Parties** under paragraph 7.4.4(a) shall be deemed not to have been given where a request for consolidation thereunder is received by the **Electricity Arbitration Association** more than three months (or such other period as the **Electricity Arbitration Association** may at its discretion determine) after the referral of any **Other Dispute** or the **STC** dispute to the **Electricity Arbitration Association** which is the subject of such request.

7.5 THIRD PARTY CLAIMS

- 7.5.1 Subject to Paragraph 7.5.4, if any **Customer** brings any legal proceedings in any court against one or more persons, any of which is a **CUSC Party** ("**Defendant Party**") and the **Defendant Party** wishes to make a **Third Party Claim** (as defined in Paragraph 7.5.3 below) against any **CUSC Party** ("**Other Party**") which would but for this paragraph have been a dispute or difference referred to arbitration by virtue of Paragraph 7.4 above then, notwithstanding the provisions of Paragraph 7.4, which shall not apply and in lieu of arbitration, the court in which the legal proceedings have been commenced shall hear and completely determine and adjudicate upon the legal proceedings and the **Third Party Claim** not only between the **Customer** and the **Defendant Party**, but also between either or both of them and any **Other Party** whether by way of third party proceedings or otherwise as may be ordered by the court.
- 7.5.2 Where a **Defendant Party** makes a **Third Party Claim** against any **Other Party** and such **Other Party** wishes to make a **Third Party Claim** against a further **CUSC Party**, the provisions of Paragraph 7.5.1 shall apply mutatis mutandis as if such **CUSC Party** had been the **Defendant Party** and similarly in relation to any such further **CUSC Party**.
- 7.5.3 For the purpose of this Paragraph 7.5, "**Third Party Claim**" shall mean:
- (a) any claim by a **Defendant Party** against any **Other Party** (whether or not already a party to the legal proceedings) for any contribution or indemnity; or
 - (b) any claim by a **Defendant Party** against such an **Other Party** for any relief or remedy relating to or connected with the subject matter of the legal proceedings and substantially the same as some relief or remedy claimed by the **Customer**; or
 - (c) any requirement by a **Defendant Party** that any question or issue relating to or connected with the subject matter of the legal proceedings should be determined not only as between the **Customer** and

the **Defendant Party**, but also as between either or both of them and an **Other Party** (whether or not already a party to the legal proceedings).

- 7.5.4 Paragraph 7.5.1 shall apply only if at the time the legal proceedings are commenced no arbitration under Paragraph 7.4 has been commenced between the **Defendant Party** and an **Other Party** raising or involving the same or substantially the same issues as would be raised by or involved in the **Third Party Claim**. The tribunal in any arbitration or the **Authority** in any determination which has commenced before the commencement of the legal proceedings shall determine the question, in the event of dispute, whether the issues raised or involved are the same or substantially the same.

END OF SECTION 7

CUSC - SECTION 9
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CUSC - SECTION 8

CUSC MODIFICATION

8. Part A

8.1 INTRODUCTION

8.1.1 This section of the **CUSC** sets out how the **CUSC** is to be amended and the procedures set out in this section, to the extent that they are dealt with in the **Code Administration Code of Practice**, are consistent with the principles contained in the **Code Administration Code of Practice**. Where inconsistencies or conflicts exist between the **CUSC** and the **Code Administration Code of Practice**, the **CUSC** shall take precedence. A modification to the **CUSC** may necessitate a modification to relevant **Bilateral Agreements** and/or to the **Mandatory Services Agreements** (and/or in certain circumstances the relevant **Construction Agreement**) and in those circumstances those agreements contain provisions for such alterations to be effected to those agreements.

8.1.2 There is a need to bring proposed amendments to the attention of **CUSC Parties** and others, to discuss such proposals and to report on them to the **Authority** and in furtherance of this, Section 8 provides for the establishment of a **CUSC Modifications Panel**, **Workgroups** and **Standing Groups** and for consultation by the **Code Administrator**.

8.1.3 Change Routes

- (a) A **CUSC Modification Proposal** may either proceed directly along the standard **CUSC Modification Process**, or it may be subject to additional process steps, if raised during a **Significant Code Review**.
- (b) If a **CUSC Modification Proposal** is deemed by the **CUSC Modifications Panel** to meet the **Self-Governance Criteria**, it will be subject to a slightly different process.
- (c) If a **CUSC Modification Fast Track Proposal** is determined by the **CUSC Modifications Panel** to meet the **Fast Track Criteria**, it will be subject to the process set out at Paragraph 8.29.

8.1.4 Significant Code Review

- (a) A **Significant Code Review** is a code review process initiated and led by the **Authority**, on one of a number of potential triggers. The **Authority** will launch a **Significant Code Review** on publication of a notice setting out matters such as the scope of the review, reasons for it and announcing the start date.
- (b) A **Significant Code Review Phase** begins on the start date set out in the **Authority's** notice, during which time **CUSC Modification Proposals** that relate to the subject matter of the review are restricted, to ensure the process is as efficient as possible. Once the **Authority** has published its **Significant Code Review** conclusions, the **Authority** may direct **The Company** to raise **CUSC Modification**

Proposals to put into effect the results of the **Significant Code Review**.

- (c) A process is set out in this Section 8 for analysing and consulting on **CUSC Modification Proposals** with a view to referring to the **Authority** those that may be restricted during a **Significant Code Review**. Subject to Paragraph 8.1.5, those **CUSC Modification Proposals** that are not so restricted proceed along the standard **CUSC Modification Process** of consultation with the industry followed by approval or non-approval by the **Authority**.

8.1.5 Self-Governance

In addition, **Self-Governance Criteria** are set out against which **CUSC Modification Proposals** must also be evaluated and consulted upon. If a proposal meets the criteria, it may proceed without **Authority** approval, and the **CUSC Modifications Panel** may consult on and determine itself whether to implement the **CUSC Modification Proposal**.

8.1.6 Fast Track

If the **CUSC Modifications Panel** unanimously determine that a **CUSC Modification Fast Track Proposal** meets the **Fast Track Criteria**, it will proceed without **Authority** approval, and will be subject to the process set out at Paragraph 8.29.

PART B

8.2 CODE ADMINISTRATOR

8.2.1 **The Company** shall establish and maintain a **Code Administrator** function, which shall carry out the roles referred to in Paragraph 8.2.2 and 8.3.3. **The Company** shall ensure the functions are consistent with the **Code Administration Code of Practice**.

8.2.2 The **Code Administrator** shall in conjunction with other code administrators, maintain, publish, review and (where appropriate) amend from time to time the **Code Administration Code of Practice** approved by the **Authority** provided that any amendments to the **Code Administration Code of Practice** proposed by the **Code Administrator** are approved by the **CUSC Modifications Panel** prior to being raised by the **Code Administrator**, and any amendments to be made to the **Code Administration Code of Practice** are approved by the **Authority**.

8.3 THE CUSC MODIFICATIONS PANEL

8.3.1 Establishment and Composition

- (a) The **CUSC Modifications Panel** shall be the standing body to carry out the functions referred to in Paragraph 8.3.3.
- (b) The **CUSC Modifications Panel** shall comprise the following members:
 - (i) the person appointed as the chairman of the **CUSC Modifications Panel** (the “**Panel Chairman**”) in

accordance with Paragraph 8.4.1, who shall (subject to Paragraph 8.11.4) be a non-voting member;

- (ii) not more than seven persons appointed by **Users** in accordance with Paragraph 8.4.2(a);
 - (iii) two persons appointed by **The Company** in accordance with Paragraph 8.4.2(c);
 - (iv) The **Consumer Representative**, appointed in accordance with Paragraph 8.4.2(b); and
 - (v) the person appointed (if the **Authority** so decides) by the Authority in accordance with Paragraph 8.4.3.
- (c) The **CUSC Modifications Panel** shall be assisted by a secretary ("**Panel Secretary**"), who shall be a person appointed and provided by the **Code Administrator** and who shall be responsible for the administration of the **CUSC Modifications Panel** and **CUSC Modification Proposals**.

8.3.2 Authority's Representative

A representative of the **Authority** shall be entitled to attend **CUSC Modifications Panel** meetings as an observer and may speak at any meeting. The **Authority** shall from time to time notify the **Panel Secretary** of the identity of the observer.

8.3.3 Functions of the CUSC Modifications Panel and the Code Administrator's Role

- (a) The **CUSC Modifications Panel** shall have the functions assigned to it in this Section 8.
- (b) Without prejudice to Paragraph 8.3.3(a) and to the further provisions of this Section 8, the **CUSC Modifications Panel** shall endeavour at all times to operate:
 - (i) in an efficient, economical and expeditious manner, taking account of the complexity, importance and urgency of particular **CUSC Modification Proposals**; and
 - (ii) with a view to ensuring that the **CUSC** facilitates achievement of the **Applicable CUSC Objectives**.
- (c) **The Company** shall be responsible for implementing or supervising the implementation of **Approved CUSC Modifications** and **Approved CUSC Modification Self Governance Proposals** and **Approved CUSC Modification Fast Track Proposals** in accordance with the provisions of the **CUSC** which shall reflect the production of the revised **CUSC**. The **Code Administrator** and **The Company** shall be responsible for implementing and supervising the implementation of any amendments to their respective systems and processes necessary for the implementation of the **Approved CUSC Modification**- and, the **Approved CUSC Modification Self-Governance Proposals** provided there is no successful appeal and, , the **Approved CUSC Modification Fast Track Proposals** provided

no objections are received in accordance with Paragraph 8.29. However, it will not include the implementation of **Users'** systems and processes. The **Code Administrator** will carry out its role in an efficient, economical and expeditious manner and (subject to any extension granted by the **Authority** where the **Code Administrator** has applied for one in accordance with Paragraph 8.3.3(d) or (e) in accordance with the **Implementation Date**.

- (d) Subject to notifying **Users**, the **Code Administrator** will, with the **Authority's** approval, apply to the **Authority** for a revision or revisions to the **Implementation Date** where the **Code Administrator** becomes aware of any circumstances which is likely to mean that the **Implementation Date** is unachievable, which shall include as a result of a **Legal Challenge**, at any point following the approval of the **CUSC Modification Proposal**.
- (e) In the event that the Authority's decision to approve or not to approve a **CUSC Modification Proposal** is subject of **Legal Challenge** (and the party raising such **Legal Challenge** has received from the relevant authority the necessary permission to proceed) then the **Code Administrator** will, with the **Authority's** approval, apply to the **Authority** for a revision or revisions to the **Proposed Implementation Date** in the **CUSC Modification Report** in respect of such **CUSC Modification Proposal** as necessary such that if such **CUSC Modification Proposal** were to be approved following such **Legal Challenge** the **Proposed Implementation Date** would be achievable.
- (f) Prior to making any request to the **Authority** for any revision pursuant to Paragraphs 8.3.3(d) (where it is necessary as a result of a **Legal Challenge**) or 8.3.3(e) the **Code Administrator** shall consult on the revision with **CUSC Parties** and such other person who may properly be considered to have an appropriate interest in it in accordance with Paragraphs 8.22.2 and 8.22.6. The request to the **Authority** shall contain copies of (and a summary of) all written representations or objections made by consultees during the consultation period.

8.3.4 Duties of Panel Members

- (a) A person appointed as a **Panel Member**, or an **Alternate Member**, by **Users** under Paragraph 8.3.1 or 8.7.2, by the **Authority** under Paragraph 8.4.3 and the person appointed as **Panel Chairman** under Paragraph 8.4.1, and each of their alternates when acting in that capacity:
 - (i) shall act impartially and in accordance with the requirements of the **CUSC**; and
 - (ii) shall not be representative of, and shall act without undue regard to the particular interests of the persons or body of persons by whom he was appointed as **Panel Member** and any **Related Person** from time to time.
- (b) Such a person shall not be appointed as a **Panel Member** or an **Alternate Member** (as the case may be) unless he shall have first:

- (i) confirmed in writing to the **Code Administrator** for the benefit of all **CUSC Parties** that he agrees to act as a **Panel Member** or **Alternate Member** in accordance with the **CUSC** and acknowledges the requirements of Paragraphs 8.3.4(a) and 8.3.4(c);
 - (ii) where that person is employed, provided to the **Panel Secretary** a letter from his employer agreeing that he may act as **Panel Member** or **Alternate Member**, and that the requirement in Paragraph 8.3.4(a)(ii) shall prevail over his duties as an employee.
- (c) A **Panel Member** or **Alternate Member** shall, at the time of appointment and upon any change in such interests, disclose (in writing) to the **Panel Secretary** any such interests (in relation to the **CUSC**) as are referred to in Paragraph 8.3.4(a)(ii).
 - (d) Upon a change in employment of a **Panel Member** or **Alternate Member**, he shall so notify the **Panel Secretary** and shall endeavour to obtain from his new employer and provide to the **Panel Secretary** a letter in the terms required in Paragraph 8.3.4(b)(ii); and he shall be removed from office if he does not do so within a period of sixty (60) days after such change in employment.

8.4 APPOINTMENT OF PANEL MEMBERS

8.4.1 Panel Chairman

- (a) The **Panel Chairman** shall be an executive director (or other senior employee) of **The Company** until 30 September 2011. Thereafter the **Panel Chairman** shall be a person appointed (or re-appointed) by **The Company**, having particular regard to the views of the **CUSC Modifications Panel**, and shall be independent of **The Company**.
- (b) A person shall be appointed or re-appointed as the **Panel Chairman** where the **Authority** has approved such appointment or re-appointment and **The Company** has given notice to the **Panel Secretary** of such appointment, with effect from the date of such notice or (if later) with effect from the date specified in such notice.

8.4.2 Other Panel Members

- (a) **Users** may appoint **Panel Members** (and **Alternate Members**) by election in accordance with Annex 8A.
- (b) The **Citizens Advice** or the **Citizens Advice Scotland** may appoint one person as a **Panel Member** representing customers by giving notice of such appointment to the **Panel Secretary**, and may remove and re-appoint by notice.
- (c) **The Company** may appoint two persons as **Panel Members** by giving notice of such appointment to the **Panel Secretary**, and may remove and re-appoint by notice.

8.4.3 Appointment of Further Member

- (a) If in the opinion of the **Authority** there is a class or category of person (whether or not a **CUSC Party** or a **BSC Party**) who have interests in respect of the **CUSC** but whose interests:
- (i) are not reflected in the composition of **Panel Members** for the time being appointed; but
 - (ii) would be so reflected if a particular person was appointed as an additional **Panel Member**,
- then the **Authority** may at any time appoint (or re-appoint) that person as a **Panel Member** by giving notice of such appointment to the **Panel Secretary** but in no event shall the **Authority** be able to appoint more than one person so that there could be more than one such **Panel Member**.
- (b) A person appointed as a **Panel Member** pursuant to this Paragraph 8.4.3 shall remain appointed, subject to Paragraphs 8.5 and 8.6, notwithstanding that the conditions by virtue of which he was appointed (for example that the interests he reflects are otherwise reflected) may cease to be satisfied.

8.4.4 Natural Person

No person other than an individual shall be appointed a **Panel Member** or his alternate.

8.5 **TERM OF OFFICE**

The term of office of a **Panel Member**, the **Panel Chairman** and **Alternate Members** shall be a period expiring on 30 September every second year following the **CUSC Implementation Date**. A **Panel Member**, the **Panel Chairman** and **Alternate Member** shall be eligible for reappointment on expiry of his term of office.

8.6 **REMOVAL FROM OFFICE**

- 8.6.1 A person shall cease to hold office as the **Panel Chairman**, a **Panel Member** or an **Alternate Member**:
- (a) upon expiry of his term of office unless re-appointed;
 - (b) if he:
 - (i) resigns from office by notice delivered to the **Panel Secretary**;
 - (ii) becomes bankrupt or makes any arrangement or composition with his creditors generally;
 - (iii) is or may be suffering from mental disorder and either is admitted to hospital in pursuance of an application under the Mental Health Act 1983 or the Mental Health (Scotland) Act 1960 or an order is made by a court having jurisdiction in matters concerning mental disorder for his detention or for the appointment of a receiver, *curator bonis* or other person with respect to his property or affairs;

- (iv) becomes prohibited by law from being a director of a company under the Companies Act 1985;
 - (v) dies; or
 - (vi) is convicted on an indictable offence; or
- (c) as provided for in Paragraph 8.3.4(d);
- (d) if the **CUSC Modifications Panel** resolves (and the **Authority** does not veto such resolution by notice in writing to the **Panel Secretary** within fifteen (15) **Business Days**) that he should cease to hold office on grounds of his serious misconduct;
- (e) if the **CUSC Modifications Panel** resolves (and the **Authority** does not veto such resolution by notice in writing to the **Panel Secretary** within fifteen (15) **Business Days**) that he should cease to hold office due to a change in employer notwithstanding compliance with Paragraph 8.3.4(d).
- 8.6.2 A **CUSC Modifications Panel** resolution under Paragraph 8.6.1(d) or (e) shall, notwithstanding any other paragraph, require the vote in favour of at least all **Panel Members** less one (other than the **Panel Member** or **Alternate Member** who is the subject of such resolution) and for these purposes an abstention shall count as a vote cast in favour of the resolution. A copy of any such resolution shall forthwith be sent to the **Authority** by the **Panel Secretary**.
- 8.6.3 A person shall not qualify for appointment as a **Panel Member** or **Alternate Member** if at the time of the proposed appointment he would be required by the above paragraph to cease to hold that office.
- 8.6.4 The **Panel Secretary** shall give prompt notice to all **Panel Members**, all **CUSC Parties** and the **Authority** of the appointment or re-appointment of any **Panel Member** or **Alternate Member** or of any **Panel Member** or **Alternate Member** ceasing to hold office and publication on the **Website** and (where relevant details are supplied to the **Panel Secretary**) despatch by electronic mail shall fulfil this obligation.

8.7 ALTERNATES

8.7.1 Alternate: Panel Chairman

The **Panel Chairman** shall preside at every meeting of the **CUSC Modifications Panel** at which he is present. If he is unable to be present at a meeting, he may appoint an alternate (who shall be a senior employee of **The Company**) to act as the **Panel Chairman**, who may or may not be a **Panel Member**. If neither the **Panel Chairman** nor his alternate is present at the meeting within half an hour of the time appointed for holding the meeting, the **Panel Members** present may appoint one of their number to be the chairman of the meeting.

8.7.2 Alternate(s): Users Panel Members

- (a) At the same time that **Users** appoint **Panel Members** under Paragraph 8.4.2(a), they shall appoint up to five (5) alternate

members for **Users' Panel Members** (“**Alternate Members**”) by election in accordance with Annex 8A.

- (b) Such **Alternate Members** will form a group from which **Panel Members** appointed by **Users** may select a person to act as their alternate under this Paragraph 8.7.
- (c) A **Panel Member** appointed by **Users** may appoint such an **Alternate Member** to be his alternate for any one **CUSC Modifications Panel** meeting, and may remove a person so appointed as alternate, by giving notice of such appointment or removal to the **Panel Secretary**. A **Panel Member** must chose an **Alternate Member** who has not been already chosen by another **Panel Member** for that **Panel Meeting**. If there are no **Alternate Members** left who have not already been so chosen by another **Panel Member**, the **Panel Member** may chose as his alternate any **Alternate Member** or other **Panel Member** who is not already acting as alternate for more than one **Panel Member**.
- (d) All information to be sent by the **Panel Secretary** to **Panel Members** pursuant to this Section 8 shall also be sent by the **Panel Secretary** to each **Alternate Member** (whether or not currently selected as an alternate for a **Panel Member**) by electronic mail (where relevant details shall have been provided by each **Alternate Member**).

8.7.3 Alternates: Other Panel Members

A **Panel Member** other than those appointed by **Users** may appoint a person (whether or not a **Panel Member**) to be his alternate, and may remove a person so appointed as alternate, by giving notice of such appointment or removal to the **Panel Secretary**.

8.7.4 Alternates: General Provisions

- (a) The appointment or removal by a **Panel Member** of an alternate shall be effective from the time when such notice is given to the **Panel Secretary** or (if later) the time specified in such notice.
- (b) The **Panel Secretary** shall promptly notify all **Panel Members** and **CUSC Parties** of appointment or removal by any **Panel Member** of any alternate and publication on the **Website** and (where relevant details have been provided to the **Panel Secretary**) despatch by electronic mail shall fulfil this obligation.
- (c) In accordance with Paragraph 8.7.2, an alternate may act as alternate for more than one **Panel Member**.

8.7.5 Alternates: Rights, Cessation and References

- (a) Where the **Panel Chairman** or a **Panel Member** has appointed an alternate:
 - (i) the alternate shall be entitled:
 - (aa) unless the appointing **Panel Member** shall otherwise notify the **Panel Secretary**, to receive

notices of meetings of the **CUSC Modifications Panel**;

- (bb) to attend, speak and vote at any meeting of the **CUSC Modifications Panel** at which the **Panel Member** by whom he was appointed is not present, and at such meeting to exercise and discharge all of the functions, duties and powers of such **Panel Member**;
 - (ii) the alternate shall cast one vote for each **Panel Member** by whom he was appointed, in addition (where he is a **Panel Member** himself) to his own vote;
 - (iii) Paragraphs 8.8, 8.9, 8.10, 8.11 and 8.12 shall apply to the alternate as if he were the appointing **Panel Member** and a reference to a **Panel Member** elsewhere in the **CUSC** shall, unless the context otherwise requires, include his duly appointed alternate.
 - (iv) for the avoidance of doubt, the appointing **Panel Member** shall not enjoy any of the rights transferred to the alternate at any meeting at which, or in relation to any matter on which, the alternate acts on his behalf.
- (b) A person appointed as an alternate shall automatically cease to be such alternate:
- (i) if the appointing **Panel Member** ceases to be a **Panel Member**;
 - (ii) if any of the circumstances in Paragraph 8.6.1(b) applies in relation to such person,

but, in the case of an **Alternate Member**, shall continue to be an **Alternate Member** available for appointment under paragraph 8.7.2.

8.8 MEETINGS

- 8.8.1 Meetings of the **CUSC Modifications Panel** shall be held at regular intervals and at least every month at such time and such place as the **CUSC Modifications Panel** shall decide.
- 8.8.2 A regular meeting of the **CUSC Modifications Panel** may be cancelled if:
- (a) the **Panel Chairman** considers, having due regard to the lack of business in the agenda, that there is insufficient business for the **CUSC Modifications Panel** to conduct and requests the **Panel Secretary** to cancel the meeting;
 - (b) the **Panel Secretary** notifies all **Panel Members**, not less than five (5) **Business Days** before the date for which the meeting is to be convened, of the proposal to cancel the meeting; and
 - (c) by the time three (3) **Business Days** before the date for which the meeting is or is to be convened, no **Panel Member** has notified the **Panel Secretary** that he objects to such cancellation.

- 8.8.3 If any **Panel Member** wishes, acting reasonably, to hold a special meeting (in addition to regular meetings under Paragraph 8.8.1) of the **CUSC Modifications Panel**:
- (a) he shall request the **Panel Secretary** to convene such a meeting and inform the **Panel Secretary** of the matters to be discussed at the meeting;
 - (b) the **Panel Secretary** shall promptly convene the special meeting for a day as soon as practicable but not less than five (5) **Business Days** after such request.
- 8.8.4 Any meeting of the **CUSC Modifications Panel** shall be convened by the **Panel Secretary** by notice (which will be given by electronic mail if the relevant details are supplied to the **Panel Secretary**) to each **Panel Member** (and to the **Authority**):
- (a) setting out the date, time and place of the meeting and (unless the **CUSC Modifications Panel** has otherwise decided) given at least five (5) **Business Days** before the date of the meeting;
 - (b) accompanied by an agenda of the matters for consideration at the meeting and any supporting papers available to the **Panel Secretary** at the time the notice is given (and the **Panel Secretary** shall circulate to **Panel Members** any late papers as and when they are received by him).
- 8.8.5 The **Panel Secretary** shall send a copy of the notice convening a meeting of the **CUSC Modifications Panel**, and the agenda and papers accompanying the notice, to each **CUSC Party** and each **BSC Party** at the same time at which notice is given to the **Panel Members**, and publication on the **Website** and despatch by electronic mail (if the relevant details are supplied to the **Panel Secretary**) shall fulfil this obligation.
- 8.8.6 Any **Panel Member** (or, at the **Panel Member's** request, the **Panel Secretary**) may notify matters for consideration at a meeting of the **CUSC Modifications Panel** in addition to those notified by the **Panel Secretary** under Paragraph 8.8.4 by notice to all **Panel Members** and persons entitled to receive notice under Paragraph 8.8.5, not less than three (3) **Business Days** before the date of the meeting.
- 8.8.7 The proceedings of a meeting of the **CUSC Modifications Panel** shall not be invalidated by the accidental omission to give or send notice of the meeting or a copy thereof or any of the accompanying agenda or papers to, or failure to receive the same by, any person entitled to receive such notice, copy, agenda or paper.
- 8.8.8 A meeting of the **CUSC Modifications Panel** may consist of a conference between **Panel Members** who are not all in one place (although at least one must be at the venue in the notice of meeting) but who are able (by telephone or otherwise) to speak to each of the others and to be heard by each of the others simultaneously.
- 8.8.9 With the consent of all **Panel Members** (whether obtained before, at or after any such meeting) the requirements of this Paragraph 8.8 as to the manner in and notice on which a meeting of the **CUSC Modifications Panel** is convened may be waived or modified provided that no meeting of the **CUSC**

Modifications Panel shall be held unless notice of the meeting and its agenda has been sent to the persons entitled to receive the same under Paragraph 8.8.5 at least 24 hours before the time of the meeting.

8.8.10 Subject to Paragraph 8.8.11, no matter shall be resolved at a meeting of the **CUSC Modifications Panel** unless such matter was contained in the agenda accompanying the **Panel Secretary's** notice under Paragraph 8.8.4 or was notified in accordance with Paragraph 8.8.6.

8.8.11 Where:

(a) any matter (not contained in the agenda and not notified pursuant to Paragraphs 8.8.4 and 8.8.6) is put before a meeting of the **CUSC Modifications Panel**, and

(b) in the opinion of the **CUSC Modifications Panel** it is necessary (in view of the urgency of the matter) that the **CUSC Modifications Panel** resolve upon such matter at the meeting,

the **CUSC Modifications Panel** may so resolve upon such matter, and the **CUSC Modifications Panel** shall also determine at such meeting whether the decision of the **CUSC Modifications Panel** in relation to such matter should stand until the following meeting of the **CUSC Modifications Panel**, in which case (at such following meeting) the decision shall be reviewed and confirmed or (but not with effect earlier than that meeting, and only so far as the consequences of such revocation do not make implementation of the **CUSC** or compliance by **CUSC Parties** with it impracticable) revoked.

8.9 PROCEEDINGS AT MEETINGS

8.9.1 Subject as provided in the **CUSC**, the **CUSC Modifications Panel** may regulate the conduct of and adjourn and reconvene its meetings as it sees fit.

8.9.2 Meetings of the **CUSC Modifications Panel** shall be open to attendance by a representative of any **CUSC Party**, any **BSC Party**, the **Citizen Advice** or the **Citizens Advice Scotland** and any person invited by the **Panel Chairman** and/or any other **Panel Member**.

8.9.3 The **Panel Chairman** and any other **Panel Member** may invite any person invited by them under Paragraph 8.9.2, and/or any attending representative of a **CUSC Party**, to speak at the meeting (but such person shall have no vote).

8.9.4 As soon as practicable after each meeting of the **CUSC Modifications Panel**, the **Panel Secretary** shall prepare and send (by electronic mail or otherwise) to **Panel Members** the minutes of such meeting, which shall be (subject to Paragraph 8.9.5) approved (or amended and approved) at the next meeting of the **CUSC Modifications Panel** after they were so sent, and when approved (excluding any matter which the **CUSC Modifications Panel** decided was not appropriate for such publication) shall be placed on the **Website**.

8.9.5 If, following the circulation of minutes (as referred to in Paragraph 8.9.4), the meeting of the **CUSC Modifications Panel** at which they were to be approved is cancelled pursuant to Paragraph 8.8.2, such minutes (including any proposed changes thereto which have already been received) shall be re-circulated with the notification of the cancellation of the meeting of the **CUSC Modifications Panel**. **Panel Members** shall confirm their approval of such minutes to the **Panel Secretary** (by electronic mail) no later than five (5)

Business Days following such minutes being re-circulated. If no suggested amendments are received within such five (5) **Business Days** period, the minutes will be deemed to have been approved. If the minutes are approved, or deemed to have been approved, (excluding any matter which the **CUSC Modifications Panel** decided was not appropriate for such publication) they shall be placed on the **Website**. If suggested amendments are received within such five (5) **Business Days** period, the minutes shall remain unapproved and the process for approval (or amendment and approval) of such minutes at the next meeting of the **CUSC Modifications Panel**, as described in Paragraph 8.8.4, shall be followed.

8.10 QUORUM

- 8.10.1 No business shall be transacted at any meeting of the **CUSC Modifications Panel** unless a quorum is present throughout the meeting.
- 8.10.2 Subject to Paragraph 8.10.4, a quorum shall be 6 **Panel Members** who have a vote present (subject to 8.8.8) in person or by their alternates, of whom at least one shall be appointed by **The Company**.
- 8.10.3 If within half an hour after the time for which the meeting of the **CUSC Modifications Panel** has been convened a quorum is not present (and provided the **Panel Secretary** has not been notified by **Panel Members** that they have been delayed and are expected to arrive within a reasonable time):
- (a) the meeting shall be adjourned to the same day in the following week (or, if that day is not a **Business Day** the next **Business Day** following such day) at the same time;
 - (b) the **Panel Secretary** shall give notice of the adjourned meeting as far as practicable in accordance with Paragraph 8.8.
- 8.10.4 If at the adjourned meeting there is not a quorum present within half an hour after the time for which the meeting was convened, those present shall be a quorum.

8.11 VOTING

- 8.11.1 At any meeting of the **CUSC Modifications Panel** any matter to be decided which shall include the **CUSC Modifications Panel Recommendation Vote** shall be put to a vote of **Panel Members** upon the request of the **Panel Chairman** or any **Panel Member**.
- 8.11.2 Subject to Paragraphs 8.7.5, 8.11.4 and 8.11.5, in deciding any matter at any meeting of the **CUSC Modifications Panel** each **Panel Member** other than the **Panel Chairman** shall cast one vote.
- 8.11.3 Except as otherwise expressly provided in the **CUSC**, and in particular Paragraph 8.6.2, any matter to be decided at any meeting of the **CUSC Modifications Panel** shall be decided by simple majority of the votes cast at the meeting (an abstention shall not be counted as a cast vote).
- 8.11.4 The **Panel Chairman** shall not cast a vote as a **Panel Member** but shall have a casting vote on any matter (except in a **CUSC Modifications Panel Recommendation Vote**) where votes are otherwise cast equally in favour of and against the relevant motion including, for the avoidance of doubt, in the **CUSC Modifications Panel Self-Governance Vote**, where the **Panel**

Chairman is obliged to exercise his casting vote if votes are otherwise cast equally in favour of or against a **CUSC Modification Proposal**, but where any person other than the actual **Panel Chairman** or his alternate is acting as chairman he shall not have a casting vote.

- 8.11.5 The two **Panel Members** appointed by **The Company** pursuant to Paragraph 8.3.1(b)(iii) shall together have one vote in relation to each matter which shall be cast jointly by agreement between them or, where only one of **The Company Panel Members** is present at a meeting, by that **The Company Panel Member**.
- 8.11.6 Any resolution in writing signed by or on behalf of all **Panel Members** shall be valid and effectual as if it had been passed at a duly convened and quorate meeting of the **CUSC Modifications Panel**. Such a resolution may consist of several instruments in like form signed by or on behalf of one or more **Panel Members**.

8.12 PROTECTIONS FOR PANEL MEMBERS

- 8.12.1 Subject to Paragraph 8.12.2 all **CUSC Parties** shall jointly and severally indemnify and keep indemnified each **Panel Member**, the **Panel Secretary** and each member of a **Workgroup** and **Standing Group** ("**Indemnified Persons**") in respect of all costs (including legal costs), expenses, damages and other liabilities properly incurred or suffered by such **Indemnified Persons** when acting in or in connection with his office under the **CUSC**, or in what he in good faith believes to be the proper exercise and discharge of the powers, duties, functions and discretions of that office in accordance with the **CUSC**, and all claims, demands and proceedings in connection therewith other than any such costs, expenses, damages or other liabilities incurred or suffered as a result of the wilful default or bad faith of such **Indemnified Person**.
- 8.12.2 The indemnity provided in Paragraph 8.12.1 shall not extend to costs and expenses incurred in the ordinary conduct of being a **Panel Member** or **Panel Secretary**, or member of a **Workgroup** or **Standing Group** including, without limitation, accommodation costs and travel costs or any remuneration for their services to the **CUSC Modifications Panel** or **Workgroup** or **Standing Group**.
- 8.12.3 The **CUSC Parties** agree that no **Indemnified Person** shall be liable for anything done when acting properly in or in connection with his office under the **CUSC**, or anything done in what he in good faith believes to be the proper exercise and discharge of the powers, duties, functions and discretions of that office in accordance with the **CUSC**. Each **CUSC Party** hereby irrevocably and unconditionally waives any such liability of any **Indemnified Person** and any rights, remedies and claims against any **Indemnified Person** in respect thereof.
- 8.12.4 Without prejudice to Paragraph 8.12.2, nothing in Paragraph 8.12.3 shall exclude or limit the liability of an **Indemnified Person** for death or personal injury resulting from the negligence of such **Indemnified Person**.

PART C

8.13 CUSC MODIFICATION REGISTER

- 8.13.1 The **Code Administrator** shall establish and maintain a register (“**CUSC Modification Register**”) which shall record the matters set out in Paragraph 8.13.3.
- 8.13.2 The purpose of the **CUSC Modification Register** shall be to assist the **CUSC Modifications Panel** and to enable the **CUSC Modifications Panel**, **CUSC Parties** and any other persons who may be interested to be reasonably informed of the progress of **CUSC Modification Proposals** and **Approved CUSC Modifications** from time to time.
- 8.13.3 The **CUSC Modification Register** shall record in respect of current outstanding **CUSC Modifications Panel** business:
- (a) details of each **CUSC Modification Proposal** (including the name of the **Proposer**, the date of the **CUSC Modification Proposal** and a brief description of the **CUSC Modification Proposal**);
 - (b) whether such **CUSC Modification Proposal** is an **Urgent CUSC Modification Proposal**;
 - (c) the current status and progress of each **CUSC Modification Proposal**, if appropriate the anticipated date for reporting to the **Authority** in respect thereof, and whether it has been withdrawn, rejected or implemented for a period of three (3) months after such withdrawal, rejection or implementation or such longer period as the **Authority** may determine;
 - (d) the current status and progress of each **Approved CUSC Modification**, each **Approved CUSC Modification Self-Governance Proposal**, and each **Approved CUSC Modification Fast Track Proposal**; and
 - (e) such other matters as the **CUSC Modifications Panel** may consider appropriate from time to time to achieve the purpose of Paragraph 8.13.2.
- 8.13.4 The **CUSC Modification Register** (as updated from time to time and indicating the revisions since the previous issue) shall be published on the **Website** or (in the absence, for whatever reason, of the **Website**) in such other manner and with such frequency (being not less than once per month) as the **Code Administrator** may decide in order to bring it to the attention of the **CUSC Modifications Panel**, **CUSC Parties** and other persons who may be interested.

8.14 PROGRESS REPORT

- 8.14.1 The **Code Administrator** shall prepare and submit to the **Authority** each month (or such less often period if there is no material matter arising to report) a progress report (“**Progress Report**”) setting out the matters referred to in Paragraph 8.14.2 in respect of the preceding month and send a copy of the **Progress Report** to each **Panel Member**.
- 8.14.2 The **Progress Report** shall contain:

- (a) details of any proposal which has been refused pursuant to Paragraph 8.16.5 or Paragraph 8.16.6;
- (b) the current version of the **CUSC Modification Register**;
- (c) details of:
 - (i) the priority proposed to be accorded or that is accorded to each **CUSC Modification Proposal** in the **CUSC Modification Register** (in accordance with Paragraph 8.19.1);
 - (ii) the scheduling and timetable for consideration of each **CUSC Modification Proposal** and completion of the **CUSC Modification Report** in respect thereof in the context of all other current **CUSC Modification Proposals**;
 - (iii) the impact of the priority accorded to each **CUSC Modification Proposal** by reference to each other pending **CUSC Modification Proposal**;
- (d) details of any decision to amalgamate **CUSC Modification Proposals** in accordance with Paragraph 8.19.2;
- (e) details of any circumstances which lead **The Company** and/or the **CUSC Modifications Panel** to believe that the implementation date for an **Approved CUSC Modification** is unlikely to be met and, if so, why;
- (f) such other matters as the **Authority** may request to be included from time to time; and
- (g) the basis for each of the decisions referred to above.

8.14.3 If, following discussion with the **CUSC Modifications Panel**, the **Authority** issues a notice to the **Panel Secretary** requesting the **Code Administrator** and the **CUSC Modifications Panel** (in relation to developments and changes highlighted in the monthly **Progress Report**):

- (a) not to reject a **CUSC Modification Proposal** which does not satisfy Paragraph 8.16.4; and/or
- (b) not to amalgamate **CUSC Modification Proposals** as set out in the monthly **Progress Report**; and/or
- (c) to accord a different priority to particular **CUSC Modification Proposals** from that set out in the monthly **Progress Report**; and/or
- (d) to amend the timetable for a **CUSC Modification Proposal**,

the **Panel Secretary** shall send a copy of the notice to each **Panel Member** and **Alternate Member**. The **CUSC Modifications Panel** and the **Code Administrator** shall comply with such notice.

8.14.4 The **Panel Secretary** shall publish each **Progress Report** on the **Website** within seven (7) **Business Days** after it is sent to the **Authority**, provided that the **Panel Secretary** shall exclude there from any matters in respect of which the **Authority** issues a notice to the **Panel Secretary** for the purpose of this Paragraph 8.14.4. Copies shall be sent to those **Panel Members**, **Alternate**

Members and CUSC Parties who have provided electronic mail addresses to the **Code Administrator**.

8.15 CHANGE CO-ORDINATION

- 8.15.1 The **Code Administrator** shall establish (and, where appropriate, revise from time to time) joint working arrangements for change co-ordination with each **Core Industry Document Owner**, with the **STC** committee, the **CM Administrative Parties** and with the **Secretary of State** to facilitate the identification, co-ordination, making and implementation of change to **Core Industry Documents** and the **STC**, and facilitate the identification of potential inconsistencies between **CUSC Modification Proposals** and the **Capacity Market Documents** and the **CFD Documents** respectively consequent on a **CUSC Modification**, including, but not limited to, changes that are appropriate in order to avoid conflict or inconsistency as between the **CUSC** and any **Core Industry Document** and the **STC**, in a full and timely manner.
- 8.15.2 The working arrangements referred to in Paragraph 8.15.1 shall be such as to enable the consideration, development and evaluation of **CUSC Modification Proposals**, and the implementation of **Approved CUSC Modifications**, to proceed in a full and timely manner and enable changes to **Core Industry Documents** and the **STC** and for potential inconsistencies between **CUSC Modification Proposals** and the **Capacity Market Documents** and/or the **CfD Documents** to be raised with the **CM Administrative Parties** and the **Secretary of State** consequent on an amendment to be made and given effect wherever possible (subject to any necessary consent of the **Authority**) at the same time as such **CUSC Modification** is made and given effect.

8.16 CUSC MODIFICATION PROPOSALS

8.16.1

- (a) A proposal to modify the **CUSC** (excluding the **Charging Methodologies**) may be made:
- (i) by a **CUSC Party**, by the **Citizens Advice**, by the **Citizens Advice Scotland**, or by a **BSC Party**; or
 - (ii) under Paragraph 8.28.5, by the **CUSC Modifications Panel**; or
 - (iii) by a **Relevant Transmission Licensee** in relation to Exhibit O Part IB Exhibit O Part IIB, Exhibit O Part IC and Exhibit O Part IIC only; or
 - (iv) by the **Authority** or by **The Company** under the direction of the Authority, pursuant to Paragraph 8.17A.1.
- (b) A proposal to modify the **Charging Methodologies** may be made:
- (i) by a **CUSC Party**, by the **Citizens Advice**, by the **Citizens Advice Scotland** or by a **BSC Party**; or
 - (ii) under Paragraph 8.28.5, by the **CUSC Modifications Panel**; or

- (iii) by a **Relevant Transmission Licensee** in relation to Exhibit O Part IB, Exhibit O Part IIB, Exhibit O Part IC and Exhibit O Part IIC only; or
- (iv) by a **Materially Affected Party**, unless otherwise permitted by the **Authority**.
- (v) by the **Authority**, or by **The Company** under the direction of the **Authority**, pursuant to Paragraph 8.17A.1.

8.16.2 A proposal to modify the **Charging Methodologies** must be made by means of a **CUSC Modification Proposal**, which may not contain any proposal to modify any other section of the **CUSC**, and must comply (as applicable) with paragraph 5 of standard condition C4 (Charges for use of system) and paragraph 4 and 10(b) of standard condition C6 (Connection charging methodology) of the **Transmission Licence**. When making a **CUSC Modification Proposal** in respect of the **Charging Methodologies**, the **Proposer** may make specific reference to any link with another **CUSC Modification Proposal**.

8.16.3 A **Standard CUSC Modification Proposal** shall follow the procedure set out in Paragraphs 8.18 to 8.23.

8.16.4 A **CUSC Modification Proposal** shall be submitted in writing to the **Panel Secretary** and, subject to the provisions of Paragraph 8.16.4A below, shall contain the following information in relation to such proposal:

- (a) the name of the **Proposer**;
- (b) the name of the representative of the **Proposer** (and his alternate) who shall represent the **Proposer** in person for the purposes of this Paragraph 8.16;
- (c) a description (in reasonable but not excessive detail) of the issue or defect which the proposed modification seeks to address;
- (d) a description (in reasonable but not excessive detail) of the proposed modification and of its nature and purpose;
- (e) where possible, an indication of those parts of the **CUSC** which would require amendment in order to give effect to (and/or would otherwise be affected by) the proposed modification and an indication of the nature of those amendments or effects;
- (f) the reasons why the **Proposer** believes that the proposed modification would better facilitate achievement of the **Applicable CUSC Objectives** as compared with the current version of the **CUSC** together with background information in support thereof;
- (g) the reasoned opinion of the **Proposer** as to why the proposed modification should not fall within a current **Significant Code Review**, whether the proposed modification meets the **Self-Governance Criteria** or whether the proposed modification should proceed along the **Standard CUSC Modification Proposal** route;
- (h) the reasoned opinion of the **Proposer** as to whether that impact is likely to be material and if so an assessment of the quantifiable

impact of the proposed modification on greenhouse gas emissions, to be conducted in accordance with such current guidance on the treatment of carbon costs and evaluation of the greenhouse gas emissions as may be issued by the **Authority** from time to time;

- (i) where possible, an indication of the impact of the proposed modification on **Core Industry Documents** and the **STC**, and an indication of potential inconsistencies between the **CUSC Modification Proposal** and the **Capacity Market Documents** and/or the **CfD Documents**;
- (j) where possible, an indication of the impact of the proposed modification on relevant computer systems and processes used by **CUSC Parties**; and
- (k) a statement to the effect that the **Proposer** acknowledges that on acceptance of the proposal for consideration by the **CUSC Modifications Panel** a **Proposer** which is not a **CUSC Party** shall grant a licence in accordance with Paragraph 8.16.9.

8.16.4A The **Proposer** of a **CUSC Modification Fast Track Proposal**, is not required to provide the items referenced at Paragraph 8.16.4 (f) – (j) inclusive, unless either:

- (a) the **CUSC Modifications Panel** has, pursuant to Paragraphs 8.29.5 or 8.29.6, not agreed unanimously that the **CUSC Modification Fast Track Proposal** meets the **Fast Track Criteria**, or has not unanimously approved the **CUSC Modification Fast Track Proposal**; or
- (b) there has been an objection to the **Approved CUSC Modification Fast Track Proposal** pursuant to Paragraph 8.29.12,

whereupon the **Proposer** shall be entitled to provide the additional information required pursuant to Paragraph 8.16.4 for a **CUSC Modification Proposal** within 28 days of the **Panel Secretary's** request. Where the **Proposer** fails to provide the additional information in accordance with such timescales, the **Panel Secretary** may reject such proposal in accordance with Paragraph 8.16.5.

8.16.5 if a proposal fails in any material respect to provide the information in Paragraph 8.16.4 (excluding Paragraphs (e), (i) and (j) thereof), the **Panel Secretary** may, subject to Paragraphs 8.14.3(a) and 8.17A.8, reject such proposal provided that:

- (a) the **Panel Secretary** shall furnish the **Proposer** with the reasons for such rejection;
- (b) the **Panel Secretary** shall report such rejection to the **CUSC Modifications Panel** at the next **CUSC Modifications Panel** meeting, with details of the reasons;
- (c) if the **CUSC Modifications Panel** decides to reverse the **Panel Secretary's** decision to refuse the submission, the **Panel Secretary** shall notify the **Proposer** accordingly and the proposal shall be dealt with in accordance with this Section 8;

- (d) nothing in this Section 8 shall prevent a **Proposer** from submitting a revised proposal in compliance with the requirements of Paragraph 8.16.4 in respect of the same subject-matter.

8.16.6 Subject to Paragraph 8.17A.8 and without prejudice to the development of a **Workgroup Alternative CUSC Modification(s)** pursuant to Paragraphs 8.20.10 and 8.20.15, the **CUSC Modifications Panel** shall direct in the case of (a), and may direct in the case of (b), the **Panel Secretary** to reject a proposal pursuant to Paragraph 8.16, other than a proposal submitted by **The Company** pursuant to a direction issued by the **Authority** following a **Significant Code Review** in accordance with Paragraph 8.17.6, if and to the extent that such proposal has, in the opinion of the **CUSC Modifications Panel**, substantially the same effect as:

- (a) a **Pending CUSC Modification Proposal**; or
- (b) a **Rejected CUSC Modification Proposal**, where such proposal is made at any time within two (2) months after the decision of the **Authority** not to direct **The Company** to modify the **CUSC** pursuant to the **Transmission Licence** in the manner set out in such **CUSC Modification Proposal**,

and the **Panel Secretary** shall notify the **Proposer** accordingly.

8.16.7 Promptly upon receipt of a **CUSC Modification Proposal**, the **Panel Secretary** shall:

- (a) allocate a unique reference number to the **CUSC Modification Proposal**;
- (b) enter details of the **CUSC Modification Proposal** on the **CUSC Modification Register**.

8.16.8 Subject to Paragraphs 8.8.6, 8.29 and 8.17B, where the **CUSC Modification Proposal** is received more than five (5) **Business Days** prior to the next **CUSC Modifications Panel** meeting, the **Panel Secretary** shall place the **CUSC Modification Proposal** on the agenda of the next **CUSC Modifications Panel** meeting and otherwise shall place it on the agenda of the next succeeding **CUSC Modifications Panel** meeting.

8.16.9 It shall be a condition to the right to make a proposal to modify the **CUSC** under this Paragraph 8.16 that the **Proposer**:

- (a) grants a non-exclusive royalty free licence to all **CUSC Parties** who request the same covering all present and future rights, **IPRs** and moral rights it may have in such proposal (as regards use or application in Great Britain); and
- (b) warrants that, to the best of its knowledge, information and belief, no other person has asserted to the **Proposer** that such person has any **IPRs** or normal rights or rights of confidence in such proposal,

and, in making a proposal, a **Proposer** which is a **CUSC Party** shall be deemed to have granted the licence and given the warranty in (a) and (b) above.

The provisions of this Paragraph 8.16.9 shall apply to any **WG Consultation Alternative Request**, and also to a **Relevant Party** supporting a **CUSC Modification Proposal** in place of the original Proposer in accordance with Paragraph 8.16.10 (a) for these purposes the term **Proposer** shall include any such **Relevant Party** or a person making such a **WG Consultation Alternative Request**.

8.16.10 Subject to Paragraph 8.17A.8 (which deals with rejection by the **Panel Secretary** of **CUSC Modification Proposals** which are necessary to comply with or implement the **Electricity Regulation** and/or any relevant legally binding decisions of the **European Commission** and/or the **Agency**), Paragraph 8.17A.4 (which deals with withdrawal of an **CUSC Modification Proposal** in relation to a **Significant Code Review**) and Paragraph 8.17C.1 (which deals with the withdrawal of a **CUSC Modification Proposal** following a **Backstop Direction**) and Paragraph 8.17.7, (which deals with the withdrawal of a **CUSC Modification Proposal** made pursuant to a direction following a **Significant Code Review**), a **Proposer** may withdraw his support for a **Standard CUSC Modification Proposal** by notice to the **Panel Secretary** at any time prior to the **CUSC Modifications Panel Recommendation Vote** undertaken in relation to that **Standard CUSC Modification Proposal** pursuant to Paragraph 8.23.4, and a **Proposer** may withdraw his support for a **CUSC Modification Proposal** that meets the **Self-Governance Criteria** by notice to the **Panel Secretary** at any time prior to the **CUSC Modifications Panel Self-Governance Vote** undertaken in relation to that **CUSC Modification Proposal** pursuant to Paragraph 8.25.9, and a **Proposer** may withdraw his support for a **CUSC Modification Fast Track Proposal** by notice to the **Panel Secretary** at any time prior to the **Panel's** vote on whether to approve the **CUSC Modification Fast Track Proposal** pursuant to Paragraph 8.29 in which case the **Panel Secretary** shall forthwith:

- (a) notify those parties specified in Paragraph 8.16.1 as relevant in relation to the **CUSC Modification Proposal** in question (a "**Relevant Party**") that he has been notified of the withdrawal of support by the **Proposer** by publication on the **Website** and (where relevant details are supplied) by electronic mail. A **Relevant Party** may within five (5) **Business Days** notify the **Panel Secretary** that it is prepared to support the **CUSC Modification Proposal** in place of the original **Proposer**. If such notice is received, the name of such **Relevant Party** shall replace that of the original **Proposer** as the **Proposer**, and the **CUSC Modification Proposal** shall continue. If more than one notice is received, the first received shall be utilised;
- (b) if no notice of support is received under (a), the matter shall be discussed at the next **CUSC Modifications Panel** meeting. If the **CUSC Modifications Panel** so agrees, it may notify **Relevant Parties** that the **CUSC Modification Proposal** is to be withdrawn, and a further period of five (5) **Business Days** shall be given for support to be indicated by way of notice;
- (c) if no notice of support is received under (a) or (b), the **CUSC Modification Proposal** shall be marked as withdrawn on the **CUSC Modification Register**;

Code Administrator as Critical Friend

8.16.11 The **Code Administrator** shall provide assistance insofar as is reasonably practicable and on reasonable request to parties with an interest in the **CUSC Modification Process** (including, in particular, **Small Participants** and consumer representatives, and, for the purposes of preparing modifications to the **Charging Methodologies** only, **Materially Affected Parties**) that request it in relation to the **CUSC**, as provided for in the **Code Administration Code of Practice**, including, but not limited to, assistance with:

- (a) Drafting a **CUSC Modification Proposal** including, in relation to **Materially Affected Parties**, drafting a **CUSC Modification Proposal** in respect of the **Charging Methodologies**;
- (b) Understanding the operation of the **CUSC**;
- (c) Their involvement in, and representation during, the **CUSC Modification Process** (including but not limited to **CUSC Modifications Panel**, and/or **Workgroup** meetings) as required or as described in the **Code Administration Code of Practice**; and
- (d) Accessing information relating to the **Charging Statements** (subject to any charge made by **The Company** to cover its reasonable costs of providing the **Charging Statements** in accordance with Paragraph 8.16.12), and any amendment, revision or notice of proposed amendment to the **Charging Statements**, **CUSC Modification Proposals** and/or **CUSC Modifications Proposals** that have been implemented.

8.16.12 **The Company** may provide information in accordance with paragraphs 9 and 10 of standard condition C4 (Charges for use of system) and paragraphs 13 and 14 of standard condition C6 (Connection charging methodology) of the **Transmission Licence**; and insofar as reasonably practicable, the provision by **The Company** of such other information or assistance as a **Materially Affected Party** may reasonably request for the purposes of preparing a proposal to modify the **Charging methodologies**.

8.17 SIGNIFICANT CODE REVIEW

Significant Code Review Phase

8.17.1 If any party specified under Paragraph 8.16.1 makes a **CUSC Modification Proposal** during a **Significant Code Review Phase**, unless exempted by the **Authority** or unless Paragraph 8.17.4(b) applies, the **CUSC Modifications Panel** shall assess whether the **CUSC Modification Proposal** falls within the scope of a **Significant Code Review** and the applicability of the exceptions set out in Paragraph 8.17.4 and shall notify the **Authority** of its assessment, its reasons for that assessment and any representations received in relation to it as soon as practicable.

8.17.2 The **CUSC Modifications Panel** shall proceed with the **CUSC Modification Proposal** made during a **Significant Code Review Phase** in accordance with Paragraph 8.18 (notwithstanding any consultation undertaken pursuant to Paragraph 8.17.5 and its outcome), unless directed otherwise by the **Authority** pursuant to Paragraph 8.17.3.

8.17.3 Subject to Paragraph 8.17.4, the **Authority** may at any time direct that a **CUSC Modification Proposal** made during a **Significant Code Review Phase** falls within the scope of a **Significant Code Review** and must not be

made during the **Significant Code Review Phase**. If so directed, the **CUSC Modifications Panel** will not proceed with that **CUSC Modification Proposal**, and the **Proposer** shall decide whether the **CUSC Modification Proposal** shall be withdrawn or suspended until the end of the **Significant Code Review Phase**. If the **Proposer** fails to indicate its decision whether to withdraw or suspend the **CUSC Modification Proposal** within twenty-eight (28) days of the **Authority's** direction, it shall be deemed to be suspended. If the **CUSC Modification Proposal** is suspended, it shall be open to the **Proposer** at the end of the **Significant Code Review Phase** to indicate to the **CUSC Modifications Panel** that it wishes that **CUSC Modification Proposal** to proceed, and it shall be considered and taken forward in the manner decided upon by the **CUSC Modifications Panel** at the next meeting, and it is open to the **CUSC Modifications Panel** to take into account any work previously undertaken in respect of that **CUSC Modification Proposal**. If the **Proposer** makes no indication to the **CUSC Modifications Panel** within twenty-eight (28) days of the end of the **Significant Code Review Phase** as to whether or not it wishes the **CUSC Modification Proposal** to proceed, it shall be deemed to be withdrawn.

- 8.17.4 A **CUSC Modification Proposal** that falls within the scope of a **Significant Code Review** may be made where:
- (a) the **Authority** so determines, having taken into account (among other things) the urgency of the subject matter of the **CUSC Modification Proposal**; or
 - (b) the **CUSC Modification Proposal** is made by **The Company** pursuant to Paragraph 8.17.6.
- 8.17.5 Where a direction under Paragraph 8.17.3 has not been issued, paragraph 8.17.4 does not apply and the **CUSC Modifications Panel** considers that a **CUSC Modification Proposal** made during a **Significant Code Review Phase** falls within the scope of a **Significant Code Review**, the **CUSC Modifications Panel** may consult on its suitability as part of the **Standard CUSC Modification Proposal** route set out in Paragraphs 8.19, 8.20, 8.22 and 8.23.

End of Significant Code Review Phase

- 8.17.6 Within twenty-eight (28) days after the **Authority** has published its **Significant Code Review** conclusions, the **Authority** may:
- (a) issue to **The Company** directions, including directions to **The Company** to make **CUSC Modification Proposals**; or
 - (b) itself make a **CUSC Modification Proposal** arising from the relevant **Significant Code Review**
- 8.17.6A If the **Authority** issues a statement that it will continue work and/or issues a direction in accordance with Paragraph 8.17.C.1 then the **Significant Code Review Phase** will be deemed to have ended when:
- (a) the **Authority** issues a statement that the **Significant Code Review Phase** has ended;
 - (b) one of the circumstances in Paragraphs 8.17.6(a) or 8.17.8 occurs (irrespective of whether such circumstance occurs within 28 days after the

Authority has published its **Significant Code Review** conclusions); or

- 8.17.7 Where the **Authority** issues directions pursuant to Paragraph 8.17.6(a) **The Company** shall comply with those directions and the **Significant Code Review Phase** shall be deemed to have ended on the date on which **The Company** makes a **CUSC Modification Proposal** in accordance with the **Authority's** directions.
- 8.17.8 Where the **Authority** makes a **CUSC Modification Proposal** pursuant to 8.17.6(b) , the **Significant Code Review Phase** shall be deemed to have ended on the date on which the Authority makes such **CUSC Modification Proposal**.
- 8.17.9 Where a **CUSC Modification Proposal** is raised pursuant to Paragraph 8.17.6, that **CUSC Modification Proposal** shall be treated as a **Standard CUSC Modification Proposal** and shall proceed through the process for **Standard CUSC Modification Proposals** set out in Paragraphs 8.18, 8.19, 8.20, 8.22 and 8.23. Such **Authority** conclusions and directions shall not fetter the voting rights of the **Panel Members** or any recommendation it makes in relation to any **CUSC Modification Proposal** or the recommendation procedures informing the **CUSC Modification Report**.
- 8.17.10 **The Company** may not, without the prior consent of the **Authority**, withdraw a **CUSC Modification Proposal** made pursuant to a direction issued by the **Authority** pursuant to Paragraph 8.17.6 (a).
- 8.17.11 If within twenty-eight (28) days after the **Authority** has published its **Significant Code Review** conclusions, the **Authority** issues to **The Company** a statement that no directions will be issued in relation to the **CUSC**, then the **Significant Code Review Phase** shall be deemed to have ended on the date of such statement.
- 8.17.12 Unless the **Authority** issues a statement in accordance with Paragraph 8.17.6A, if up to and including twenty-eight (28) days from the **Authority's** publication of its **Significant Code Review** conclusions, the **Authority** has issued to **The Company** neither directions pursuant to Paragraph 8.17.6(a) nor a statement pursuant to Paragraph 8.17.11, nor has the **Authority** made a **CUSC Modification Proposal** as described in Paragraph 8.17.6(b) then the **Significant Code Review Phase** will be deemed to have ended.

8.17A AUTHORITY RAISED OR DIRECTED MODIFICATION

8.17A.1 The **Authority** may:

(a) itself; or

(b) direct **The Company** to

raise a **CUSC Modification Proposal** where the **Authority** reasonably considers that such **CUSC Modification Proposal** is necessary to comply with or implement the **Electricity Regulation** and/or any relevant legally binding decisions of the European Commission and/or the **Agency** or in respect of a Significant Code Review.

- 8.17A.2 **The Company** shall comply with any directions from the **Authority** in relation to setting and/or amending a timetable for;
- (a) the raising of a **CUSC Modification Proposal** pursuant to Paragraph 8.17A.1(b); and/or
- (b) where the **Authority** has approved a **CUSC Modification Proposal** raised pursuant to Paragraph 8.17A.1, implementation of such **CUSC Modification Proposal**.
- 8.17A.3 In respect of a **CUSC Modification Proposal** raised pursuant to Paragraph 8.17A.1, the **CUSC Modification Panel** shall comply with any timetable(s) directed by the **Authority** in relation to setting and/or amending a timetable for the completion of all relevant steps of the **CUSC Modification Process** or such other processes set out in this Section 8.
- 8.17A.4 Notwithstanding any other Paragraphs in this Section 8, a **CUSC Modification Proposal** raised pursuant to Paragraph 8.17A.1:
- (a) shall not be withdrawn by the **Transmission Company** and/or the **CUSC Modification Panel** without the prior consent of the **Authority**.
- (b) shall not be amalgamated with any other **CUSC Modification Proposal** without the prior consent of the **Authority**.
- 8.17A.5 If, pursuant to paragraph 8.17A.4(a), the **Authority** consents to the withdrawal of a **CUSC Modification Proposal**, the provisions of Paragraph 8.16.10 shall apply to such **CUSC Modification Proposal**.
- 8.17A.6 In respect of any **CUSC Modification Proposal** which has been raised pursuant to Paragraph 8.17A.9, the views of the relevant **Workgroup**, the voting rights of the **CUSC Modifications Panel** or the recommendation of the **CUSC Modifications Panel** shall not be fettered or restricted notwithstanding that such **CUSC Modification Proposal** has been raised under Paragraph 8.17A.9.
- 8.17A.7 A **CUSC Modification Proposal** shall still be assessed against the **Self Governance Criteria** and **Fast Track Criteria** notwithstanding that it has been raised pursuant to Paragraph 8.17A.1.
- 8.17A.8 A **CUSC Modification Proposal** raised pursuant to Paragraph 8.17A.1 shall not be rejected by the **Panel Secretary** pursuant to Paragraphs 8.16.5 or 8.16.6.
- 8.17A.9 In relation to any **CUSC Modification Proposal** raised by **The Company** other than pursuant to Paragraph 8.17A.1, where the **Authority** reasonably considers such **CUSC Modification Proposal** to be necessary to comply with or implement the **Electricity Regulation** and/or any relevant legally binding decision of the **European Commission** and/or the **Agency**, the provisions of Paragraphs 8.17A.2 to 8.17A.8 shall apply.

8.17B AUTHORITY LED SCR MODIFICATION

- 8.17B.1 Where the **Authority** has issued a statement in accordance with Paragraph 8.17.6A and/or a **Backstop Direction** in accordance with Paragraph 8.17C, the **Authority** may submit an **Authority Led CUSC Modification Proposal** for an **Authority Led CUSC Modification** directly to the **CUSC Panel**.
- 8.17B.2 In response to an **Authority Led CUSC Modification Proposal** the **CUSC Panel** shall prepare an **Authority Led CUSC Modification Report** which shall include all the items listed in 8.23.2 (a)-(k) and in particular, as identified in the Licence:
- (a) an evaluation of the proposed modification; and
 - (b) an assessment of the extent to which the proposed modification would better facilitate achievement of the applicable **CUSC** objective(s); and
 - (c) a detailed explanation of the **CUSC Panel**'s reasons for that assessment (such assessment to include, where the impact is likely to be material, an assessment of the proposal on greenhouse gas emissions, to be conducted in accordance with such guidance on the treatment of carbon costs and evaluation of the greenhouse gas emissions as may be issued by the **Authority** from time to time); and
 - (d) a timetable for implementation of the proposed modification, including the date with effect from which such proposed modification could take effect.
- 8.17B.3 The **Authority Led CUSC Modification Report** shall be submitted to the **Authority** taking into account the complexity, importance and urgency of the proposed modification, and in accordance with the time periods specified in the CUSC, which shall not be extended unless approved by the Panel and not objected to by the Authority after receiving notice in accordance with the timetable set by the Authority in Paragraph 8.17B.6.
- 8.17B.4 The **Authority** can require the revision and re-submission of the **Authority Led CUSC Modification Report**, such resubmission to be made, if required by a direction issued by the **Authority** in accordance with Paragraph 8.23.12, as soon after the **Authority's** direction as is appropriate taking into account the complexity, importance and urgency of the proposed modification and in accordance with the time periods specified in the CUSC, which shall not be extended unless approved by the Panel and not objected to by the Authority after receiving notice in accordance with the timetable set by the Authority in Paragraph 8.17B.6.
- 8.17B.5 The timetable referred to in Paragraph 8.17B.2 (d) for implementation of any proposed modification shall be in accordance with any direction(s) issued by the **Authority** for the implementation of a proposed modification where no such direction has been issued by the **Authority**, the timetable shall be such as will enable the modification to take effect as soon as practicable after the **Authority** has directed that such modification should be made, account being taken of the complexity, importance of the proposed modification and in accordance with the time periods specified in the CUSC, which shall not be extended unless approved by the Panel and not objected to by the Authority after receiving notice with the **Authority** having discretion to change the timetable.
- 8.17B.6 The timetable for the completion of the procedural steps for an **Authority Led CUSC Modification**, as outlined in Paragraphs 8.17B.2, 8.17B.3, 8.17B.4, shall be set by the **Authority** in its sole discretion.

8.17B.7 The **Authority's** published conclusions and directions and the **Authority Led CUSC Modification Proposal** shall not fetter the voting rights of the **Panel Members** or any recommendation it makes in relation to any **Authority Led CUSC Modification Proposal** or the procedures informing the report described at Paragraph 8.17B.2.

8.17C BACKSTOP DIRECTION

8.17C.1 Where a CUSC Modification Proposal has been made in relation to a Significant Code Review in accordance with Paragraph 8.17A.1 the Authority may issue a direction (a "Backstop Direction"), which requires such proposal(s) and any alternatives to be withdrawn and which causes the Significant Code Review phase to recommence.

8.18 CUSC MODIFICATION PROPOSAL EVALUATION

- 8.18.1 This Paragraph 8.18 is subject to the **Urgent CUSC Modification Proposals** procedures set out in Paragraph 8.24 and the **Significant Code Review** procedures set out in Paragraph 8.17.
- 8.18.2 A **CUSC Modification Proposal** shall, subject to Paragraph 8.16.8, be discussed by the **CUSC Modifications Panel** at the next following **CUSC Modifications Panel** meeting convened.
- 8.18.3 The **Proposer's** representative shall attend such **CUSC Modifications Panel** meeting and the **CUSC Modifications Panel** may invite the **Proposer's** representative to present his **CUSC Modification Proposal** to the **CUSC Modifications Panel**.
- 8.18.4 The **CUSC Modifications Panel** shall evaluate each **CUSC Modification Proposal** against the **Self-Governance Criteria**.
- 8.18.5 The **CUSC Modifications Panel** shall follow the procedure set out in Paragraph 8.25 in respect of any **CUSC Modification Proposal** that the **CUSC Modifications Panel** considers meets the **Self-Governance Criteria** unless the **Authority** makes a direction in accordance with Paragraph 8.25.2 and in such a case that **CUSC Modification Proposal** shall be a **Standard CUSC Modification Proposal** and shall follow the procedure set out in Paragraphs 8.19, 8.20, 8.22 and 8.23.
- 8.18.6 Unless the **Authority** makes a direction in accordance with Paragraph 8.25.4, a **CUSC Modification Proposal** that the **CUSC Modifications Panel** considers does not meet the **Self-Governance Criteria** shall be a **Standard CUSC Modification Proposal** and shall follow the procedure set out in Paragraphs 8.19, 8.20, 8.22 and 8.23.
- 8.18.7 The **CUSC Modifications Panel** shall evaluate each **CUSC Modification Fast Track Proposal** against the **Fast Track Criteria**.
- 8.18.8 The **CUSC Modifications Panel** shall follow the procedure set out in Paragraph 8.29 in respect of any **CUSC Modification Fast Track Proposal**. The provisions of Paragraphs 8.19 to 8.25 shall not apply to a **CUSC Modification Fast Track Proposal**.

8.19 PANEL PROCEEDINGS

- 8.19.1 (a) The **Code Administrator** and the **CUSC Modifications Panel** shall together establish a timetable to apply for the **CUSC Modification Process**.
- (b) The **CUSC Modifications Panel** shall establish the part of the timetable for the consideration by the **CUSC Modifications Panel** and by a **Workgroup** (if any) which shall be no longer than four months unless in any case the particular circumstances of the **CUSC Modification Proposal** (taking due account of its complexity, importance and urgency) justify an extension of such timetable, and provided the **Authority**, after receiving notice, does not object, taking into account all those issues.
- (c) The **Code Administrator** shall establish the part of the timetable for the consultation to be undertaken by the **Code Administrator** under this Section 8 and separately the preparation of a **CUSC Modification Report** to the **Authority**. Where the particular circumstances of the **CUSC Modification Proposal** (taking due account of its complexity, importance and urgency) justify an extension of such timescales and provided the **Authority**, after receiving notice, does not object, taking into account all those issues, the **Code Administrator** may revise such part of the timetable.
- (d) In setting such a timetable, the **CUSC Modifications Panel** and the **Code Administrator** shall exercise their respective discretions such that, in respect of each **CUSC Modification Proposal**, a **CUSC Modification Report** may be submitted to the **Authority** as soon after the **CUSC Modification Proposal** is made as is consistent with the proper evaluation of such **CUSC Modification Proposal**, taking due account of its complexity, importance and urgency.
- (e) Having regard to the complexity, importance and urgency of particular **CUSC Modification Proposals**, the **CUSC Modifications Panel** may determine the priority of **CUSC Modification Proposals** and may (subject to any objection from the **Authority** taking into account all those issues) adjust the priority of the relevant **CUSC Modification Proposal** accordingly.
- 8.19.2 In relation to each **CUSC Modification Proposal**, the **CUSC Modifications Panel** shall determine at any meeting of the **CUSC Modifications Panel** whether to:
- (a) amalgamate the **CUSC Modification Proposal** with any other **CUSC Modification Proposal**;
- (b) establish a **Workgroup** of the **CUSC Modifications Panel**, to consider the **CUSC Modification Proposal**;
- (c) review the evaluation made pursuant to Paragraph 8.18.4, taking into account any new information received; or
- (d) proceed directly to wider consultation (in which case the **Proposer's** right to vary his **CUSC Modification Proposal** shall lapse).
- 8.19.3 Subject to Paragraphs 8.14.3 and 8.17A.4(b), the **CUSC Modifications Panel** may decide to amalgamate a **CUSC Modification Proposal** with one or more other **CUSC Modification Proposals** where the subject-matter of such **CUSC Modification Proposals** is sufficiently proximate to justify amalgamation on

the grounds of efficiency and/or where such **CUSC Modification Proposals** are logically dependent on each other.

- 8.19.4 Without prejudice to each **Proposer's** right to withdraw his **CUSC Modification Proposal** prior to the amalgamation of his **CUSC Modification Proposal** where **CUSC Modification Proposals** are amalgamated pursuant to Paragraph 8.19.3:
- (a) such **CUSC Modification Proposals** shall be treated as a single **CUSC Modification Proposal**;
 - (b) references in this Section 8 to a **CUSC Modification Proposal** shall include and apply to a group of two or more **CUSC Modification Proposals** so amalgamated;
 - (c) the **Proposers** of each such **CUSC Modification Proposal** shall cooperate in deciding which of them is to provide a representative for any **Workgroup** in respect of the amalgamated **CUSC Modification Proposal** and, in default of agreement, the **Panel Chairman** shall nominate one of the **Proposers** for that purpose.
- 8.19.5 In respect of any **CUSC Modification Proposal** that the **CUSC Modifications Panel** determines to proceed directly to wider consultation in accordance with Paragraph 8.19.2, the **CUSC Modifications Panel**, may at any time prior to the **CUSC Modifications Panel Recommendation Vote** having taken place decide to establish a **Workgroup** of the **CUSC Modifications Panel** and the provisions of Paragraph 8.20 shall apply. In such case the **CUSC Modifications Panel** shall be entitled to adjust the timetable referred to at Paragraph 8.19.1(b) and the **Code Administrator** shall be entitled to adjust the timetable referred to at Paragraph 8.19.1(c), provided that the **Authority**, after receiving notice, does not object.

8.20 WORKGROUPS

- 8.20.1 If the **CUSC Modifications Panel** has decided not to proceed directly to wider consultation (or where the provisions of Paragraph 8.19.5 apply), a **Workgroup** will be established, or an existing **Standing Group** identified and actioned, by the **CUSC Modifications Panel** to assist the **CUSC Modifications Panel** in evaluating whether a **CUSC Modification Proposal** better facilitates achieving the **Applicable CUSC Objectives** and whether a **Workgroup Alternative CUSC Modification(s)** would, as compared with the **CUSC Modification Proposal**, better facilitate achieving the **Applicable CUSC Objectives** in relation to the issue or defect identified in the **CUSC Modification Proposal**. Where a **Standing Group** is identified and actioned in relation to a **CUSC Modification Proposal**, a reference to **Workgroup** in this Section 8 shall, in relation to that **CUSC Modification Proposal**, be deemed to be a reference to that **Standing Group** acting in that capacity. Unless specifically appointed pursuant to this Paragraph or permitted pursuant to Paragraph 8.22, a **Standing Group** shall not comment upon any **CUSC Modification Proposal**.
- 8.20.2 A single **Workgroup** may be responsible for the evaluation of more than one **CUSC Modification Proposal** at the same time, but need not be so responsible.
- 8.20.3 A **Workgroup** shall comprise at least five (5) persons (who may be **Panel Members**) selected by the **CUSC Modifications Panel** from those nominated

by **CUSC Parties**, **BSC Parties**, the **Citizens Advice** or the **Citizens Advice Scotland** for their relevant experience and/or expertise in the areas forming the subject-matter of the **CUSC Modification Proposal(s)** to be considered by such **Workgroup** (and the **CUSC Modifications Panel** shall ensure, as far as possible, that an appropriate cross-section of representation, experience and expertise is represented on such **Workgroup**) provided that there shall always be at least one member representing **The Company** and if, and only if, the **CUSC Modifications Panel** is of the view that a **CUSC Modification Proposal** is likely to have an impact on the **STC**, the **CUSC Modifications Panel** may invite the **STC** committee to appoint a representative to become a member of the **Workgroup**. A representative of the **Authority** may attend any meeting of a **Workgroup** as an observer and may speak at such meeting.

- 8.20.4 The **Code Administrator** shall in consultation with the **CUSC Modifications Panel** appoint the chairman of the **Workgroup** who shall act impartially and as an independent chairman.
- 8.20.5 The **CUSC Modifications Panel** may add further members or the **Workgroup** chairman may add or vary members to a **Workgroup**.
- 8.20.6 The **CUSC Modifications Panel** may (but shall not be obliged to) replace any member or observer of a **Workgroup** appointed pursuant to Paragraph 8.20.3 at any time if such member is unwilling or unable for whatever reason to fulfil that function and/or is deliberately and persistently disrupting or frustrating the work of the **Workgroup**.
- 8.20.7 The **CUSC Modifications Panel** shall determine the terms of reference of each **Workgroup** and may change those terms of reference from time to time as it sees fit.
- 8.20.8 The terms of reference of a **Workgroup** must include provision in respect of the following matters:
- (a) those areas of a **Workgroup's** powers or activities which require the prior approval of the **CUSC Modifications Panel**;
 - (b) the seeking of instructions, clarification or guidance from the **CUSC Modifications Panel**, including on the suspension of a **Workgroup Alternative CUSC Modification(s)** during a **Significant Code Review Phase**;
 - (c) the timetable for the work to be done by the **Workgroup**, in accordance with the timetable established pursuant to Paragraph 8.19.1 (save where Paragraph 8.19.5 applies); and
 - (d) the length of any **Workgroup Consultation**.

In addition, prior to the taking of any steps which would result in the undertaking of a significant amount of work (including the production of draft legal text to modify the **CUSC** in order to give effect to a **CUSC Modification Proposal** and/or **Workgroup Alternative CUSC Modification(s)**, with the relevant terms of reference setting out what a significant amount of work would be in any given case), the **Workgroup** shall seek the views of the **CUSC Modifications Panel** as to whether to proceed with such steps and, in giving its views, the **CUSC Modifications Panel** may consult the **Authority** in respect thereof.

- 8.20.9 Subject to the provisions of this Paragraph 8.20.9 and unless otherwise determined by the **CUSC Modifications Panel**, the **Workgroup** shall develop and adopt its own internal working procedures for the conduct of its business and shall provide a copy of such procedures to the **Panel Secretary** in respect of each **CUSC Modification Proposal** for which it is responsible. Unless the **CUSC Modifications Panel** otherwise determines, meetings of each **Workgroup** shall be open to attendance by a representative of any **CUSC Party**, any **BSC Party**, the **Citizens Advice**, the **Citizens Advice Scotland** and any person invited by the chairman, and the chairman of a **Workgroup** may invite any such person to speak at such meetings.
- 8.20.10 After development by the **Workgroup** of the **CUSC Modification Proposal**, and (if applicable) after development of any draft **Workgroup Alternative CUSC Modification(s)**, the **Workgroup** will (subject to the provisions of Paragraph 8.20.16) consult ("**Workgroup Consultation**") on the **CUSC Modification Proposal** and, if applicable, on any draft **Workgroup Alternative CUSC Modification(s)** with:
- (a) **CUSC Parties**; and
 - (b) such other persons who may properly be considered to have an appropriate interest in it.

Where following the establishment of a **Workgroup** in relation to a **CUSC Modification Proposal**, the terms of reference of a **Standing Group** have been amended by the **CUSC Modifications Panel** to include the ability to comment on that **CUSC Modification Proposal**, that **Standing Group** as a body shall be deemed to fall within sub-paragraph (b) above and therefore shall be able to respond to the **Workgroup Consultation**. It shall not, however, in so doing undertake the functions of a **Workgroup**. In the absence of such a change in terms of reference, the **Standing Group** as a body shall have no ability to respond to any **Workgroup Consultation**.

- 8.20.11 The **Workgroup Consultation** will be undertaken by issuing a **Workgroup Consultation** paper (and its provision in electronic form on the **Website** and in electronic mails to **CUSC Parties** and such other persons, who have supplied relevant details, shall meet this requirement). Such **Workgroup Consultation** paper will include:
- (a) Issues which arose in the **Workgroup** discussions
 - (b) Details of any draft **Workgroup Alternative CUSC Modification(s)**
 - (c) The date proposed by the **Code Administrator** as the **Proposed Implementation Date**.
- 8.20.12 **Workgroup Consultation** papers will be copied to **Core Industry Document Owners**, the **CM Administrative Parties**, the **CfD Administrative Parties** and the secretary of the **STC** committee.
- 8.20.13 Any **CUSC Party**, **BSC Party**, the **Citizens Advice** or the **Citizens Advice Scotland** may (subject to Paragraph 8.20.17) raise a **Workgroup Consultation Alternative Request** in response to the **Workgroup Consultation**. Such **Workgroup Consultation Alternative Request** must include:

- (a) the information required by Paragraph 8.16.4 (which shall be read and construed so that any references therein to “amendment proposal” or “proposal” shall be read as “request” and any reference to “**Proposer**” shall be read as “requester”); and
- (b) sufficient detail to enable consideration of the request including details as to how the request better facilitates the **Applicable CUSC Objectives** than the current version of the **CUSC**, than the **CUSC Modification Proposal** and than any draft **Workgroup Alternative CUSC Modification(s)**.

8.20.14 The **Workgroup** shall consider and analyse any comments made or any **Workgroup Consultation Alternative Request** made by any **CUSC Party** in response to the **Workgroup Consultation**.

8.20.15 If a majority of the members of the **Workgroup** or the chairman of the **Workgroup** believe that the **Workgroup Consultation Alternative Request** will better facilitate the **Applicable CUSC Objectives** than the current version of the **CUSC**, the **Workgroup** shall develop it as a **Workgroup Alternative CUSC Modification(s)** or, where the chairman of the **Workgroup** agrees, amalgamate it with one or more other draft **Workgroup Alternative CUSC Modification(s)** or **Workgroup Consultation Alternative Request(s)**;

8.20.16 Unless the **CUSC Modifications Panel** directs the **Workgroup** otherwise pursuant to Paragraph 8.20.17, and provided that a **Workgroup Consultation** has been undertaken in respect of the **CUSC Modification Proposal**, no further **Workgroup Consultation** will be required in respect of any **Workgroup Alternative CUSC Modification(s)** developed in respect of such **CUSC Modification Proposal**.

8.20.17 The **CUSC Modifications Panel** may, at the request of the chairman of the **Workgroup**, direct the **Workgroup** to undertake further **Workgroup Consultation(s)**. At the same time as such direction the **CUSC Modifications Panel** shall adjust the timetable referred to at Paragraph 8.19.1(b) and the **Code Administrator** shall be entitled to adjust the timetable referred to at Paragraph 8.19.1 (c), provided that the **Authority**, after receiving notice, does not object. No **Workgroup Consultation Alternative Request** may be raised by any **CUSC Party** during any second or subsequent **Workgroup Consultation**.

8.20.18 The **Workgroup** shall finalise the **Workgroup Alternative CUSC Modification(s)** for inclusion in the report to the **CUSC Modifications Panel**.

8.20.19

- (a) Each **Workgroup** chairman shall prepare a report to the **CUSC Modifications Panel** responding to the matters detailed in the terms of reference in accordance with the timetable set out in the terms of reference.
- (b) If a **Workgroup** is unable to reach agreement on any such matter, the report must reflect the views of the members of the **Workgroup**.
- (c) The report will be circulated in draft form to **Workgroup** members and a period of not less than five (5) **Business Days** or if all **Workgroup** members agree three (3) **Business Days** given for

comments thereon. Any unresolved comments made shall be reflected in the final report.

- 8.20.20 The chairman or another member (nominated by the chairman) of the **Workgroup** shall attend the next **CUSC Modifications Panel** meeting following delivery of the report and may be invited to present the findings and/or answer the questions of **Panel Members** in respect thereof. Other members of the **Workgroup** may also attend such **CUSC Modifications Panel** meeting.
- 8.20.21 At the meeting referred to in Paragraph 8.20.20 the **CUSC Modifications Panel** shall consider the **Workgroup's** report and shall determine whether to:-
- (a) refer the **CUSC Modifications Proposal** back to the **Workgroup** for further analysis (in which case the **CUSC Modifications Panel** shall determine the timetable and terms of reference to apply in relation to such further analysis); or
 - (b) proceed then to wider consultation as set out in Paragraph 8.22; or
 - (c) decide on another suitable course of action.
- 8.20.22 Subject to paragraph 8.17.4 if, at any time during the assessment process carried out by the **Workgroup** pursuant to this Paragraph 8.20, the **Workgroup** considers that a **CUSC Modification Proposal** or any **Workgroup Alternative CUSC Modification(s)** falls within the scope of a **Significant Code Review**, it shall consult on this as part of the **Workgroup Consultation** and include its reasoned assessment in the report to the **CUSC Modifications Panel** prepared pursuant to Paragraph 8.20.19. If the **CUSC Modifications Panel** considers that the **CUSC Modification Proposal** or the **Workgroup Alternative CUSC Modification(s)** falls within the scope of a **Significant Code Review**, it shall consult with the **Authority**. If the **Authority** directs that the **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification(s)** falls within the scope of the **Significant Code Review**, the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)** shall be suspended or withdrawn during the **Significant Code Review Phase**, in accordance with Paragraph 8.17.3.
- 8.20.23 The **Proposer** may, at any time prior to the final evaluation by the **Workgroup** (in accordance with its terms of reference and working practices) of that **CUSC Modification Proposal** against the **Applicable CUSC Objectives**, vary his **CUSC Modification Proposal** on notice (which may be given verbally) to the chairman of the **Workgroup** provided that such varied **CUSC Modification Proposal** shall address the same issue or defect originally identified by the **Proposer** in his **CUSC Modification Proposal**.
- 8.20.24 The **CUSC Modifications Panel** may (but shall not be obliged to) require a **CUSC Modification Proposal** to be withdrawn in accordance with paragraph 8.17.6 if, in the **Panel's** opinion, the **Proposer** of that **CUSC Modification Proposal** is deliberately and persistently disrupting or frustrating the work of the **Workgroup** and that **CUSC Modification Proposal** shall be deemed to have been so withdrawn. In the event that a **CUSC Modification Proposal** is so withdrawn, the provisions of paragraph 8.16.10 shall apply in respect of that **CUSC Modification Proposal**.

8.21 STANDING GROUPS

- 8.21.1 The **CUSC Modifications Panel** may set up one or more standing groups (each a “**Standing Group**”) to consider and report to the **CUSC Modifications Panel** on issues specified by the **CUSC Modifications Panel** relating to the connection and use of system arrangements in **Great Britain**, including the **Charging Methodologies**. The **CUSC Modifications Panel** may change issues specified from time to time as it sees fit. In setting up a **Standing Group**, the **CUSC Modifications Panel** shall determine the terms of reference of the **Standing Group** (and may change those terms of reference from time to time as it sees fit) and specify a time period within which the **Standing Group** is to report to it on the issue it is to consider and may establish other timetable requirements in relation to the intended scope of the **Standings Group’s** considerations. At the end of the time period by which the **Standing Group** is to report, the **CUSC Modifications Panel** shall decide whether the **Standing Group** is to continue and, if it is to continue, shall specify a time period in which it is to further report.
- 8.21.2 A **Standing Group** shall comprise at least five (5) persons (who may be **Panel Members**) selected by the **CUSC Modifications Panel** from those nominated by **CUSC Parties** for their relevant experience and/or expertise in the aspect or issue to be considered by such **Standing Group** (and the **CUSC Modifications Panel** shall ensure, as far as possible, that an appropriate cross-section of representation, experience and expertise is represented on such **Standing Group**) provided that there shall always be at least one member representing **The Company** and if, and only if, the **CUSC Modifications Panel** is of the view that a **CUSC Modification Proposal** is likely to have an impact on the **STC**, the **CUSC Modifications Panel** may invite the **STC** committee to appoint a representative to become a member of the **Standing Group**. A representative of the **Authority** may attend any meeting of a **Standing Group** as an observer and may speak at such meeting.
- 8.21.3 The **Code Administrator** shall in consultation with the **CUSC Modifications Panel** appoint the chairman of each **Standing Group** who shall act impartially and as an independent chairman.
- 8.21.4 The **CUSC Modifications Panel** may add further members or the **Standing Group** chairman may add or vary members to a **Standing Group** after it is established.
- 8.21.5 The **CUSC Modifications Panel** may (but shall not be obliged to) replace any member of a **Standing Group** appointed pursuant to Paragraph 8.21.2 at any time if such member is unwilling or unable for whatever reason to fulfil that function and/or is deliberately and persistently disrupting or frustrating the work of the **Standing Group**.
- 8.21.6
- (a) Each **Standing Group** chairman shall prepare a report to the **CUSC Modifications Panel** responding to the matter detailed in the terms of reference in accordance with the time period set by the **CUSC Modifications Panel**.
 - (b) If a **Standing Group** is unable to reach agreement on any such matter, the report must reflect the views of the members of the **Standing Group**.

- (c) The report will be circulated in draft form to **Standing Group** members and a period of not less than five (5) **Business Days** given for comments thereon. Any unresolved comments made shall be reflected in the final report.
- (d) The chairman or another member (nominated by the chairman) of the **Standing Group** shall attend the next **CUSC Modifications Panel** meeting following delivery of the report and may be invited to present the findings and/or answer the questions of **Panel Members** in respect thereof. Other members of the **Standing Group** may also attend such **CUSC Modifications Panel** meeting.

8.21.7 Subject to the provisions of this Paragraph 8.21 and unless otherwise determined by the **CUSC Modifications Panel**, the **Standing Group** shall develop and adopt its own internal working procedures for the conduct of its business and shall provide a copy of such procedures to the **Panel Secretary**. Unless the **CUSC Modifications Panel** otherwise determines, meetings of each **Standing Group** shall be open to attendance by a representative of any **CUSC Party**, any **BSC Party**, the **Citizens Advice**, the **Citizens Advice Scotland** and any person invited by the chairman or any other member of that **Standing Group**, and the chairman or any other member of that **Standing Group** may invite any person to speak at such meetings.

8.22 THE CODE ADMINISTRATOR CONSULTATION

- 8.22.1 In respect of any **CUSC Modification Proposal** where a **Workgroup** has been established or a **Standing Group** identified and actioned Paragraph 8.22.2 to 8.22.6 shall apply.
- 8.22.2 After consideration of any **Workgroup** report on the **CUSC Modification Proposal** and if applicable any **Workgroup Alternative CUSC Modification (s)** by the **CUSC Modifications Panel** and a determination by the **CUSC Modifications Panel** to proceed to wider consultation, the **Code Administrator** shall bring to the attention of and consult on the **CUSC Modification Proposal** and if applicable any **Workgroup Alternative CUSC Modification(s)** with:
 - (i) **CUSC Parties**; and
 - (ii) such other persons who may properly be considered to have an appropriate interest in it, including **Small Participants**, the **Citizens Advice** and the **Citizens Advice Scotland**.

Where following the establishment of a **Workgroup**, the terms of reference of a **Standing Group** have been amended by the **CUSC Modifications Panel** to include the ability to comment on that **CUSC Modification Proposal**, that **Standing Group** as a body shall be deemed to fall within sub-paragraph (ii) above and therefore shall be able to respond to the **Code Administrator's** consultation. It shall not, however, in so doing undertake the functions of a **Workgroup**. In the absence of such a change in terms of reference, the **Standing Group** as a body shall have no ability to respond to any consultation.

- 8.22.3 The consultation will be undertaken by issuing a Consultation Paper (and its provision in electronic form on the **Website** and in electronic mails to **CUSC Parties** and such other persons, who have supplied relevant details, shall meet this requirement).
- 8.22.4 The Consultation Paper will contain:
- (a) the proposed drafting for the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)** (unless the **Authority** decides none is needed in the **CUSC Modification Report** under Paragraph 8.22.5) and will indicate the issues which arose in the **Workgroup** discussions, where there has been a **Workgroup** and will incorporate **The Company's** and the **CUSC Modifications Panel's** initial views on the way forward; and
 - (b) the date proposed by the **Code Administrator** as the **Proposed Implementation Date** and, where the **Workgroup** terms of reference require and the dates proposed by the **Workgroup** are different from those proposed by the **Code Administrator**, those proposed by the **Workgroup**. In relation to a **CUSC Modification Proposal** that meets the **Self-Governance Criteria**, the **Code Administrator** may not propose an implementation date earlier than the sixteenth (16) **Business Day** following the publication of the **CUSC Modifications Panel's** decision to approve or reject the **CUSC Modification Proposal**. Views will be invited on these dates.
- 8.22.5 Where the **CUSC Modifications Panel** is of the view that the proposed text to amend the CUSC for a **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification(s)** is not needed in the **CUSC Modification Report**, the **CUSC Modifications Panel** shall consult (giving its reasons as to why it is of this view) with the **Authority** as to whether the **Authority** would like the **CUSC Modification Report** to include the proposed text to amend the **CUSC**. If it does not, no text needs to be included. If it does, and no detailed text has yet been prepared, the **Code Administrator** shall prepare such text to modify the **CUSC** in order to give effect to such **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification(s)** and shall seek the conclusions of the relevant **Workgroup** before consulting those identified in Paragraph 8.22.2.
- 8.22.6 Consultation Papers will be copied to **Core Industry Document Owners**, the **CM Administrative Parties**, the **CfD Administrative Parties** and the secretary of the **STC** committee.
- 8.22.7 In respect of any **CUSC Modification Proposal** where a **Workgroup** has not been established nor a **Standing Group** identified and actioned Paragraph 8.22.7 to 8.22.11 shall apply.
- 8.22.8 After determination by the **CUSC Modifications Panel** to proceed to wider consultation, such consultation shall be conducted by the **Code Administrator** on the **CUSC Modification Proposal** with:
- (i) **CUSC Parties**; and
 - (ii) such other persons who may properly be considered to have an appropriate interest in it, including **Small Participants**, the **Citizens Advice** and the **Citizens Advice Scotland**.

Where following the decision of the **CUSC Modifications Panel** to proceed directly to consultation by the **Code Administrator**, in relation to a **CUSC Modification Proposal**, the terms of reference of a **Standing Group** have been amended by the **CUSC Modifications Panel** to include the ability to comment on that **CUSC Modification Proposal**, that **Standing Group** as a body shall be deemed to fall within sub-paragraph (ii) above and therefore shall be able to respond to the **Code Administrator's** consultation. It shall not, however, in so doing undertake the functions of a **Workgroup**. In the absence of such a change in terms of reference, the **Standing Group** as a body shall have no ability to respond to any consultation.

- 8.22.9 The consultation will be undertaken by issuing a Consultation Paper (and its provision in electronic form on the **Website** and in electronic mails to **CUSC Parties** and such other persons, who have supplied relevant details, shall meet this requirement). The Consultation Paper will be copied to the **CM Administrative Parties** and the **CFD Administrative Parties**.
- 8.22.10 The Consultation Paper will contain:
- (a) the proposed drafting for the **CUSC Modification Proposal** (unless the Authority decides none is needed in the **CUSC Modification Report** under Paragraph 8.22.11) and will incorporate **The Company's** and the **CUSC Modifications Panel's** initial views on the way forward; and
 - (b) the date proposed by the **Code Administrator** as the **Proposed Implementation Date**. Views will be invited on this date.
- 8.22.11 Where the **CUSC Modifications Panel** is of the view that the proposed text to amend the **CUSC** for a **CUSC Modification Proposal** is not needed, the **CUSC Modifications Panel** shall consult (giving its reasons to why it is of this view) with the **Authority** as to whether the **Authority** would like the **CUSC Modification Report** to include the proposed text to amend the **CUSC**. If it does not, no text needs to be included. If it does, and no detailed text has yet been prepared, the **Code Administrator** shall prepare such text to modify the **CUSC** in order to give effect to such **CUSC Modification Proposal** and consult those identified in Paragraph 8.22.2.

8.23 CUSC MODIFICATION REPORT

- 8.23.1 Subject to the **Code Administrator's** consultation having been completed, the **CUSC Modifications Panel** shall prepare and submit to the **Authority** a report (the "**CUSC Modification Report**") in accordance with this Paragraph 8.23 for each **CUSC Modification Proposal** which is not withdrawn.
- 8.23.2 The matters to be included in a **CUSC Modification Report** shall be the following (in respect of the **CUSC Modification Proposal**):
- (a) A description of the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)**, including the details of, and the rationale for, any variations made (or, as the case may be, omitted) by the **Proposer** together with the views of the **Workgroup**;
 - (b) the **Panel Members' Recommendation**;
 - (c) a summary (agreed by the **CUSC Modifications Panel**) of the views (including any recommendations) from **Panel Members** in the **CUSC**

Modifications Panel Recommendation Vote and the conclusions of the **Workgroup** (if there is one) in respect of the **CUSC Modification Proposal** and of any **Workgroup Alternative CUSC Modification(s)**;

- (d) an analysis of whether (and, if so, to what extent) the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)** would better facilitate achievement of the **Applicable CUSC Objective(s)** with a detailed explanation of the **CUSC Modifications Panel's** reasons for its assessment, including, where the impact is likely to be material, an assessment of the quantifiable impact of the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)** on greenhouse gas emissions, to be conducted in accordance with such current guidance on the treatment of carbon costs and evaluation of the greenhouse gas emissions as may be issued by the **Authority** from time to time, and providing a detailed explanation of the **CUSC Modifications Panel's** reasons for that assessment;
- (e) an analysis of whether (and, if so, to what extent) any **Workgroup Alternative CUSC Modification(s)** would better facilitate achievement of the **Applicable CUSC Objective(s)** as compared with the **CUSC Modification Proposal** and any other **Workgroup Alternative CUSC Modification(s)** and the current version of the **CUSC**, with a detailed explanation of the **CUSC Modifications Panel's** reasons for its assessment, including, where the impact is likely to be material, an assessment of the quantifiable impact of the **Workgroup Alternative CUSC Modification(s)** on greenhouse gas emissions, to be conducted in accordance with such current guidance on the treatment of carbon costs and evaluation of the greenhouse gas emissions as may be issued by the **Authority** from time to time, and providing a detailed explanation of the **CUSC Modifications Panel's** reasons for that assessment;
- (f) the **Proposed Implementation Date** taking into account the views put forward during the process described at Paragraph 8.22.4(b) such date to be determined by the **CUSC Modifications Panel** in the event of any disparity between such views and those of the **Code Administrator**;
- (g) an assessment of:
 - (i) the impact of the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)** on the **Core Industry Documents** and the **STC** and an indication of potential inconsistencies between the **CUSC Modification Proposal** and the **Capacity Market Documents** and/or the **CfD Documents**;
 - (ii) the changes which would be required to the **Core Industry Documents** and the **STC** in order to give effect to the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)**;
 - (iii) the mechanism and likely timescale for the making of the changes referred to in Paragraph (ii);
 - (iv) the changes and/or developments which would be required to central computer systems and, if practicable, processes used in connection with the operation of arrangements

established under the **Core Industry Documents**, the **STC**, the **Capacity Market Documents** and the **CfD Documents**;

- (v) the mechanism and likely timescale for the making of the changes referred to in Paragraph (iv);
- (vi) an estimate of the costs associated with making and delivering the changes referred to in Paragraphs (ii) and (iv), such costs are expected to relate to: for (ii) the costs of amending the **STC** and for (iv) the costs of changes to computer systems and possibly processes which are established for the operation of the **Core Industry Documents**, the **STC**, the **Capacity Market Documents** and the **CfD Documents**.

together with an analysis and a summary of representations in relation to such matters, including any made by **Small Participants**, the **Citizens Advice** and the **Citizens Advice Scotland**;

- (h) to the extent such information is available to the **Code Administrator**, an assessment of the impact of the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)** on **CUSC Parties** in general (or classes of **CUSC Parties** in general), including the changes which are likely to be required to their internal systems and processes and an estimate of the development, capital and operating costs associated with implementing the changes to the **CUSC** and to **Core Industry Documents** and the **STC**;
- (i) copies of (and a summary of) all written representations or objections made by consultees during the consultation in respect of the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)** and subsequently maintained;
- (j) a copy of any impact assessment prepared by **Core Industry Document Owners** and the **STC** committee and a copy of any impact assessment related to the **CUSC Modification Proposal** prepared by the **CM Administrative Parties** in relation to the **Capacity Market Rules**, the **Secretary of State** in relation to the **Capacity Market Documents**, the **CfD Administrative Parties** in relation to the **AF Rules**, or the **Secretary of State** in relation to the **CfD Documents**, and the views and comments of the **Code Administrator** in respect thereof;
- (k) whether or not, in the opinion of **The Company**, the **CUSC Modification Proposal** (or any **Workgroup Alternative CUSC Modification(s)**) should be made.

8.23.3 A draft of the **CUSC Modification Report** will be circulated by the **Code Administrator** to **CUSC Parties**, **Panel Members** and such other persons who may properly be considered to have an appropriate interest in it, which for these purposes will include the **CM Administrative Parties** and the **CfD Administrative Parties** (and its provision in electronic form on the **Website** and in electronic mails to **CUSC Parties** and **Panel Members**, who must supply relevant details, shall meet this requirement) and a period of no less than five (5) **Business Days** given for comments to be made thereon. Any unresolved comments made shall be reflected in the final **CUSC Modification Report**.

- 8.23.4 A draft of the **CUSC Modification Report** shall be tabled at the **Panel Meeting** prior to submission of that **CUSC Modification Report** to the **Authority** as set in accordance with the timetable established pursuant to Paragraph 8.19.1 at which the Panel may consider any minor changes to the legal drafting and:
- (i) if the change required is a typographical error the **CUSC Modifications Panel** may instruct the **Code Administrator** to make the appropriate change and the **Panel Chairman** will undertake the **CUSC Modifications Panel Recommendation Vote**; or
 - (ii) if the change required is not considered to be a typographical error then the **CUSC Modifications Panel** may direct the **Workgroup** to review the change. If the **Workgroup** unanimously agree that the change is minor the **CUSC Modifications Panel** may instruct the **Code Administrator** to make the appropriate change and the **Panel Chairman** will undertake the **CUSC Modifications Panel Recommendation Vote** otherwise the **Code Administrator** shall issue the **CUSC Modification Proposal** for further **Code Administrator** consultation after which the **Panel Chairman** will undertake the **CUSC Modifications Panel Recommendation Vote**.
 - (iii) if a change is not required after consideration, the **Panel Chairman** will undertake the **CUSC Modifications Panel Recommendation Vote**.
- 8.23.5 A draft of the **CUSC Modification Report** following the **CUSC Modifications Panel Recommendation Vote** will be circulated by the **Code Administrator** to **Panel Members** (and in electronic mails to **Panel Members**, who must supply relevant details, shall meet this requirement) and a period of no less than five (5) **Business Days** given for comments to be made on whether the **CUSC Modification Report** accurately reflects the views of the **Panel Members** as expressed at the **CUSC Modifications Panel Recommendation Vote**. Any unresolved comments made shall be reflected in the final **CUSC Modification Report**.
- 8.23.6 Each **CUSC Modification Report** shall be addressed and furnished to the **Authority** and none of the facts, opinions or statements contained in such **CUSC Modification Report** may be relied upon by any other person.
- 8.23.7 Subject to Paragraphs 8.23.9 to 8.23.13, in accordance with the **Transmission Licence**, the **Authority** may approve the **CUSC Modification Proposal** or a **Workgroup Alternative CUSC Modification(s)** contained in the **CUSC Modification Report** (which shall then be an "**Approved CUSC Modification**" until implemented). If the **Authority** believes that neither the **CUSC Modification Proposal** (nor any **Workgroup Alternative CUSC Modification(s)**) would better facilitate achievement of the **Applicable CUSC Objectives**, then there will be no approval. In such a case, the **Code Administrator** will notify **CUSC Parties** and will raise the issue at the next **CUSC Modifications Panel** meeting.
- 8.23.8 The **Code Administrator** shall copy (by electronic mail to those persons who have supplied relevant details to the **Code Administrator**) the **CUSC Modification Report** to:
- (i) each **CUSC Party**;
 - (ii) each **Panel Member**;

- (iii) any person who may request a copy and shall place a copy on the **Website**; and
- (iv) the **CM Administrative Parties** and the **CfD Administrative Parties**

8.23.9 Revised Fixed Proposed Implementation Date

8.23.9.1 Where the **Proposed Implementation Date** included in a **CUSC Modification Report** is a **Fixed Proposed Implementation Date** and the **Authority** considers that the **Fixed Proposed Implementation Date** is or may no longer be appropriate or might otherwise prevent the **Authority** from making such decision by reason of the effluxion of time the **Authority** may direct the **CUSC Modifications Panel** to recommend a revised **Proposed Implementation Date**.

8.23.9.2 Such direction may:

- (a) specify that the revised **Proposed Implementation Date** shall not be prior to a specified date;
- (b) specify a reasonable period (taking into account a reasonable period for consultation) within which the **CUSC Modifications Panel** shall be requested to submit its recommendation; and
- (c) provide such reasons as the **Authority** deems appropriate for such request (and in respect of those matters referred to in Paragraphs 8.23.9.2(a) and (b) above).

8.23.9.3 Before making a recommendation to the **Authority**, the **CUSC Modifications Panel** will consult on the revised **Proposed Implementation Date**, and may in addition consult on any matters relating to the **CUSC Modification Report** which in the **CUSC Modifications Panel**'s opinion have materially changed since the **CUSC Modification Report** was submitted to the **Authority** and where it does so the **CUSC Modifications Panel** shall report on such matters as part of its recommendation under **CUSC** Paragraph 8.23.9.4, with:

- (a) **CUSC Parties**; and
- (b) such other persons who may properly be considered to have an appropriate interest in it.

Such consultation will be undertaken in accordance with **CUSC** Paragraphs 8.22.3 and 8.22.6.

8.23.9.4 Following the completion of the consultation held pursuant to **CUSC** Paragraph 8.23.9.3 the **CUSC Modifications Panel** shall report to the **Authority** with copies of all the consultation responses and recommending a **Revised Proposed Implementation Date**.

8.23.9.5 The **Authority** shall notify the **CUSC Modifications Panel** as to whether or not it intends to accept the **Revised Proposed Implementation Date** and where the **Authority** notifies the **CUSC Modifications Panel** that it intends to accept the **Revised Proposed**

Implementation Date, the **Revised Proposed Implementation Date** shall be deemed to be the **Proposed Implementation Date** as specified in the **CUSC Modification Report**.

8.23.10 Authority Approval

If:

- (a) the **Authority** has not given notice of its decision in respect of a **CUSC Modification Report** within two (2) calendar months (in the case of an **Urgent CUSC Modification Proposal**), or four (4) calendar months (in the case of all other **CUSC Modification Proposals**) from the date upon which the **CUSC Modification Report** was submitted to it; or
- (b) the **CUSC Modifications Panel** is of the reasonable opinion that the circumstances relating to the **CUSC Modification Proposal** and/or **Workgroup Alternative CUSC Modification** which is the subject of a **CUSC Modification Report** have materially changed,

the **CUSC Modifications Panel** may request the **Panel Secretary** to write to the **Authority** requesting the **Authority** to give an indication of the likely date by which the **Authority's** decision on the **CUSC Modification Proposal** will be made.

8.23.11 **CUSC** Paragraphs 8.23.9 and 8.23.10 shall only apply in respect of any **CUSC Modification Proposals** submitted after the **CAP 179 Implementation Date**.

8.23.12 If the **Authority** determines that the **CUSC Modification Report** is such that the **Authority** cannot properly form an opinion on the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)**, it may issue a direction to the **CUSC Modifications Panel**:

- (a) specifying the additional steps (including drafting or amending existing drafting associated with the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)**), revision (including revision to the timetable), analysis or information that it requires in order to form such an opinion; and
- (b) requiring the **CUSC Modification Report** to be revised and to be re-submitted.

8.23.13 If a **CUSC Modification Report** is to be revised and re-submitted in accordance with a direction issued pursuant to Paragraph 8.23.12, it shall be re-submitted as soon after the **Authority's** direction as is appropriate, taking into account the complexity, importance and urgency of the **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)**. The **CUSC Modifications Panel** shall decide on the level of analysis and consultation required in order to comply with the **Authority's** direction and shall agree an appropriate timetable for meeting its obligations. Once the **CUSC Modification Report** is revised, the **CUSC Modifications Panel** shall carry out its **CUSC Modifications Panel Recommendation Vote** again in respect of the revised **CUSC Modification Report** and re-submit it to the **Authority** in compliance with Paragraphs 8.23.4 to 8.23.6.

8.24 URGENT CUSC MODIFICATION PROPOSALS

8.24.1 If a **Relevant Party** recommends to the **Panel Secretary** that a proposal should be treated as an **Urgent CUSC Modification Proposal** in accordance with this Paragraph 8.24, the **Panel Secretary** shall notify the **Panel Chairman** who shall then, in accordance with Paragraphs 8.24.2(a) to (e) inclusive, and notwithstanding anything in the contrary in this Section 8, endeavour to obtain the views of the **CUSC Modifications Panel** as to the matters set out in Paragraph 8.24.3. If for any reason the **Panel Chairman** is unable to do that, the **Panel Secretary** shall attempt to do so (and the measures to be undertaken by the **Panel Chairman** in the following paragraphs shall in such case be undertaken by the **Panel Secretary**).

8.24.2

- (a) The **Panel Chairman** shall determine the time by which, in his opinion, a decision of the **CUSC Modifications Panel** is required in relation to such matters, having regard to the degree of urgency in all circumstances, and references in this Paragraph 8.24.1 to the “time available” shall mean the time available, based on any such determination by the **Panel Chairman**;
- (b) The **Panel Secretary** shall, at the request of the **Panel Chairman**, convene a meeting or meetings (including meetings by telephone conference call, where appropriate) of the **CUSC Modifications Panel** in such manner and upon such notice as the **Panel Chairman** considers appropriate, and such that, were practicable within the time available, as many **Panel Members** as possible may attend;
- (c) Each **Panel Member** shall be deemed to have consented, for the purposes of Paragraph 8.8.9. to the convening of such meeting or meetings in the manner and on the notice determined by the **Panel Chairman**. Paragraph 8.8.10 shall not apply to any such business.
- (d) Where:
 - (i) it becomes apparent, in seeking to convene a meeting of the **CUSC Modifications Panel** within the time available, that quorum will not be present; or
 - (ii) it transpires that the meeting of the **CUSC Modifications Panel** is not quorate and it is not possible to rearrange such meeting within the time available

The **Panel Chairman** shall endeavour to contact each **Panel Member** individually in order to ascertain such Panel Member’s vote, and (subject to paragraph 8.24.2(e)) any matter to be decided shall be decided by a majority of those **Panel Members** who so cast a vote. Where, for whatever reason no decision is reached, the **Panel Chairman** shall proceed to consult with the **Authority** in accordance with Paragraph 8.24.5;

- (e) Where the **Panel Chairman** is unable to contact a least four **Panel Members** within the time available and where:
 - (i) It is only **The Company** who has recommended that the proposal should be treated as an **Urgent CUSC Modification Proposal**, then those **Panel Members** contacted shall decide such matters, such decision may be a

majority decision. Where in such cases no decision is made for whatever reason, the **Panel Chairman** shall proceed to consult with the **Authority** in accordance with Paragraph 8.24.5; or

- (ii) any **CUSC Party** (other than, and/or in addition to, **The Company**), the **Citizens Advice**, the **Citizens Advice Scotland** or any **BSC Party** has recommended that the proposal should be treated as an **Urgent CUSC Modification Proposal**, then the **Panel Chairman** may decide the matter (in consultation with those **Panel Members** (if any) which he managed to contact) provided that the **Panel Chairman** shall include details in the relevant **CUSC Modification Report** of the steps which he took to contact other **Panel Members** first.

8.24.3 The matters referred to in Paragraph 8.24.1 are:

- (a) whether such proposal should be treated as an **Urgent CUSC Modification Proposal** in accordance with this Paragraph 8.24 and
- (b) the procedure and timetable to be followed in respect of such **Urgent CUSC Modification Proposal**.

8.24.4 The **Panel Chairman** or, in his absence, the **Panel Secretary** shall forthwith provide the **Authority** with the recommendation (if any) ascertained in accordance with Paragraphs 8.24.2(a) to (e) inclusive, of the **CUSC Modifications Panel** as to the matters referred to in Paragraph 8.24.2, and shall consult the **Authority** as to whether such **CUSC Modification Proposal** is an **Urgent CUSC Modification Proposal** and, if so, as to the procedure and timetable which should apply in respect thereof.

8.24.5 If the **CUSC Modifications Panel** has been unable to make a recommendation in accordance with Paragraph 8.24.2(d) or Paragraph 8.24.2(e) as to the matters referred to in Paragraph 8.24.3 then the **Panel Chairman** or, in his absence, the **Panel Secretary** may recommend whether he considers that such proposal should be treated as an **Urgent CUSC Modification Proposal** shall forthwith consult the **Authority** as to whether such **CUSC Modification Proposal** is an **Urgent CUSC Modification Proposal** and, if so, as to the procedure and timetable that should apply in respect thereof.

8.24.6 The **CUSC Modifications Panel** shall:

- (a) not treat any **CUSC Modification Proposal** as an **Urgent CUSC Modification Proposal** except with the prior consent of the **Authority**;
- (b) comply with the procedure and timetable in respect of any **Urgent CUSC Modification Proposal** approved by the **Authority**; and
- (c) comply with any direction of the **Authority** issued in respect of any of the matters on which the **Authority** is consulted pursuant to Paragraph 8.24.4 or Paragraph 8.24.5.

8.24.7 For the purposes of this Paragraph 8.24.7, the procedure and timetable in respect of an **Urgent CUSC Modification Proposal** may (with the approval of

the **Authority** pursuant to Paragraph 8.24.4 or Paragraph 8.24.5) deviate from all or part of the **CUSC Modification Procedures** or follow any other procedure or timetable approved by the **Authority**. The **CUSC Modifications Panel** must notify the **CM Administrative Parties** and the **CfD Administrative Parties** of any **Urgent CUSC Modification Proposal** and when approving any alternative procedure or timetable, the **Authority** must consider whether or not such procedure and timetable should allow for the **CM Administrative Parties** and the **CfD Administrative Parties** to be consulted on the **Urgent CUSC Modification Proposal** and if so how much time should be allowed. Where the procedure and timetable approved by the **Authority** in respect of an **Urgent CUSC Modification Proposal** do not provide for the establishment (or designation) of a **Workgroup** the **Proposer's** right to vary the **CUSC Modification Proposal** pursuant to paragraphs 8.16.10 and 8.20.23 shall lapse from the time and date of such approval.

8.24.8 The **CUSC Modification Report** in respect of an **Urgent CUSC Modification Proposal** shall include:

- (a) a statement as to why the **Proposer** believes that such **CUSC Modification Proposal** should be treated as an **Urgent CUSC Modification Proposal**;
- (b) any statement provided by the **Authority** as to why the **Authority** believes that such **CUSC Modification Proposal** should be treated as an **Urgent CUSC Modification Proposal**;
- (c) any recommendation of the **CUSC Modifications Panel** (or any recommendation of the **Panel Chairman**) provided in accordance with Paragraph 8.24 in respect of whether any **CUSC Modification Proposal** should be treated as an **Urgent CUSC Modification Proposal**; and
- (d) the extent to which the procedure followed deviated from the **CUSC Modification Procedures** (other than the procedures in this Paragraph 8.24).

8.24.9 Each **CUSC Party** and each **Panel Member** shall take all reasonable steps to ensure that an **Urgent CUSC Modification Proposal** is considered, evaluated and (subject to the approval of the **Authority**) implemented as soon as reasonably practicable, having regard to the urgency of the matter and, for the avoidance of doubt, an **Urgent CUSC Modification Proposal** may (subject to the approval of the **Authority**) result in the **CUSC** being amended on the day on which such proposal is submitted.

8.24.10 Where an **Urgent CUSC Modification Proposal** results in an amendment being made in accordance with Paragraph 8.28, the **CUSC Modifications Panel** may or (where it appears to the **CUSC Modifications Panel** that there is a reasonable level of support for a review amongst **CUSC Parties** shall following such amendment, action a **Standing Group** in accordance with Paragraph 8.21 on terms specified by the **CUSC Modifications Panel** to consider and report as to whether any alternative amendment could, as compared with such amendment better facilitate achieving the **Applicable CUSC Objectives** in respect of the subject matter of that **Urgent CUSC Modification Proposal**.

8.25 SELF-GOVERNANCE

- 8.25.1 If the **CUSC Modifications Panel**, having evaluated a **CUSC Modification Proposal** against the **Self-Governance Criteria**, pursuant to Paragraph 8.18.4, considers that the **CUSC Modification Proposal** meets the **Self-Governance Criteria**, the **CUSC Modifications Panel** shall submit to the **Authority** a **Self-Governance Statement** setting out its reasoning in reasonable detail.
- 8.25.2 The **Authority** may, at any time prior to the **CUSC Modifications Panel's** determination made pursuant to Paragraph 8.25.9, give written notice that it disagrees with the **Self-Governance Statement** and may direct that the **CUSC Modification Proposal** proceeds through the process for **Standard CUSC Modification Proposals** set out in Paragraphs 8.19, 8.20, 8.22 and 8.23.
- 8.25.3 Subject to Paragraph 8.25.2, after submitting a **Self-Governance Statement**, the **CUSC Modifications Panel** shall follow the procedure set out in Paragraphs 8.19, 8.20 and 8.22.
- 8.25.4 The **Authority** may issue a direction to the **CUSC Modifications Panel** in relation to a **CUSC Modification Proposal** to follow the procedure set out for **CUSC Modification Proposals** that meet the **Self-Governance Criteria**, notwithstanding that no **Self-Governance Statement** has been submitted or a **Self-Governance Statement** has been retracted and the **CUSC Modifications Panel** shall follow the procedure set out in Paragraphs 8.19, 8.20 and 8.22.
- 8.25.5 Subject to the **Code Administrator's** consultation having been completed pursuant to Paragraph 8.22, the **CUSC Modification Panel** shall prepare a report (the "**CUSC Modification Self-Governance Report**").
- 8.25.6 The matters to be included in a **CUSC Modification Self-Governance Report** shall be the following (in respect of the **CUSC Modification Proposal**):
- (a) details of its analysis of the **CUSC Modification Proposal** against the **Self-Governance Criteria**;
 - (b) copies of all consultation responses received;
 - (c) the date on which the **CUSC Modifications Panel Self-Governance Vote** shall take place, which shall not be earlier than seven (7) days from the date on which the **CUSC Modification Self-Governance Report** is furnished to the **Authority** in accordance with Paragraph 8.25.7; and
 - (d) such other information that is considered relevant by the **CUSC Modifications Panel**.
- 8.25.7 A draft of the **CUSC Modification Self-Governance Report** will be circulated by the **Code Administrator** to **CUSC Parties** and **Panel Members** and the **CM Administrative Parties** and the **CfD Administrative Parties** (and its provision in electronic form on the **Website** and in electronic mails to **CUSC Parties** and **Panel Members**, who must supply relevant details, shall meet this requirement) and a period of no less than five (5) **Business Days** given for comments to be made thereon. Any unresolved comments made shall be reflected in the final **CUSC Modification Self-Governance Report**.

- 8.25.8 Each **CUSC Modification Self-Governance Report** shall be addressed and furnished to the **Authority** and none of the facts, opinions or statements contained in such **CUSC Modification Self-Governance Report** may be relied upon by any other person.
- 8.25.9 Subject to Paragraph 8.25.11, if the **Authority** does not give written notice that its decision is required pursuant to Paragraph 8.25.2, or if the **Authority** determines that the **Self-Governance Criteria** are satisfied in accordance with Paragraph 8.25.4, then the **CUSC Modification Self-Governance Report** shall be tabled at the **Panel Meeting** following submission of that **CUSC Modification Self-Governance Report** to the **Authority** at which the **Panel Chairman** will undertake the **CUSC Modifications Panel Self-Governance Vote** and the **Code Administrator** shall give notice of the outcome of such vote to the **Authority** as soon as possible thereafter.
- 8.25.10 If the **CUSC Modifications Panel** vote to approve the **CUSC Modification Proposal** pursuant to Paragraph 8.25.9 (which shall then be an “**Approved CUSC Modification Self-Governance Proposal**”) until implemented), then subject to the appeal procedures set out in Paragraphs 8.25.14 to Paragraph 8.25.19 the **CUSC Modification Proposal** may be implemented by **The Company** without the **Authority’s** approval and brought to the attention of **CUSC Parties** and such other persons as may properly be considered to have an appropriate interest in it.
- 8.25.11 The **CUSC Modifications Panel** may at any time prior to the **CUSC Modification Panel’s** determination retract a **Self-Governance Statement** subject to Paragraph 8.25.4, or if the **Authority** notifies the **CUSC Modifications Panel** that it has determined that a **CUSC Modification Proposal** does not meet the **Self-Governance Criteria** the **CUSC Modifications Panel** shall treat the **CUSC Modification Proposal** as a **Standard CUSC Modification Proposal** and shall comply with Paragraph 8.23, using the **CUSC Modification Self-Governance Report** as a basis for its **CUSC Modification Report**.
- 8.25.12 Except where the **Authority** has issued a direction pursuant to Paragraph 8.25.4, the **CUSC Modifications Panel** may remove a **CUSC Modification Proposal** from the process detailed in this Paragraph 8.25 before making its determination pursuant to Paragraph 8.25.9. In that circumstance, the **CUSC Modification Proposal** shall be treated as a **Standard CUSC Modification Proposal** and shall proceed through the process for **Standard CUSC Modification Proposals** set out in Paragraphs 8.19, 8.20, 8.22 and 8.23.
- 8.25.13 The **Code Administrator** shall make available on the **Website** and copy (by electronic mail to those persons who have supplied relevant details to the **Code Administrator**) the **CUSC Modification Self-Governance Report** prepared in accordance with Paragraph 8.25 to:
- (i) each **CUSC Party**;
 - (ii) each **Panel Member**; and
 - (iii) any person who may request a copy,
- and shall place a copy on the **Website**.
- 8.25.14 A **CUSC Party**, the **Citizens Advice** or the **Citizens Advice Scotland** or any **BSC Party** or (where the **CUSC Modification Proposal** and any related

Workgroup Alternative CUSC Modification(s) is a proposal to modify the **Charging Methodologies**) a **Materially Affected Party** may appeal to the **Authority** the approval or rejection by the **CUSC Modifications Panel** of a **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)** in accordance with Paragraph 8.25.9, provided that the **Panel Secretary** is also notified, and the appeal has been made up to and including fifteen (15) **Business Days** after the **CUSC Modifications Panel Self-Governance Vote** has been undertaken pursuant to Paragraph 8.25.9. If such an appeal is made, implementation of the **CUSC Modification Proposal** shall be suspended pending the outcome. The appealing **CUSC Party**, the **Citizens Advice**, the **Citizens Advice Scotland, BSC Party** or **Materially Affected Party** must notify the **Panel Secretary** of the appeal when the appeal is made.

8.25.15 The **Authority** shall consider whether the appeal satisfies the following criteria:

- (a) The appealing party is, or is likely to be, unfairly prejudiced by the implementation or non-implementation of that **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification(s)**; or
- (b) The appeal is on the grounds that, in the case of implementation, the **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification(s)** may not better facilitate the achievement of at least one of the **Applicable CUSC Objectives**; or
- (c) The appeal is on the grounds that, in the case of non-implementation, the **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification(s)** may better facilitate the achievement of at least one of the **Applicable CUSC Objectives**; and
- (d) It is not brought for reasons that are trivial, vexatious or have no reasonable prospect of success.

and if the **Authority** considers that the criteria are not satisfied, it shall dismiss the appeal.

8.25.16 Following any appeal to the **Authority**, a **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification(s)** shall be treated in accordance with any decision and/or direction of the **Authority** following that appeal.

8.25.17 If the **Authority** quashes the **CUSC Modifications Panel's** determination in respect of a **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification(s)** made in accordance with Paragraph 8.25.9 and takes the decision on the relevant **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)** itself, following an appeal to the **Authority**, the **CUSC Modifications Panel's** determination of that **CUSC Modification Proposal** and any **Workgroup Alternative CUSC Modification(s)** contained in the relevant **CUSC Modification Self-governance Report** shall be treated as a **CUSC Modification Report** submitted to the **Authority** pursuant to Paragraph 8.23.6 (for the avoidance of doubt, subject to Paragraphs 8.23.9 to 8.23.13) and the **CUSC Modifications Panel's** determination shall be treated as its recommendation pursuant to Paragraph 8.23.4.

8.25.18 If the **Authority** quashes the **CUSC Modifications Panel's** determination in respect of a **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification(s)** made in accordance with paragraph 8.25.9, the **Authority** may, following an appeal to the **Authority**, refer the **CUSC Modification Proposal** back to the **CUSC Modifications Panel** for further re-consideration and a further **CUSC Modifications Panel Self-Governance Vote**.

8.25.19 Following an appeal to the **Authority**, the **Authority** may confirm the **CUSC Modifications Panel's** determination in respect of a **CUSC Modification Proposal** or **Workgroup Alternative CUSC Modification(s)** made in accordance with Paragraph 8.25.9.

8.26 TRANSMISSION CHARGING METHODOLOGY FORUM

8.26.1 A **Transmission Charging Methodology Forum** shall be established by **The Company** and shall be chaired by **The Company**.

8.26.2 The **CUSC Modifications Panel** shall adopt the terms of reference of the **Transmission Charging Methodology Forum** and may change those terms of reference from time to time as it sees fit.

8.26.3 The **Transmission Charging Methodology Forum** shall provide a forum for regular communication and discussion of issues relating to the **Transmission Charging Methodologies** and their development between **The Company** and **CUSC Parties, BSC Parties** and any **Materially Affected Parties**.

8.27 CONFIDENTIALITY

8.27.1 Any representations submitted by a person pursuant to the **CUSC Modification Procedures** may be made publicly available save as otherwise expressly requested by such person by notice in writing to the **Code Administrator**. A **Workgroup Consultation Alternative Request** may in all cases be made publicly available.

8.27.2 The **CUSC Modifications Panel, The Company** and the **Code Administrator** shall not be liable for any accidental publication of a representation which is the subject of a request made under Paragraph 8.27.1.

8.27.3 For the avoidance of doubt, all representations (whether or not marked confidential) shall be sent to the **Authority**.

8.28 IMPLEMENTATION

8.28.1 The **CUSC** shall be modified either in accordance with the terms of the direction by the **Authority** relating to, or other approval by the **Authority** of, the **CUSC Modification Proposal** or any **Workgroup Alternative CUSC Modification(s)** contained in the relevant **CUSC Modification Report**, or in respect of **CUSC Modification Proposals** or any **Workgroup Alternative CUSC Modification(s)** that are subject to the determination of the **CUSC Modifications Panel** pursuant to Paragraph 8.25.9, in accordance with the relevant **CUSC Modification Self-Governance Report** subject to the appeal procedures set out in Paragraphs 8.25.14 to 8.25.19.

- 8.28.2 The **Code Administrator** shall forthwith notify (by publication on the **Website** and, where relevant details are supplied by electronic mail):
- (a) each **CUSC Party**;
 - (b) each **Panel Member**;
 - (c) the **Authority**;
 - (d) each **Core Industry Document Owner**,
 - (e) the secretary of the **STC** committee;
 - (f) the **CM Administrative Parties**;
 - (g) **CfD Administrative Parties**;
 - (h) each **BSC Party** via ELEXON;
 - (i) each **Materially Affected Party**; and
 - (j) the **Citizens Advice** and the **Citizens Advice Scotland**

of the change so made and the effective date of the change.

8.28.3 A modification of the **CUSC** shall take effect from the time and date specified in the direction, or other approval, from the **Authority** referred to in Paragraph 8.28.1 or, in the absence of any such time and date in the direction or approval, from 00:00 hours on the day falling ten (10) **Business Days** after the date of such direction, or other approval, from the **Authority** except in relation to a modification of the **CUSC** in respect of the **Charging Methodologies**, which may only take effect from 1 April of any given year unless otherwise directed by the **Authority** in accordance with Paragraphs 8.23.9, 8.23.12, 8.23.13 or 8.28.3A following consultation with the **Panel**. A modification of the **CUSC** pursuant to Paragraph 8.25.10 shall take effect, subject to the appeal procedures set out in Paragraphs 8.25.14 to 8.25.19, from the time and date specified by the **Code Administrator** in its notice given pursuant to Paragraph 8.28.2, which shall be given after the expiry of the fifteen (15) **Business Day** period set out in Paragraph 8.25.14 to allow for appeals, or where an appeal is raised in accordance with Paragraph 8.25.14, on conclusion of the appeal in accordance with Paragraphs 8.25.15 or 8.25.19 but where conclusion of the appeal is earlier than the fifteen (15) **Business Day** period set out in Paragraph 8.25.14, notice shall be given after the expiry of this period.. A modification of the **CUSC** pursuant to Paragraph 8.29 shall take effect, from the date specified in the **CUSC Modification Fast Track Report**.

8.28.3A Where the **Authority** considers that taking into account the complexity, importance and urgency of the modification exceptional circumstances apply the **Authority** may, having set out in writing its reasons for this, direct a modification of the **CUSC** in respect of the **Charging Methodologies** to take effect from a date other than 1 April.

8.28.4 A modification made pursuant to and in accordance with Paragraph 8.28.1 shall not be impaired or invalidated in any way by any inadvertent failure to comply with or give effect to this Section.

- 8.28.5 If a modification is made to the **CUSC** in accordance with the **Transmission Licence** but other than pursuant to the other **CUSC Modification Procedures** in this Section 8, the **CUSC Modifications Panel** shall determine whether or not to submit the modification for review by a **Standing Group** in accordance with Paragraph 8.21 on terms specified by the **CUSC Modifications Panel** to consider and report as to whether any alternative modification could, as compared with such modification better facilitate achieving the **Applicable CUSC Objectives** in respect of the subject matter of the original modification.

Transitional Issues

- 8.28.6 Notwithstanding the provisions of Paragraph 8.28.3, **CUSC Modification Proposal** CAP 160 changes the **CUSC Modification Process** and therefore may affect other **CUSC Modification Proposals** which have not yet become **Approved CUSC Modifications**. Consequently, this Paragraph deals with issues arising out of the implementation of **CUSC Modification Proposal** CAP 160. In particular this Paragraph deals with which version of the **CUSC Modification Process** will apply to **CUSC Modification Proposal(s)** which were already instigated prior to the implementation of **CUSC Modification Proposal** CAP 160.

In respect of any **CUSC Modification Proposal** which the **CUSC Modification Panel** has determined, as at the date and time of implementation of **CUSC Modification Proposal** CAP 160 (as directed by the **Authority**), should proceed to wider consultation by **The Company** is known as an “**Old CUSC Modification Proposal**”. In respect of any **CUSC Modification Proposal** where the **CUSC Modification Panel** has not determined, as at the date and time of implementation of **CUSC Modification Proposal** CAP 160 (as directed by the **Authority**), that it should proceed to wider consultation by **The Company** is known as a “**New CUSC Modification Proposal**”. The provisions of Section 8 and the associated definitions in Section 11 which will apply to any **Old CUSC Modification Proposal(s)** are the provisions of Section 8 and the associated definitions in Section 11 of the **CUSC** which are in force immediately prior to the implementation of CAP 160. The provisions of Section 8 and the associated definitions in Section 11 which will apply to any **New CUSC Modification Proposals** are the provisions of the **CUSC** in force from time to time.

- 8.28.7 Notwithstanding the provisions of Paragraph 8.28.3, **CUSC Modification Proposals** CAP 183, 184, 185 and 188 change the **CUSC Modification Process** and therefore may affect other **CUSC Modification Proposals** which have not as at the last date of the implementation of these changes become **Approved CUSC Modifications**. Consequently, this Paragraph deals with issues arising out of the implementation of **CUSC Modification Proposals** CAP 183, 184, 185 and 188. In particular this Paragraph deals with which version of the **CUSC Modification Process** will apply to **CUSC Modification Proposal(s)** which were already instigated prior to the implementation of the last of **CUSC Modification Proposals** CAP 183, 184, 185 and 188.

Any **CUSC Modification Proposal** that was submitted pursuant to Paragraph 8.16.4 prior to the implementation of the last of **CUSC Modification Proposals** CAP 183, 184, 185 and 188 is known as an “**Old CUSC Modification Proposal**”. Any **CUSC Modification Proposal** that was submitted pursuant to Paragraph 8.16.4 on the date of or any date following implementation of the last of **CUSC Modification Proposals** CAP 183, 184, 185 and 188 is known as a “**New CUSC Modification Proposal**”. The

provisions of Section 8 and the associated definitions in Section 11 that will apply to any **Old CUSC Modification Proposal(s)** are the provisions of Section 8 and the associated definitions in Section 11 of the **CUSC** that are in force immediately prior to the implementation of the last of CAP 183, 184, 185 and 188. The provisions of Section 8 and the associated definitions in Section 11 that will apply to any **New CUSC Modification Proposals** are the provisions of the **CUSC** in force from time to time.

8.29 FAST TRACK

- 8.29.1 Where a **Proposer** believes that a modification to the **CUSC** which meets the **Fast Track Criteria** is required, a **CUSC Modification Fast Track Proposal** may be raised. In such case the **Proposer** is only required to provide the details listed in Paragraph 8.16.4 (a), (b), (c), (d), (e) and (k).
- 8.29.2 Provided that the **Panel Secretary** receives any modification to the **CUSC** which the **Proposer** considers to be a **CUSC Modification Fast Track Proposal**, not less than ten (10) **Business Days** (or such shorter period as the **Panel Secretary** may agree, provided that the **Panel Secretary** shall not agree any period shorter than five (5) **Business Days**) prior to the next **CUSC Modifications Panel** meeting, the **Panel Secretary** shall place the **CUSC Modification Fast Track Proposal** on the agenda of the next **CUSC Modifications Panel** meeting, and otherwise, shall place it on the agenda of the next succeeding **CUSC Modifications Panel** meeting.
- 8.29.3 To facilitate the discussion at the **CUSC Modifications Panel** meeting, the **Code Administrator** will circulate a draft of the **CUSC Modification Fast Track Report** to **CUSC Parties**, the **Authority** and **Panel Members** (and its provision in electronic form on the **Website** and in electronic mails to **CUSC Parties**, the **Authority** and **Panel Members**, who must supply relevant details, shall meet this requirement) for comment not less than five (5) **Business Days** ahead of the **CUSC Modifications Panel** meeting which will consider whether or not the **Fast Track Criteria** are met and whether or not to approve the **CUSC Modification Fast Track Proposal**.
- 8.29.4 It is for the **CUSC Modifications Panel** to decide whether or not a **CUSC Modification Fast Track Proposal** meets the **Fast Track Criteria** and if it does, to determine whether or not to approve the **CUSC Modification Fast Track Proposal**.
- 8.29.5 The **CUSC Modifications Panel's** decision that a **CUSC Modification Fast Track Proposal** meets the **Fast Track Criteria** pursuant to Paragraph 8.29.4 must be unanimous.
- 8.29.6 The **CUSC Modifications Panel's** decision to approve the **CUSC Modification Fast Track Proposal** pursuant to Paragraph 8.29.4 must be unanimous.
- 8.29.7 If the **CUSC Modifications Panel** vote unanimously that the **CUSC Modification Fast Track Proposal** meets the **Fast Track Criteria** and to approve the **CUSC Modification Fast Track Proposal** (which shall then be an "**Approved CUSC Modification Fast Track Proposal**") until implemented, or until an objection is received pursuant to Paragraph 8.29.12), then subject to the objection procedures set out in paragraph 8.29.12 the **CUSC Modification Fast Track Proposal** will be implemented by **The Company** without the **Authority's** approval. If the **CUSC Modifications Panel** do not unanimously agree that the **CUSC Modification Proposal** meets the **Fast**

Track Criteria and/or do not unanimously agree that the **CUSC Modification Fast Track Proposal** should be made, then the **Panel Secretary** shall, in accordance with Paragraph 8.16.4A notify the **Proposer** that additional information is required if the **Proposer** wishes the **CUSC Modification Proposal** to continue.

8.29.8 Provided that the **CUSC Modifications Panel** have unanimously agreed to treat a **CUSC Modification Proposal** as a **CUSC Modification Fast Track Proposal** and unanimously approved that **CUSC Modification Fast Track Proposal**, the **CUSC Modifications Panel** shall prepare and approve the **CUSC Modification Fast Track Report** for issue in accordance with Paragraph 8.29.11.

8.29.9 The matters to be included in a **CUSC Modification Fast Track Report** shall be the following (in respect of the **CUSC Modification Fast Track Proposal**):

- (a) a description of the proposed modification and of its nature and purpose;
- (b) details of the changes required to the **CUSC**, including the proposed legal text to modify the **CUSC** to implement the **CUSC Modification Fast Track Proposal**;
- (c) details of the votes required pursuant to Paragraphs 8.29.5 and 8.29.6
- (d) the intended implementation date, from which the **Approved CUSC Modification Fast Track Proposal** will take effect, which shall be no sooner than fifteen (15) **Business Days** after the date of notification of the **CUSC Modifications Panel's** decision to approve; and
- (e) details of how to object to the **Approved CUSC Modification Fast Track Proposal** being made.

8.29.10 Upon approval by the **CUSC Modifications Panel** of the **CUSC Modification Fast Track Report**, the **Code Administrator** will issue the report in accordance with Paragraph 8.29.11.

8.29.11 The **Code Administrator** shall copy (by electronic mail to those persons who have supplied relevant details to the **Code Administrator**) the **CUSC Modification Fast Track Report** prepared in accordance with Paragraph 8.29 to:

- (i) each **CUSC Party**;
- (ii) each **Panel Member**;
- (iii) the **Authority**; and
- (iv) any person who may request a copy,

and shall place a copy on the **Website**.

8.29.12 A **CUSC Party**, a **BSC Party**, the **Citizens Advice**, the **Citizens Advice Scotland** or the **Authority** may object to the **Approved CUSC Modification Fast Track Proposal** being implemented, and shall include with such objection an explanation as to why the objecting person believes that it does not meet the **Fast Track Criteria**. Any such objection must be made in writing

(including by email) and be clearly stated to be an objection to the **Approved CUSC Modification Fast Track Proposal** in accordance with this Paragraph 8.29 of the **CUSC** and be notified to the **Panel Secretary** by the date up to and including fifteen (15) **Business Days** after notification of the **CUSC Modifications Panel's** decision to approve the **CUSC Modification Fast Track Proposal**. If such an objection is made the **Approved CUSC Modification Fast Track Proposal** shall not be implemented. The **Panel Secretary** will notify each **Panel Member**, each **CUSC Party** and the **Authority** of the objection. The **Panel Secretary** shall notify the **Proposer**, in accordance with Paragraph 8.16.4A that additional information is required if the **Proposer** wishes the **CUSC Modification Proposal** to continue.

ANNEX 8A ELECTION OF USERS' PANEL MEMBERS

8A.1 GENERAL

8A.1.1 Introduction

8A.1.1.1 This Annex 8A sets out the basis for election of **Users' Panel Members** and **Alternate Members** for the purpose of Paragraphs 8.4.2. and 8.7.2

8A.1.1.2 This Annex 8A shall apply:

- (a) in relation to each year (the "**Election Year**") in which the term of office of **Users' Panel Members** and **Alternate Members** expires, for the purposes of electing **Users' Panel Members** and **Alternate Members** to hold office with effect from 1st October in that year;
- (b) subject to and in accordance with Paragraph 8A.4, upon a **Users' Panel Member** and/or **Alternate Members** ceasing to hold office before the expiry of his term of office.

8A.1.1.3 For the purposes of an election under Paragraph 8A.1.1.2(a) references to **Users** are to persons who are **Users** as at 20th June in the election year.

8A.1.1.4 The **Code Administrator** shall administer each election of **Users' Panel Members** and **Alternate Members** pursuant to this Annex 8A.

8A.1.2 Election timetable

8A.1.2.1 The **Code Administrator** shall not later than 1st July in the election year prepare and circulate to all **Users** (by publication on the **Website** and, where relevant details are supplied, by electronic mail), with a copy to the **Authority**, an invitation to nominate candidates who must be willing to be either a **User Panel Member** or an **Alternate Member** and a timetable for the election (the "**Election Timetable**"), setting out:

- (a) the date by which nominations of candidates are to be received, which shall not be less than three (3) weeks after the timetable is circulated;
- (b) the date by which the **Code Administrator** shall circulate a list of candidates and voting papers;
- (c) the date by which voting papers are to be submitted, which shall not be less than three (3) weeks after the date for circulating voting papers;
- (d) the date by which the results of the election will be made known, which shall not be later than 15th September in the **Election Year**.

8A.1.2.2 If for any reason it is not practicable to establish an election timetable in accordance with Paragraph 8A.2.1.1 or to proceed on the basis of an election timetable which has been established, the **Code Administrator** may establish a different timetable, or revise the election timetable, by notice to all **Users**, the **CUSC Modifications Panel** and the **Authority**, provided that such timetable or revised timetable shall provide for the election to be completed before 1st October in the **Election Year**.

8A.1.2.3 A nomination or voting paper received by the **Code Administrator** later than the respective required date under the election timetable (subject to any revision under Paragraph 8A.1.2.2) shall be disregarded in the election.

8A.2. CANDIDATES

8A.2.1 Nominations

8A.2.1.1 Nominations for candidates shall be made in accordance with the **Election Timetable**.

8A.2.1.2 Subject to Paragraph 8A.1.1.3, each **User** may nominate one candidate for election by giving notice to the **Code Administrator**.

8A.2.2 List of candidates

8A.2.2.1 The **Code Administrator** shall draw up a list of the nominated candidates and circulate the list to all **Users** by the date specified in the **Election Timetable**.

8A.2.2.2 The list shall specify the **User** by whom each candidate was nominated and any affiliations which the candidate may wish to have drawn to the attention of **Users**.

8A.2.2.3 Except where Paragraphs 8A.4.3 or 8A.4.4 apply, if seven (7) or fewer candidates are nominated no further steps in the election shall take place and such candidate(s) shall be treated as elected as **Users' Panel Members** and Paragraph 8A.3.2.4 shall apply in relation to such candidate(s).

8A.2.2.4 Where Paragraph 8A.4.3 applies, if only one (1) candidate is nominated, no further steps in the election shall take place and such candidate shall be treated as elected as a **Panel Member** and Paragraph 8A.3.2.4 shall apply in relation to such candidate.

8A.2.2.5 Where Paragraph 8A.4.4 applies, if five (5) or fewer candidates are nominated, no further steps in the election shall take place and such candidate(s) shall be treated as elected as **Alternate Members** and Paragraph 8A.3.2.4 shall apply in relation to such candidate(s).

8A.3. VOTING

8A.3.1 Voting papers

8A.3.1.1 Voting papers shall be submitted in accordance with the election timetable.

8A.3.1.2 Each **User** may submit one voting paper.

8A.3.2 Preference votes and voting rounds

8A.3.2.1 Each **User** submitting a voting paper shall vote by indicating on the voting paper a first, second and third preference ("**Preference Votes**") among the candidates.

8A.3.2.2 A voting paper need not indicate a second, or a third, preference, but the same candidate may not receive more than one **Preference Vote** in a voting paper.

8A.3.2.3 Candidates shall be elected in three voting rounds (together where necessary with a further round under Paragraph 8A.3.6) in accordance with the further provisions of this Paragraph 8A.3.

8A.3.2.4 The **Code Administrator** shall determine which candidates are elected and announce (to the **Authority** and all **Users**) the results of the election in accordance with the election timetable.

8A.3.2.5 The **Code Administrator** shall not disclose the **Preference Votes** cast by **Users** or received by candidates; but a **User** may by notice to the **Authority** require that the **Authority** scrutinise the conduct of the election, provided that such **User** shall bear the costs incurred by the **Authority** in doing so unless the **Authority** recommends that the election results should be annulled.

8A.3.2.6 Further references to voting papers in this Paragraph 8A.3 do not include voting papers which are invalid or are to be disregarded (i.e. voting papers not made or submitted in accordance with the **CUSC**.)

8A.3.3 First voting round

8A.3.3.1 In the first voting round:

- (a) the number of first **Preference Votes** allocated under all voting papers to each candidate shall be determined.
- (b) the first round qualifying total shall be:

$$(T / N) + 1$$

where

T is the total number of first **Preference Votes** in all voting papers;

N is the number of **Users' Panel Members** and/or **Alternate Members** to be elected.

8A.3.3.2 If the number of first **Preference Votes** allocated to any candidate is equal to or greater than the first round qualifying total, that candidate shall be elected.

8A.3.4 Second voting round

8A.3.4.1 In the second voting round:

- (a) the remaining candidates are those which were not elected in the first voting round;
- (b) the remaining voting papers are voting papers other than those under which the first **Preference Votes** were for candidates elected in the first voting round;
- (c) the number of first and second **Preference Votes** allocated under all remaining voting papers to each remaining candidate shall be determined;
- (d) the second round qualifying total shall be

$$(T' / N') + 1$$

where T' is the total number of first **Preference Votes** and second **Preference Votes** allocated under all remaining voting papers; N' is the number of **Panel Members** and/or **Alternate Members** remaining to be elected after the first voting round.

8A.3.4.2 If the number of first and second **Preference Votes** allocated to any remaining candidate is equal to or greater than the second round qualifying total, that candidate shall be elected.

8A.3.5 Third voting round

8A.3.5.1 In the third voting round:

- (a) the remaining candidates are those which were not elected in the first or second voting rounds;
- (b) the remaining voting papers are voting papers other than those under which the first or second **Preference Votes** were for candidates elected in the first or second voting rounds;
- (c) the number of first, second and third **Preference Votes** allocated under all remaining voting papers to each remaining candidate shall be determined;
- (d) the third round qualifying total shall be

$$(T'' / N'') + 1$$

where T'' is the total number of first **Preference Votes**, second **Preference Votes** and third **Preference Votes** allocated under all remaining voting papers;

N'' is the number of **Panel Members** remaining to be elected after the first and second voting rounds.

8A.3.5.2 If the number of first, second and third **Preference Votes** allocated to any remaining candidate is equal to or greater than the third round qualifying total, that candidate shall be elected.

8A.3.6 Further provisions

8A.3.6.1 If after any voting round the number of candidates achieving the required **Preference Votes** threshold exceeds the number of persons remaining to be elected, the following tie-break provisions shall apply between the tied candidates. In addition, if after the third voting round any **Panel Member(s)** or **Alternate Member(s)** remain to be elected the following tie-break provisions shall apply between the remaining candidates:

- (a) the tied or remaining candidates (as applicable) shall be ranked in order of the number of first **Preference Votes** allocated to them, and the candidate(s) with the greatest number of such votes shall be elected;
- (b) in the event of a tie between two or more candidates within Paragraph (a), the candidate(s) (among those tied) with the greatest number of second **Preference Votes** shall be elected;
- (c) in the event of a tie between two or more candidates within Paragraph (b), the **Code Administrator** shall select the candidate(s) (among those tied) to be elected by drawing lots.

8A.3.7 Alternate Members and Panel Members

8A.3.7.1 Except where Paragraphs 8A.4.3 or 8A.4.4 apply, the seven (7) candidates receiving the greatest number of votes shall be elected as **Users' Panel Members** and the next five (5) shall be elected as **Alternate Members**.

8A.3.7.2 Where Paragraph 8A.4.3 applies the number of candidate(s) up to and including the

number of **Panel Member Interim Vacancies** receiving the greatest number of votes pursuant to the **Interim Panel and Alternate Election Process** shall be elected as **Users' Panel Member(s)** and the remaining candidates up to and including the number of **Alternate Member Interim Vacancies** receiving the greatest number of votes shall be elected as **Alternate Member(s)**.

8A.3.7.3 Where Paragraph 8A.4.4 applies the five (5) candidates receiving the greatest number of votes pursuant to the **Alternate Election Process** shall be elected as **Alternate Members**.

8A.4. VACANCIES

8A.4.1 General

8A.4.1.1 If a **Panel Member** ceases to hold office pursuant to Paragraph 8.6.1 (b) (i) then Paragraph 8A.4.2 shall apply.

8A.4.1.2 If a **Panel Member** ceases to hold office pursuant to Paragraph 8.6.1 (a), 8.6.1 (b) (ii) to (vi) (inclusive) or 8.6.1 (c) to (e) (inclusive) then Paragraph 8A.4.3 shall apply.

8A.4.1.3 If an **Alternate Member** ceases to hold office pursuant to Paragraph 8.6 (the "**Resigning**" **Alternate Member**) then Paragraph 8A.4.4 shall apply.

8A.4.1.4 The provisions of Paragraph 8A.2.1.2 shall apply, mutatis mutandis, to any replacement **Panel Member** or any replacement **Alternate Member** under this Paragraph 8A.4.

8A.4.2 Replacement of a Panel Member who ceases to hold office pursuant to Paragraph 8.6.1 (b) (i)

8A.4.2.1 Where this Paragraph 8A.4.2 applies, and in accordance with the duties set out in Paragraph 8.3.4(a), such **Panel Member** may appoint a replacement **Panel Member** (subject to Paragraph 8A.4.2.2) for the remainder of the term of office of such **Panel Member** and shall notify the **Panel Secretary** of a replacement **Panel Member** at the same time as they resign. If such **Panel Member** does not appoint a replacement at the time of notifying the **Panel Secretary** of their resignation then such **Panel Member** will be replaced in accordance with Paragraph 8A.4.3 and this Paragraph 8A.4.2.1 shall no longer apply.

8A.4.2.2 A **Panel Member** shall only appoint an **Alternate Member** to be his replacement pursuant to Paragraph 8A.4.2.1 and such **Alternate Member** chosen to be a **Panel Member** shall then become a **Resigning Alternate Member** and be replaced in accordance with Paragraph 8A.4.4.

8A.4.3 Replacement of a Panel Member who ceases to hold office pursuant to Paragraph 8.6.1 (a), 8.6.1 (b) (ii) to (vi) (inclusive) or 8.6.1 (c) to (e) inclusive)

8A.4.3.1 Subject to Paragraph 8A.4.3.2, such **Panel Member** shall, where one or more **Alternate Member(s)** hold office, be replaced by the **Alternate Member** who previously received the highest number of cumulative **Preference Votes** but if there were a tie-break in relation to such **Preference Votes** then the tie-break provisions set out in Paragraph 8A.3.6.1 shall apply, in either circumstance such **Alternate Member** selected to be a **Panel Member** shall then become a **Resigning Alternate Member** and be replaced in accordance with Paragraph 8A.4.4.

8A.4.3.2 If there are no **Alternate Members** in office upon a **Panel Member** ceasing to hold office then:

- (a) Where there are not less than six (6) months remaining until the next full election further **Panel Members** shall be elected in accordance with Paragraphs 8A.2, 8A.3 and subject to the following Paragraphs 8A.4.3.3 to 8A.4.3.5 (inclusive) (the “**Interim Panel and Alternate Election Process**”).
- (b) Where there are less than six (6) months remaining until the next full election no further **Panel Members** or **Alternate Members** shall be elected pursuant to this Paragraph 8A.4.3 and the positions shall remain vacant until the next full election.

8A.4.3.3 Where this Paragraph 8A.4.3.3 applies the **Code Administrator** shall indicate in the invitation referred to at Paragraph 8A.1.2.1 the number of vacancies for both **Panel Member(s)** (“**Panel Member Interim Vacancies**”) and **Alternate Member(s)** (“**Alternate Member Interim Vacancies**”) for which the **Interim Panel and Alternate Election Process** is being held.

8A.4.3.4 Any **Panel Member(s)** or **Alternate Member(s)** elected pursuant to the **Interim Panel and Alternate Election Process** shall cease to hold office at the next full election.

8A.4.3.5 The timetable for the **Interim Panel and Alternate Election Process** shall be expedited and the **Code Administrator** shall prepare a timetable accordingly.

8A.4.4 Replacement of a Resigning Alternate Member

8A.4.4.1 Subject to Paragraph 8A.4.4.2 a **Resigning Alternate Member** shall not be replaced.

8A.4.4.2 If there are no **Alternate Members** remaining in office following the resignation of an **Alternate Member** or their appointment as **Panel Member** in accordance with 8A.4.2 or 8A.4.3 then

- (a) Where there are not less than six (6) months remaining until the next full election further **Alternate Members** shall be elected in accordance with Paragraphs 8A.2, 8A.3 and subject to the following paragraphs 8A.4.4.3 to 8A.4.4.5 (inclusive) (the “**Alternate Election Process**”).
- (b) Where there are less than six (6) months remaining until the next full election no further **Alternate Members** shall be elected and the positions shall remain vacant until the next full election

8A.4.4.3 Where this paragraph 8A.4.4.3 applies, a reference in Paragraphs 8A.2 and 8A.3 to a **Users’ Panel Member** or **Panel Member** shall not apply except in the case of Paragraph 8A.3.5.1 (d) where the reference to “**Panel Members**” shall be read and construed as a reference to “**Alternate Members**”.

8A.4.4.4 Any **Alternate Member(s)** elected pursuant to the **Alternate Election Process** shall cease to hold office at the next full election.

8A.4.4.5 The timetable for the **Alternate Election Process** shall be expedited and the **Code Administrator** shall prepare a timetable accordingly.

END OF SECTION 8

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CUSC - SECTION 9
INTERCONNECTORS

9.1 INTRODUCTION

This Section 9 of the **CUSC** deals with **Interconnectors** other than **Distribution Interconnector Owners** (which are dealt with in Section 3). Part I provides for connection to the **National Electricity Transmission System** by an **Interconnector Owner** and Part II for use of the **National Electricity Transmission System** by **Interconnector Users** and **Interconnector Error Administrators**.

PART I - CONNECTION TO THE NATIONAL ELECTRICITY TRANSMISSION SYSTEM BY INTERCONNECTOR OWNERS

9.2 CONNECTION - INTRODUCTION

This Part I deals with connection to the **National Electricity Transmission System** by an **Interconnector Owner**. The **User** for the purposes of this Part I will therefore be the **Interconnector Owner**.

9.3 BEING OPERATIONAL, CONNECTION AND ENERGISATION

9.3.1 Right to Remain Connected

Subject to the other terms and conditions of the relevant **Bilateral Connection Agreement** and the **Grid Code** and any **Operating Agreement**, each **User** as between **The Company** and that **User** shall have the right for the **User's Equipment** to remain connected to the **National Electricity Transmission System** at the **Connection Site** of an **Interconnector** specified in the relevant **Bilateral Connection Agreement** once **Commissioned** and then for the duration of the relevant **Bilateral Connection Agreement** in relation to that **Connection Site**.

9.3.2 Right to Remain Energised and Operational

Subject to the other provisions of the **CUSC**, the **relevant Bilateral Connection Agreement** and the **Grid Code** and any **Operating Agreement** each **User** as between **The Company** and that **User** shall have the right for the **User's Equipment** at

the **Connection Site** of an **Interconnector** to remain **Energised** and **Operational** once **Commissioned** for the duration of the **Bilateral Connection Agreement** in relation to that **Connection Site**.

9.3.3 **Obligation to Remain Connected**

- (a) Without prejudice to its rights to make **Modifications** to the **User's Plant** (and/or **User's Equipment** as the case may be) pursuant to the **CUSC** and subject to the provisions of Paragraph 5.2 and the other provisions of the **CUSC**, the **Grid Code** and any **Operating Agreement**, the **User** shall keep the **User's Equipment** at the **Connection Site** of an **Interconnector** connected to the **National Electricity Transmission System** until **Decommissioning** or **Disconnection** is permitted pursuant to the **CUSC** and the relevant **Bilateral Connection Agreement**.
- (b) For as long as the **User** is connected to the **National Electricity Transmission System** and the **User's Equipment** is **Energised** and **Operational** the **User** shall ensure:
 - (i) that there is an **Interconnector Error Administrator** appointed in respect of that **Interconnector**; and
 - (ii) that any party with whom it enters into an agreement for use of that **Interconnector** is a party to the **CUSC** and is in receipt of a **Use of System Interconnector Confirmation Notice** prior to and during its use of that **Interconnector**.

9.4 **EXPORT OF POWER FROM THE INTERCONNECTOR CONNECTION SITE**

Subject to the other provisions of the **CUSC**, the relevant **Bilateral Connection Agreement** and the **Grid Code** and any **Operating Agreement**, **The Company** shall accept into the **National Electricity Transmission System** at the **Connection Site** of an **Interconnector** power up to the **Transmission Entry Capacity** and (if any) **STTEC** and/or **LDTEC** and/or any **Temporary Received TEC** less any **Temporary Donated TEC** for the relevant **Period** as specified in Appendix C to the relevant **Bilateral Connection Agreement** except to the extent (if any) that **The Company** is prevented from doing so by transmission constraints which could not be avoided by the exercise of **Good Industry Practice**.

9.5 **IMPORT OF POWER TO THE INTERCONNECTOR CONNECTION SITE**

Subject to the other provisions of the **CUSC**, the relevant **Bilateral Connection Agreement**, the **Grid Code** and any **Operating Agreement**, **The Company** shall transport a supply of power to a **Connection Site** of an **Interconnector** through the **National Electricity Transmission System** up to the amount specified in the **Bilateral Connection Agreement** except to the extent (if any) that **The Company** is prevented from doing so by transmission constraints which could not be avoided by the exercise of **Good Industry Practice** by **The Company**.

9.6 The **User** shall not permit the transfer of any amount of electricity onto the **National Electricity Transmission System** in excess of the **Transmission Entry Capacity** and (if any) **STTEC** and/or **LDTEC** and/or any **Temporary Received TEC** less any **Temporary Donated TEC** for the relevant **Period** specified in Appendix C to the relevant **Bilateral Connection Agreement** or permit the taking of any amounts of electricity off the **National Electricity Transmission System** in excess of the value as specified in Appendix C to the relevant **Bilateral Connection Agreement** save as expressly permitted or instructed pursuant to an **Emergency Instruction** under the **Grid Code** or save as expressly permitted pursuant to any **Operating Agreement** or the **Fuel Security Code** or as may be necessary or expedient in accordance with **Good Industry Practice**.

9.6A Connection Entry Capacity

With respect to a particular connection to the **National Electricity Transmission System**, each **User**, as between **The Company** and that **User**, shall not operate its **User's Equipment** such that any of it exceeds the **Connection Entry Capacity** specified for each **Generating Unit** or the **Connection Entry Capacity** to the **Connection Site** such figures being set out in Appendix C to the relevant **Bilateral Connection Agreement** save as expressly permitted pursuant to an **Emergency Instruction** under the **Grid Code** or save as expressly permitted pursuant to any **Operating Agreement** or the **Fuel Security Code** or as may be necessary or expedient in accordance with **Good Industry Practice**.

9.7 MAINTENANCE OF TRANSMISSION CONNECTION ASSETS

Subject to the other provisions of the **CUSC**, the relevant **Bilateral Connection Agreement**, the **Grid Code** and any **Operating Agreement**, **The Company** shall use all reasonable endeavours to maintain the **Transmission Connection Assets**

at each **Connection Site** of an **Interconnector** in the condition necessary to render the same fit for the purpose of passing power up to the **Connection Entry Capacity** specified in Appendix C to the **Bilateral Connection Agreement** as appropriate between the **User's Equipment** and the **National Electricity Transmission System**.

9.8 OUTAGES

Subject to the provisions of the **Grid Code** and any **Operating Agreement**, **The Company** and the **User** shall as between themselves be entitled to plan and execute outages of parts of, in the case of **The Company**, the **National Electricity Transmission System** or **Transmission Plant** or **Transmission Apparatus** and, in the case of the **User**, its **System** or **Plant** or **Apparatus** at any time and from time to time.

9.9 CONNECTION CHARGES

9.9.1 Connection Charges

Subject to the provisions of the **CUSC**, and the relevant **Bilateral Connection Agreement**, each **User** shall, as between **The Company** and that **User**, with effect from the relevant date set out in the relevant **Bilateral Connection Agreement** be liable to pay to **The Company** the **Connection Charges** calculated and applied in accordance with the **Statement of the Connection Charging Methodology** and as set out in the relevant **Bilateral Connection Agreement**. The **User** shall make those payments in accordance with the provisions of the **CUSC**. **The Company** shall apply and calculate the **Connection Charges** in accordance with the **Statement of the Connection Charging Methodology**.

9.9.2 Obligation to provide Security

The **User** shall provide **The Company** with **Security Cover** in respect of **Termination Amounts** in respect of **Transmission Connection Assets** commissioned after the **Transfer Date** in accordance with the provisions of Part III of Section 2.

9.9.3 Outturn Reconciliation

- (a) The following provisions relate to the ability for invoices to be issued for **Connection Charges** based on an estimate of the cost of **Transmission Connection Asset Works**, and for a reconciliation once those costs are known.

- (b) **The Company** shall be entitled to invoice the **User** for **Connection Charges** payable in accordance with the **CUSC** in respect of any **Plant** and **Apparatus** installed as part of the **Transmission Connection Asset Works** on the basis set out in the **Statement** of the **Connection Charging Methodology**, until the final cost of carrying out the said **Transmission Connection Asset Works** shall have been determined.
- (c) As soon as practicable after the **Completion Date** and in any event within one year thereof **The Company** shall provide to the **User** a written statement specifying the **Connection Charges** calculated in accordance with the **Charging Statements** based on the cost of carrying out the **Transmission Connection Asset Works** (the "**Cost Statement**"). **The Company** shall be entitled to revise Appendix B to the relevant **Bilateral Connection Agreement** accordingly.
- (d) In the event that the **Connection Charges** specified in the **Cost Statement** are greater than the amount paid by the **User** based on **The Company's** estimate under Paragraph 2.14.3(b), the **User** shall pay to **The Company** the difference between the two amounts plus interest on a daily basis from the date of payment by the **User** of the amounts calculated on **The Company's** estimate to the date of payment by the **User** of the difference at the **Base Rate**. In the event that the **Connection Charges** specified in the **Cost Statement** are less than the amount paid by the **User** based on **The Company's** estimate, **The Company** shall pay to the **User** the difference between the two amounts plus interest on a daily basis from the date of payment by the **User** of the amounts calculated on **The Company's** estimate to the date of repayment by **The Company** at the **Base Rate**. Such payment of reconciliation shall be made by one party to the other within 28 (twenty eight) days of the **Cost Statement**.

9.9.4 Connection Charges – One-off Charges

- (a) The following provisions relate to the payment for certain **One-off Works**, which arise in relation to the construction of a **Connection Site**.
- (b) The **User** shall forthwith on the relevant date set out in the relevant **Bilateral Connection Agreement** be liable to pay to **The Company** the **One-off Charge** (if any) as set out in the relevant **Bilateral Connection Agreement**.

- (c) **The Company** shall invoice the **User** for an amount equal to **The Company's** estimate of the **One-off Charge** before, on or after the relevant date set out in the relevant **Bilateral Connection Agreement** and the **User** shall pay to **The Company** the amount stated in **The Company** invoice at the later of such relevant date or 28 (twenty eight) days after the date of the said invoice.
- (d) As soon as practicable thereafter **The Company** shall provide the **User** with a statement of the **One-off Charge**. In the event of the amount specified in the statement being more than the amount paid by the **User** to **The Company** in terms of Paragraph 2.14.4(c), the **User** shall pay to **The Company** the difference plus interest on a daily basis from the date of the invoice under Paragraph 2.14.4(c) to the date of invoice for the difference at the **Base Rate** from time to time within 28 days (twenty eight) days of the date of **The Company's** invoice. In the event of the amount specified in the statement being less than the amount paid by the **User** under the terms of Paragraph 2.14.4(c), **The Company** shall forthwith pay to the **User** an amount equal to the difference plus interest calculated on a daily basis at the **Base Rate** from the date of payment by the **User** under Paragraph 2.14.4(c) to the date on which the difference is repaid by **The Company**.

9.9.5 Connection Charges – Site Specific Maintenance Charge

- (a) **The Company** shall be entitled to invoice each **User** for the indicative **Site Specific Maintenance Charge** in each **Financial Year** as set out in the **Statement of the Connecting Charging Methodology**.
- (b) As soon as reasonably practicable and in any event by 31 July in each **Financial Year** **The Company** shall:
 - (i) in accordance with the **Statement of the Connection Charging Methodology** calculate the actual **Site Specific Maintenance Charge** that would have been payable by the **User** during the preceding **Financial Year** (the "**Actual Charge**") and compare this with the indicative **Site Specific Maintenance Charge** received from the **User** during the preceding **Financial Year** (the "**Notional Charge**") and
 - (ii) prepare and send to the **User** a **Maintenance Reconciliation Statement** specifying the **Actual Charge** and the **Notional Charge** for the preceding **Financial Year**.

- (c) Two months after the date of issue of the **Maintenance Reconciliation Statement** and in any event by 30 September **The Company** shall issue a credit note in relation to any sums shown by the **Maintenance Reconciliation Statement** to be due to the **User** or an invoice in respect of sums due to **The Company** (such invoice to be payable within 30 days of the date of the invoice) and in each case interest thereon calculated pursuant to Paragraph 9.9.5(e) below.
- (d) Interest on all amounts due under this Paragraph 9.9.5 shall be payable by the paying **CUSC Party** to the other on such amounts from the date of payment applicable to the month concerned until the date of invoice for such amounts and such interest shall be calculated on a daily basis at a rate equal to the **Base Rate** during such period.

9.9.6 Payment

The **Connection Charges** in the **Financial Year** in which the **Charging Date** occurs shall be apportioned as follows:-

For each complete calendar month from **Charging Date** to the end of the **Financial Year** in which the **Charging Date** occurs the **User** shall be liable to pay one twelfth of the **Connection Charges** and for each part of a calendar month the **User** shall be liable to pay to **The Company** one twelfth of the **Connection Charges** prorated by a factor determined by the number of days for which the **User** is liable divided by the total number of days in such calendar month.

- 9.9.7 The provisions of Paragraphs 2.15 (Revision of Charges), 2.16 (Data Requirements), 2.17 (Replacement of Transmission Connection Assets), 2.18 Termination Amounts Re-use) and 2.19 to 2.22 inclusive (Security and Termination Amounts) of the **CUSC** shall apply to this Section 9 as if set out herein in full.

9.10 SPECIAL AUTOMATIC FACILITIES

The Company and each **User** shall, as between **The Company** and that **User** operate respectively the **National Electricity Transmission System** and the **User's Equipment** in accordance with the schemes set out in Appendix F3 to the relevant **Bilateral Connection Agreement** and/or any **Operating Agreement**.

9.11 PROTECTION AND CONTROL RELAY SETTINGS/FAULT CLEARANCE TIMES

The **Company** and the **User** shall record the respective protection and control relay settings and fault clearance times to be operated by each of them in documents in the format set out in Appendix F4 to the relevant **Bilateral Connection Agreement** and shall operate them accordingly.

9.12 OTHER SITE SPECIFIC TECHNICAL CONDITIONS

9.12.1 The **User** shall ensure that, in the case of a **Connection Site Commissioned** prior to the **Transfer Date**, on the **Transfer Date**, and in the case of a **Connection Site Commissioned** after the **Transfer Date**, on the **Completion Date(s)**, the **User's Equipment** complies with the site specific technical conditions set out in Appendix F5 to the relevant **Bilateral Connection Agreement** and/or in the relevant **Operating Agreement**.

9.12.2 The **User** shall use all reasonable endeavours to ensure during the period in which it is a party to a particular **Bilateral Connection Agreement** that the **User's Equipment** which is subject to that **Bilateral Connection Agreement** shall continue to comply with the site-specific technical conditions set out in Appendix F5 to that **Bilateral Connection Agreement** and/or in the relevant **Operating Agreement**.

9.12.3 If the **User** or **The Company** wishes to modify, alter or otherwise change the site specific technical conditions relating to a **Connection Site** or the manner of their operation:

- (a) under Appendix F4 to the relevant **Bilateral Connection Agreement** it may do so upon obtaining the agreement of the other party such agreement not to be unreasonably withheld;
- (b) under Appendices F1 or F3 or F5 to the relevant **Bilateral Connection Agreement** it shall be deemed to be a **Modification** for the purposes of the **CUSC**.

9.12.4 Where, in the case of a **Connection Site Commissioned** in England and Wales prior to the **Transfer Date**, on or immediately prior to the **Transfer Date** a **User's Equipment** subject to a particular **Bilateral Connection Agreement** has any of the following technical attributes or facilities:

- (a) circuit breaker fail protection
- (b) pole slipping protection
- (c) fault disconnection facilities

- (d) automatic switching equipment
- (e) control arrangements
- (f) voltage and current signals for system monitoring
- (g) control telephony
- (h) operational metering,

the **User** shall, as between **The Company** and that **User**, use all reasonable endeavours to ensure that during the period of such **Bilateral Connection Agreement** the **User's Equipment** which is subject to that **Bilateral Connection Agreement** retains such technical attributes or facilities provided always that if the **User** wishes to modify alter or otherwise change the same or their operation it may do so by following the procedures relating to a **Modification** in accordance with the **CUSC**.

9.13 SAFETY RULES

9.13.1 In relation to a **Connection Site** in England and Wales **The Company** and the **User** will each supply to the other and in relation to a **Connection Site** in Scotland **The Company** shall procure that the **Relevant Transmission Licensee** supplies to the **User** a copy of their **Safety Rules** current from time to time, including any site-specific **Safety Rules**, and also a copy of the **Local Safety Instructions** applicable at each **Connection Site** from time to time.

9.13.2 In relation to a **Connection Site** in Scotland each **User** will supply to the **Relevant Transmission Licensee** a copy of their **Safety Rules** current from time to time, including any site-specific **Safety Rules**, and also a copy of the **Local Safety Instructions** applicable at each **Connection Site** from time to time.

9.14 INTERFACE AGREEMENT

9.14.1 In relation to **Connection Sites** and **New Connection Sites** in England and Wales **The Company** and the **User** undertake to enter into an **Interface Agreement** with each other and in relation to **Connection Sites** and **New Connection Sites** in Scotland **The Company** shall procure that the **Relevant Transmission Licensee** shall enter into an **Interface Agreement** with a **User** in either case in a form to be agreed between them but based substantially on the forms set out in Schedule 2 as appropriate where such **Interface Agreement(s)** is/are required pursuant to the applicable **Bilateral Connection Agreement** or otherwise.

- 9.14.2 In relation to **Connection Sites** and **New Connection Sites** in Scotland the **User** undertakes to enter into an **Interface Agreement** with the **Relevant Transmission Licensee** in a form to be agreed between them but based substantially on the forms set out in Exhibit O to the **CUSC** as appropriate where such **Interface Agreement(s)** is/are required pursuant to the applicable **Bilateral Connection Agreement** or otherwise.

9.15 PRINCIPLES OF OWNERSHIP

- 9.15.1 Subject to any contrary agreement in any **Bilateral Connection Agreement** or elsewhere, the division of ownership of **Plant** and **Apparatus** shall be at the electrical boundary, such boundary to be in relation to **Plant** and **Apparatus** located between the **National Electricity Transmission System** and an **Interconnector** at the busbar clamp on the busbar side of the busbar isolators in the **Interconnector** transformer circuits at a **Connection Site**.

- 9.15.2 For the avoidance of doubt nothing in this Paragraph 9.16 shall effect any transfer of ownership in any **Plant** or **Apparatus**.

9.16 EVENT OF DEFAULT

- 9.16.1 Where **The Company** has given notice of event of default to an **Interconnector User** or **Interconnector Error Administrator** in accordance with Section 5 **The Company** shall be entitled to request the **User** to cease or procure the cessation of the transfer of power across the relevant **Interconnector** by or on behalf of that **Interconnector User** or **Interconnector Error Administrator**.

- 9.16.2 As soon as practicable after such request from **The Company** the **User** shall cease or procure the cessation of the transfer of power across the relevant **Interconnector** by or on behalf of that **Interconnector User**.

9.17 NEW CONNECTION SITES

- 9.17.1 If the **User** wishes to connect a **New Connection Site** it shall complete and submit to **The Company** a **Connection Application** and comply with the terms thereof.

- 9.17.2 Without prejudice to Standard Condition C8 of the **Transmission Licence** **The Company** shall make a **Connection Offer** to that **User** as soon as practicable after receipt of the **Connection Application** and (save where the **Authority** consents to a longer period) in any event not more

than 3 months after receipt by **The Company** of the **Connection Application**.

9.17.3 The **Connection Offer** shall remain open for acceptance for 3 months from its receipt by that **User** unless either that **User** or **The Company** makes an application to the **Authority** under Standard Condition C9 of the **Transmission Licence**, in which event the **Connection Offer** shall remain open for acceptance until the date 14 days after any determination by the **Authority** pursuant to such application.

9.17.4 If the **Connection Offer** is accepted by that **User** the connection shall proceed according to the terms of the **CUSC** and the relevant **Bilateral Connection Agreement** and **Construction Agreement** entered into consequent upon acceptance of the **Offer**.

PART II - USE OF THE NATIONAL ELECTRICITY TRANSMISSION SYSTEM BY INTERCONNECTOR USERS AND INTERCONNECTOR ERROR ADMINISTRATORS

9.18 INTRODUCTION

This Part II deals with rights and obligations relating to use of the **National Electricity Transmission System** by **Interconnector Users** and **Interconnector Error Administrators**. An **Interconnector Error Administrator** is deemed to be using the **National Electricity Transmission System** because of its registered **BM Units**. The **User** for the purposes of this Part II will therefore be an **Interconnector User** and/or an **Interconnector Error Administrator**. Where the **Interconnector Error Administrator** is **The Company**, the **User** for the purposes of this Part II will be **The Company**.

9.19 RIGHTS TO USE THE NATIONAL ELECTRICITY TRANSMISSION SYSTEM

9.19.1 Subject to the provisions of the **CUSC**, the **Grid Code** and any relevant **Operating Agreement** **The Company** shall as between **The Company** and that **User** transport a supply of power through the **National Electricity Transmission System** together with such margin as **The Company** shall in its reasonable opinion consider necessary having due regard to **The Company's** duties under the **Transmission Licence** except to the extent (if any) that **The Company** is prevented from doing so by transmission constraints or by insufficiency of generation which, in either case, could not have been avoided by the exercise of **Good Industry Practice** by **The Company**.

9.19.2 This right is subject to there being a **Bilateral Connection Agreement** between the **Interconnector Owner** and **The Company** for the **Connection Site** of the relevant **Interconnector**.

9.19.3 The **User** acknowledges that breach of the provisions of the **CUSC** by an **Interconnector Owner** may give rise to **Deenergisation** or **Disconnection** of the **Connection Site** of that **Interconnector** pursuant to Section 5.

9.19.4 Subject to the provisions of the **Grid Code** and any **Operating Agreement** **The Company** shall be entitled to plan and execute outages of parts of the **National Electricity Transmission System** or **Transmission Plant** or **Transmission Apparatus** at any time and from time to time.

9.20 USE OF SYSTEM APPLICATION

9.20.1 If a **User** wishes to use the **National Electricity Transmission System** in accordance with this Part II, it shall complete and submit to **The Company** a **Use of System Application** and comply with the terms thereof.

9.20.2 Without prejudice to Standard Condition C8 of the **Transmission Licence**, **The Company** shall make a **Use of System Offer** to that prospective **User** as soon as practicable after receipt of the **Use of System Application** and (save where the **Authority** commits to a longer period) in any event not more than 28 days after receipt by **The Company** or the **Use of System Application**.

9.20.3 The **Use of System Offer** shall be in the form of **Use of System Interconnector Offer Notice**. The provisions of Standard Condition C8 shall apply to an application by a **User** under this Section 9 Part II as if the **Use of System Interconnector Offer Notice** and **Use of System Interconnector Confirmation Notice** was an agreement for the purposes of that condition.

9.20.4 The **Use of System Interconnector Offer** shall remain open for acceptance for 28 days from its receipt by that **User** unless either that **User** or **The Company** makes an application to the **Authority** under Standard Condition C9 of the **Transmission Licence**, in which event the **Use of System Interconnector Offer Notice** shall remain open for acceptance until the date 14 days after any determination by the **Authority** pursuant to such application.

9.20.5 Upon acceptance of the **Use of System Interconnector Offer** (as offered by **The Company** or determined by the **Authority**) by the **User** and the issuing by **The Company** of a **Use of**

System Interconnector Confirmation Notice, the **User** shall have the right to use the **National Electricity Transmission System** in accordance with this Section. Such right shall continue until a **Use of System Termination Notice** is submitted pursuant to Paragraph 9.23.1 or the use ceases in accordance with 9.23.2.

9.20.6 Such rights shall be conditional upon the **Applicant**, if it is not already a party to the **CUSC Framework Agreement**, becoming a party to the **CUSC Framework Agreement**.

9.21 TERMINATION AND RELATED PROVISIONS

9.21.1 A **User** may terminate its use of the **National Electricity Transmission System** by giving **The Company** a **Use of System Termination Notice** not less than 28 days prior to such termination of use and the right to use the **National Electricity Transmission System** shall cease upon the termination date in the **Use of System Termination Notice**.

9.21.2.1 Use shall cease forthwith upon:

- (a) There ceasing to be a **Bilateral Connection Agreement** for the **Connection Site** of the relevant **Interconnector**;
- (b) disconnection of the **Connection Site** of the relevant **Interconnector** pursuant to Section 5;
- (c) an **Event of Default** by the **User** as provided for in Section 5.

9.21.2.2 Use shall be suspended for the period of any **Deenergisation** of the **Connection Site** of the relevant **Interconnector** pursuant to the **CUSC**.

PART III - INTERCONNECTORS ADJUSTMENT PAYMENTS

9.22 INTRODUCTION

This Part III deals with **Interconnector Payments** and the **Interconnector Cap and Floor Revenue Adjustment**. The **User** for the purposes of this Part III will therefore be the **Interconnector Owner**.

9.23 DATA EXCHANGE FOR CHARGE SETTING

9.23.1 This section sets out when a **User** shall provide its best estimates of (a) in the case of the Interconnexion France-Angleterre (IFA) **Interconnector**, the **Interconnector Payments** and (b) other **Interconnectors**, the **Interconnector Cap and Floor Revenue Adjustment** to **The Company** which is required so that **The Company** can calculate **Transmission Network Use of System Charges** and the date by which the **User** shall provide a statement to the **Authority** of the estimates sent to **The Company**.

9.23.2 By 1 November 2017 and then by 1 November in each subsequent **Financial Year**, each **User** will provide **The Company** with a best forecast of its **Interconnector Adjustment Payments** for that **Financial Year** and the following **Financial Year**. The **User** will update and provide a final forecast of the **Interconnector Adjustment Payments** for that and the following **Financial Year** by each 25 January.

9.23.3 On or before 25 January in 2018 and each following **Financial Year** (or such later date as the **Authority** may direct) the **User** shall provide a statement to the **Authority** of the forecast provided to **The Company** under Paragraph 9.23.2 for the previous **Financial Year**.

9.24 REVENUE FORECAST INFORMATION PROVISION

9.24.1 This section describes the data exchange process between **The Company** and the **User**, which is required so that **The Company** can regularly publish the forecast annual revenue used in the calculation of **Transmission Network Use of System Charges** over a five year period, so that parties that pay **Transmission Network Use of System Charges** can understand future changes.

9.24.2 Each **User** will report or forecast their **Interconnector Adjustment Payments** for the current **Financial Year** and each of the next five **Financial Years** on a nominal price basis (money of the day), and provide this data and narrative by e-mail no later than the close of the 5th business day each February and October.

- 9.24.3 All financial values will be supplied to the nearest £100k.
- 9.24.4 Each **User** will provide contact details with respect to answering any query with regards to their data.
- 9.24.5 Each **User** shall provide all necessary assistance in response to any reasonable query from **The Company** regarding the data submitted by that **User**.

9.25 USE OF SUBSTITUTE DATA

- 9.25.1 Under Paragraphs 9.23 and 9.24 where no data is provided by the **User** or the data is subject to dispute, **The Company** shall use, for the purposes of calculating or forecasting the **Transmission Network Use of System Charges**, the data that it believes to be the most accurate until **The Company** is satisfied with the data provided or any dispute has been resolved.
- 9.25.2 For the avoidance of doubt, the use of substitute data as referred to in paragraph 9.25.1 will not affect the invoicing of **The Company** by the **User**, or the **User** by **The Company**.
- 9.25.3 Where **The Company** has used substitute data, **The Company** shall notify the relevant **User**.
- 9.25.4 If applicable, once any dispute has been resolved, charges shall be revised on the basis of the appropriate data.

9.26 INVOICING (PAYMENT TO THE USER)

- 9.26.1 This section describes the process applied when **Interconnector Adjustment Payments** are made from **The Company** to the **User** in a given **Financial Year**.
- 9.26.2 The **User** shall receive payment from **The Company** for the **Interconnector Adjustment Payments** in monthly instalments.

By 1 October each year **The Company** shall email the **User** requesting a forecast of their **Interconnector Adjustment Payments** for the following **Financial Year** only. The **Interconnector** shall email **The Company**, on or before 1st November each year, their forecast of the **Interconnector Adjustment Payments** for the following **Financial Year**. Revisions to the **Interconnector Adjustment Payments** can be made up to 25th January each year for the following **Financial Year**.

- 9.26.3 The amount forecast in Paragraph 9.26.2 shall be accompanied by an invoicing schedule to detail the annual and monthly amounts for **Interconnector Adjustment Payments** as defined in the **Interconnector** Licences.
- 9.26.4 The **User** shall invoice **The Company** equal amounts over the remaining months of the **Financial Year**, matching the amounts shown in the schedule provided under Paragraph 9.26.3 and totalling the annual **Interconnector Adjustment Payments**. **The Company** shall pay the recurrent monthly **User** invoice on the later of
- (a) the 15th day following the day that the **User's** invoice was despatched; and
 - (b) the 16th day of the month to which the invoiced payments relate,
 - (c) unless, in such case, such payment day is not a **Business Day** in which case payment shall be made on the next **Business Day**.
- 9.26.5 Paper invoices will be despatched by post, and supported by fax and or email, where feasible, to **The Company**. The **User's** bank account details shall be included with each monthly invoice.
- 9.26.6 All payments will be by BACS.
- 9.26.7 Only under exceptional circumstances, can **Interconnector Adjustment Payments** from **The Company** be changed after final notification on 25th January. Exceptional circumstances mean an event or circumstance that is beyond the reasonable

control of the licensee and for which it should not reasonably bear the financial risk.

9.27 PAYMENT (PAYMENT TO THE COMPANY)

9.27.1 This section describes the process for when **Interconnector Adjustment Payments** are made from the **User** to **The Company** in a given **Financial Year**.

9.27.2 **The Company** shall receive payment of the **Interconnector Adjustment Payments** from the **User** in monthly instalments. By 1 October each year **The Company** shall email the **User** requesting a forecast of their **Interconnector Adjustment Payments** for the following **Financial Year**. The **User** shall email **The Company**, on or before 1st November each year, their forecast of the **Interconnector Adjustment Payments** for the following **Financial Year** only. Revisions to the **Interconnector Adjustment Payments** can be made up to 25th January each year for the following **Financial Year**.

9.27.3 The amount forecast in Paragraph 9.27.2 shall be accompanied by an invoicing schedule to detail the annual and monthly amounts for **Interconnector Adjustment Payments**.

9.27.4 **The Company** shall invoice the **User** equal amounts over the remaining months of the **Financial Year**, matching the amounts shown in the schedule provided under Paragraph 9.27.3 and totalling the annual **Interconnector Adjustment Payments**. The **User** shall pay the recurrent monthly **Company** invoice on the later of

- (a) the 15th day following the day that **The Company's** invoice was despatched; and
- (b) the 16th day of the month to which the invoiced payments relate,
- (c) unless, in such case, such payment day is not a **Business Day** in which case payment shall be made on the next **Business Day**.

- 9.27.5 Paper invoices will be despatched by post, and supported by fax and or email, where feasible, to the **User**. **The Company's** bank account details shall be included with each monthly invoice.
- 9.27.6 All payments will be by BACS.
- 9.27.7 Only under exceptional circumstances, can **Interconnector Adjustment Payments to The Company** be changed after final notification on 25th January. Exceptional circumstances mean an event or circumstance that is beyond the reasonable control of the licensee and for which it should not reasonably bear the financial risk.

END OF SECTION 9

CUSC - SECTION 10

TRANSITION ISSUES

CONTENTS

Part1 CUSC MODIFICATION PROPOSAL 223 (WACM1 and WACM2)
TRANSITION

Part 1

10.1 INTRODUCTION

- 10.1.1 This Section 10 deals with issues arising out of the transition associated with the approval and implementation of **CMP 223**. For the purposes of this Section 10 the version of the **CUSC** as amended by **CMP 223** shall be referred to as the “**Post CMP 223 CUSC**” and the version of the **CUSC** prior to amendment by **CMP 223** shall be referred to as the “**Pre CMP 223 CUSC**”.
- 10.1.2 **CMP 223** affects **Users** in the category of (a) an **Embedded Power Station** which is the subject of a **Bilateral Embedded Generation Agreement** and (b) a **Distribution System** directly connected to the **National Electricity Transmission System** where there is an **Associated DNO Construction Agreement** and references to **User** in this Section 10 shall be construed accordingly.
- 10.1.3 This Section sets out the arrangements such that by the **CMP 223 Transition Period End Date**:
- (a) **Existing Associated DNO Construction Agreements** have been amended in line with the provisions introduced under **CMP223**;
 - (b) The **Cancellation Charge Secured Amount Statement** issued by **The Company** for the **CMP 223 Security Period** in respect of **Existing Associated DNO Construction Agreements** and **Existing BEGA Construction Agreements** reflects the adjusted % introduced under **CMP223**;
 - (c) Where an **Existing Associated DNO Construction Agreement** provides for more than one of a **Relevant Embedded Small Power Station** and/or **Relevant Embedded Medium Power Station** and/or **Embedded Large Power Station** which is the subject of a **BELLA**, **Users** have received the necessary information in respect of the **Cancellation Charge** and the **Cancellation Charge Secured Amount** in respect of each such project.
- 10.1.4 This Section 10 comprises:
- (a) this Introduction; and
 - (b) **CMP 223** transition issues.
- 10.1.5 The provisions of the **Post CMP 223 CUSC** shall be suspended (except as specifically provided for in this Section 10 and for the

purposes of interpretation and definitions and for enabling the doing of anything which may require to be done in relation to but in advance of the **CMP 223 Transition Period End Date** to achieve the objectives at 10.1.4) in respect of the **Users** until the **CMP 223 Transition Period End Date**. Any termination of an **Existing Associated DNO Construction Agreement** or **Existing BEGA Construction Agreement** or reduction in **Transmission Entry Capacity** or **Developer Capacity** which takes effect prior to or on the **CMP 223 Transition Period End Date** shall therefore be dealt with, and the rights and obligations of **The Company** and the **User** to each other, shall be as provided for in the **Existing Associated DNO Construction Agreement** or **Existing BEGA Construction Agreement**.

10.1.6 In this Section 10:

- (a) the term “**Applicants**”; shall mean **Users** who apply for an offer of a type referred to in (j) during the **CMP 223 Transition Period**;
- (b) the term “**CMP 223**”, shall mean **CUSC Modification Proposal 223** (Arrangements for Relevant Distributed Generators under the Enduring Generation User Commitment);
- (c) the term “**CMP 223 Implementation Date**”, shall mean the **Implementation Date** for **CMP 223**;
- (d) the term “**CMP 223 Security Period**”, shall mean the **Security Period** immediately following the **CMP 223 Transitional Period End Date**;
- (e) the term “**CMP 223 Transition Period End Date**” shall mean the day before the day of the first **Security Period** which is not less than 6 months from the **CMP 223 Implementation Date**;
- (f) the term “**CMP 223 Transition Period**”, shall mean the period from the **CMP 223 Implementation Date** ending on and including the **CMP 223 Transition Period End Date** and is the period with which this Section 10 deals;
- (g) the term “**Existing Associated DNO Construction Agreement**”, shall mean an **Associated DNO Construction Agreement** where the **Construction Works** will not be completed prior to the **CMP 223 Transition Period End Date**;

- (h) the term “**Existing BEGA Construction Agreement**”, shall mean a **Construction Agreement** with a **User** who is party to a **Bilateral Embedded Generation Agreement** where the **Construction Works** under this or the **Associated DNO Construction Agreement** will not be completed prior to the **CMP 223 Transition Period End Date** ;
- (i) the term “**Existing Construction Agreement**”, shall mean, as appropriate, an **Existing Associated DNO Construction Agreement** or an **Existing BEGA Construction Agreement**;
- (j) the term “**New Applications**”, shall mean a **Request for a Statement of Works** or **Modification Application** associated with **Distributed Generation** or **Use of System Application** by a **User** or prospective **User** or a **Modification Application** to vary any such agreements made during the **CMP 223 Transition Period**;
- (k) the term “**Outstanding Applications**”, shall mean an offer of a type referred to in (j) where the application was made prior to the **CMP 223 Implementation Date**;
- (l) the term “**Outstanding Offers**”, shall mean an offer to a **User** or prospective **User** of a type referred to in (j) which has not been accepted at the **CMP 223 Implementation Date** but is still capable of being accepted.

10.1.8 Without prejudice to any specific provision under this Section 10 as to the time within which or the manner in which **The Company** or a **User** should perform its obligations under this Section 10, where **The Company** or a **User** is required to take any step or measure under this Section 10, such requirement shall be construed as including any obligation to:

- (a) take such step or measure as quickly as reasonably practicable; and
- (b) do such associated or ancillary things as may be necessary to complete such step or measure as quickly as reasonably practicable.

10.2 **CMP 223 TRANSITION**

Existing Construction Agreements

- 10.2.1 **The Company** shall offer to amend each **Existing Associated DNO Construction Agreement** such that it is consistent at the **CMP 223 Transition Period End Date** with the amendments introduced by **CMP 223**.
- 10.2.2 **The Company** shall make the offer in respect of each **Existing Associated DNO Construction Agreement** to each **User** as soon as reasonably practicable after the **CMP 223 Implementation Date**.
- 10.2.3 If **The Company** and a **User** fail to agree changes to an **Existing Associated DNO Construction Agreement** either such person may refer the matter to the **Authority** under Standard Condition C9 Paragraph 4 of the **Transmission Licence**.
- 10.2.4 In respect of the **CMP 223 Security Period**, the **Cancellation Charge Secured Amount Statement** sent to each **User** with an **Existing Associated DNO Construction Agreement** or **Existing BEGA Construction Agreement** shall reflect the provisions introduced by **CMP 223** and each such **User** shall put security arrangements in place in accordance with **CUSC Section 15** such security arrangements to be effective from the start of the **CMP 223 Security Period**.

Outstanding Applications and New Applications

- 10.2.5 **The Company** shall make **Offers** such that prior to the **CMP 223 Transition Period End Date** the arrangements for security and liability within the agreements are consistent with those under the **Pre CMP 223 CUSC** but such that on **CMP 223 Transition Period End Date** the arrangements for security and liability within the agreements are consistent with those under the **Post CMP 223 CUSC** and shall to the extent practicable make such **Offers** within the original or standard timescales.

END OF SECTION 10

CUSC - SECTION 11

INTERPRETATION AND DEFINITIONS

CONTENTS

- 11.1 Introduction
- 11.2 Interpretation and Construction
- 11.3 Definitions

SECTION 11

INTERPRETATION AND DEFINITIONS

11.1 INTRODUCTION

This Section sets out general rules to be applied in interpreting the **CUSC, Bilateral Agreements, Construction Agreements** and **Mandatory Services Agreements**. It also sets out the defined terms used by the **CUSC** (other than those defined elsewhere in the **CUSC**) and other agreements. Those other agreements may, in accordance with Paragraph 11.2.2, have their own further interpretation rules and defined terms which apply only to the individual agreements.

11.2 INTERPRETATION AND CONSTRUCTION:

11.2.1 In the **CUSC** and in each **Bilateral Agreement** and in each **Mandatory Services Agreement** and each **Construction Agreement**:

- (a) the interpretation rules in this Paragraph 11.2; and
- (b) the words and expressions defined in Paragraph 11.3,

shall, unless the subject matter or context otherwise requires or is inconsistent therewith, apply.

11.2.2 Save as otherwise expressly provided in the **CUSC**, in the event of any inconsistency between the provisions of any **Bilateral Agreement, Mandatory Services Agreement** or **Construction Agreement** and the **CUSC**, the provisions of the **Bilateral Agreement** or **Mandatory Services Agreement** or **Construction Agreement** shall prevail in relation to the **Connection Site** which is the subject thereof to the extent that the rights and obligations of **Users** not party to that **Bilateral Agreement, Mandatory Services Agreement** or **Construction Agreement** are not affected.

11.2.3 If in order to comply with any obligation in the **CUSC**, any **Bilateral Agreement** or any **Construction Agreement** any **CUSC Party** is under a duty to obtain the consent or approval (including any statutory licence or permission) ("the **Consent**") of a third party (or the **Consent** of another **CUSC Party**) such obligation shall be deemed to be subject to the obtaining of such **Consent** which the **CUSC Party** requiring the **Consent** shall use its reasonable endeavours to obtain including (if there are reasonable grounds therefor) pursuing any appeal in order to obtain such **Consent**.

11.2.4 If such **Consent** is required from any **CUSC Party** then such **CUSC Party** shall grant such **Consent** unless it is unable to do so or it would be unlawful for it to do so provided that such grant by such **CUSC Party** may be made subject to such reasonable conditions as such **CUSC Party** shall reasonably determine.

- 11.2.5 For the avoidance of doubt if the **CUSC Party** who is under a duty to obtain such **Consent** fails to obtain such **Consent** having complied with this Paragraph 11.2 the obligation on that **CUSC Party** (in relation to which such **Consent** is required) shall cease.
- 11.2.6 In the **CUSC** and in each **Bilateral Agreement** and in each **Mandatory Services Agreement** and each **Construction Agreement**:
- (a) unless the context otherwise requires all references to a particular Paragraph, Part, Section, Schedule or Exhibit shall be a reference to that Paragraph, Part, Section, Schedule or Exhibit in or to the **CUSC** and all references to a particular Appendix shall be a reference to that Appendix to a **Bilateral Agreement** or **Mandatory Services Agreement** or **Construction Agreement** (as the case may be);
 - (b) a table of contents and headings are inserted for convenience only and shall be ignored in construing the **CUSC** or a **Bilateral Agreement**, **Construction Agreement** or **Mandatory Services Agreement** as the case may be;
 - (c) references to the words "include" or "including" are to be construed without limitation to the generality of the preceding words;
 - (d) unless the context otherwise requires any reference to an Act of Parliament or any part or section or other provision of or schedule to an Act of Parliament shall be construed, at the particular time, as including a reference to any modification, extension or re-enactment thereof then in force and to all instruments, orders or regulations then in force and made under or deriving validity from the relevant Act of Parliament; and
 - (e) references to the masculine shall include the feminine and references in the singular shall include the plural and vice versa and words denoting persons shall include any individual, partnership, firm, company, corporation, joint venture, trust, association, organisation or other entity, in each case whether or not having separate legal personality.
- 11.2.7 In the case of **OTSDUW Build**, if the **Transmission Interface Site** is **Operational** prior to the **OTSUA Transfer Time** the **User's Equipment** will be connected to the **National Electricity Transmission System** through the connection of the **OTSUA** to the **National Electricity Transmission System** at the **Transmission Interface Point** until the **OTSUA Transfer Time**. In such case and until the **OTSUA Transfer Time**, where provisions of the **CUSC** apply in relation to (a) **User's Equipment**; such provisions and references to **User's Equipment** shall be construed where the context requires as being instead references to or including (as the context requires) **OTSUA** unless the context otherwise requires; and (b) **User's Equipment** by reference to the **Connection Site**; such provisions and references to **User's Equipment** and **Connection Site** in the **CUSC** shall be construed as being instead references to or including (as the context requires) **OTSUA** and **Transmission Interface Site** respectively unless the context otherwise requires;

11.3 DEFINITIONS

The following terms shall have the following meanings:

"10 Clear Days"	defined as 10 complete periods of 24 hours from 00:00hrs to 24:00hrs;
"ABSVD Methodology Statement"	the document entitled "Applicable Balancing Services Volume Data Methodology Statement", as published by The Company as the same may be amended from time to time;
"Accession Agreement"	an agreement in or substantially in the form of Exhibit A to the CUSC whereby an applicant accedes to the CUSC Framework Agreement ;
"Acceptance Volume"	as defined in the Balancing and Settlement Code ;
"Act"	the Electricity Act 1989;
"Active Power"	the product of voltage and the in-phase component of alternating current measured in units of watts and standard multiples thereof i.e. 1000 watts = 1kW 1000 kW = 1MW 1000 MW = 1GW 1000 GW = 1TW;
"Actual Amount"	as defined in Paragraph 3.13;
"Actual Attributable Works Cancellation Charge"	where the Attributable Works Cancellation Charge is calculated in accordance with Paragraph 3.5.2 of Part Two of the User Commitment Methodology ;
"Additional Load"	Site Load other than Station Load and importing Generating Units for processes other than the production of electricity;
"Additional Scheduling Data"	as defined in the Grid Code on the day prior to the NETA Go-live Date ;
"Adjusted LDTEC Profile"	the LDTEC Profile as adjusted by the MW cap specified by the User in its acceptance of the LDTEC Block Offer in accordance with CUSC Paragraph 6.32.6.4;
"Affected User"	a User : a) with Transmission Entry Capacity for the Connection Site against which the affected Export BM Unit or Associated Export BM Unit BM Unit is registered and who

is paying or in receipt of generator **Transmission Network Use of System Charges** by reference to such **Transmission Entry Capacity**; or

b) an **Interconnector Owner**;

"Affiliate"	in relation to The Company (and in relation to Paragraphs 3.6.9.8, 6.14 and 8A.4.2.2, any User) means any holding company or subsidiary of The Company (or the User as the case may be) or any subsidiary of a holding company of The Company (or the User as the case may be), in each case within the meaning of sections 736, 736A and 736B of the Companies Act 1985 as substituted by section 144 of the Companies Act 1989;
"AF Rules"	has the meaning given to "allocation framework" in section 13(2) of the Energy Act 2013
"Agency"	means the Agency for the Cooperation of the Energy Regulators established under 2009/713/EC of the European Parliament and of the Council of the 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators as amended from time to time;
"Agency Business"	any business of The Company or any Affiliate or Related Undertaking in the purchase or other acquisition or sale or other disposal of electricity as agent for any other Authorised Electricity Operator ;
"Agreed Ancillary Services"	Part 2 System Ancillary Services and Commercial Ancillary Services ;
"Agreed Value"	the value attributed by The Company to the form of security provided that if The Company and the User cannot agree on such value then the value will be determined by an expert appointed by The Company and the User or, failing their agreement as to the expert, the expert nominated by the Director General of The Institute of Credit Management;
"Alternate Election Process"	as defined in Paragraph 8A.4.4.2;
"Alternate Member(s)"	persons appointed as such pursuant to Paragraph 8.7.2;
"Alternate Member Interim Vacancies"	as defined in Paragraph 8A.4.3.3;
"Allowed Interruption"	shall mean an Interruption as a result of any of the following: a) an Event other than an Event on the National Electricity Transmission System ; b) an event of Force Majeure pursuant to Paragraph 6.19 of

the **CUSC**;

- c) (i) a **Total Shutdown**

(ii) a **Partial Shutdown**, but only for any period of **Interruption** which coincides with a **Market Suspension Period**;
- d) action taken under the **Fuel Security Code**;
- e) **Disconnection** or **Deenergisation** by or at the request of **The Company** under Section 5 of the **CUSC**, except in the case of an **Emergency Deenergisation Instruction**;
- f) the result of a direction of the Authority or **Secretary of State**;
- g) tripping of the **User's Circuit Breaker(s)** following receipt of a signal from a **System to Generator Operational Intertripping Scheme** which has been armed in accordance with Paragraph 4.2A.2.1(b).

or if provided for in a **Bilateral Agreement** with the affected **User**;

"Ancillary Services"	System Ancillary Services and/or Commercial Ancillary Services as the case may be;
"Ancillary Services Agreement"	an agreement between The Company and a User or other person to govern the provision of and payment for one or more Ancillary Services , which term shall include without limitation a Mandatory Services Agreement ;
"Annual Average Cold Spell (ACS) Conditions"	a particular combination of weather elements which gives rise to a level of peak Demand within an The Company Financial Year which has a 50% chance of being exceeded as a result of weather variation alone;
"Annual Wider Cancellation Amount Statement"	the statement published by The Company each Financial Year in accordance with the User Commitment Methodology ;
"Apparatus"	all equipment in which electrical conductors are used, supported or of which they may form a part;
"Applicant"	a person applying for connection and/or use of system under the CUSC ;
"Applicable CUSC Objectives"	as defined in the Transmission Licence ;
"Applicable Value"	the highest contractual Transmission Entry Capacity figure for year "t" provided to The Company up to and including 31 October in year "t-1" for publication in the October update of the Seven Year

	Statement;
"Application for a STTEC"	an application made by a User in accordance with the Offer " Paragraph 6.31 for Short Term Capacity for a STTEC Period ;
"Approved Agency"	the panel of three independent assessment agencies appointed by The Company and other network operators from time to time for the purpose of providing Independent Credit Assessments details of such agencies to be published on the The Company Website ;
"Approved CUSC Modification"	as defined in Paragraph 8.23.7;
"Approved CUSC Modification Fast Track Proposal"	as defined in Paragraph 8.29.7, provided that no objection is received pursuant to Paragraph 8.29.12;
"Approved CUSC Modification Self-Governance Proposal"	as defined in Paragraph 8.25.10;
"Applicable Balancing Services Volume Data"	has the meaning given in the Balancing and Settlement Code .
"Approved Credit Rating"	a long term debt rating of not less than BB- by Standard and Poor's Corporation or a rating not less than Ba3 by Moody's Investor Services, or a short term rating which correlates to those long term ratings, or an equivalent rating from any other reputable credit agency approved by The Company ; or such other lower rating as may be reasonably approved by The Company from time to time
"Associated DNO Construction Agreement"	a Construction Agreement between The Company and a User in the category of a Distribution System directly connected to the National Electricity Transmission System in respect of works required on the National Electricity Transmission System as a consequence of the connection of Distributed Generation to the Distribution System ;
"Associated Export BM Unit"	an Export BM Unit where: <ul style="list-style-type: none"> (i) that Export BM Unit and an Import BM Unit are comprised in the User's Equipment are both registered as being associated with each other by being listed in Appendix C of the same Bilateral Connection Agreement; and <p>the Import BM Unit is Deenergised and as a direct consequence of the Deenergisation of the Import BM Unit the Export BM Unit is also Deenergised;</p>
"Attributable Works"	those components of the Construction Works which are required (a) to connect a Power Station or Interconnector which is to be connected at a Connection Site to the nearest suitable MITS

Node; or (b) in respect of an **Embedded Power Station** from the relevant **Grid Supply Point** to the nearest suitable **MITS Node** (and in any case above where the **Construction Works** include a **Transmission** substation that once constructed will become the **MITS Node**, the **Attributable Works** will include such **Transmission** substation) and which in relation to a particular **User** are as specified in its **Construction Agreement**;

"Attributable Cancellation Charge"	Works	the component of the Cancellation Charge which applies on and after the Trigger Date and prior to the Charging Date as more particularly described in Part Two of the User Commitment Methodology ;
"Attributable Cost"	Works Capital	means the fees, expenses and costs of whatever nature reasonably and properly incurred or due in respect of each component within the Attributable Works ;
"Authorised Recipient"		in relation to any Protected Information , means any Business Person who, before the Protected Information had been divulged to him by The Company or any Subsidiary of The Company , had been informed of the nature and effect of Paragraph 6.15.1 and who requires access to such Protected Information for the proper performance of his duties as a Business Person in the course of Permitted Activities ;
"Authority"		the Director General of Electricity Supply appointed for the time being pursuant to section 1 of the Act or, after the coming into force of section 1 of the Utilities Act 2000, the Gas and Electricity Markets Authority established by that section;
"Available LDTEC"		is the level of MW for an LDTEC Week as notified by The Company to a User in (in the case of the first seven LDTEC Weeks) the LDTEC Indicative Block Offer and for subsequent LDTEC Weeks in an LDTEC Availability Notification ;
"Back Stop Date"		in relation to an item of Derogated Plant , the date by which it is to attain its Required Standard , as specified in or pursuant to the relevant Derogation ;
"Balancing and Settlement Code" or "BSC"		as defined in the Transmission Licence ;
"Balancing Code" or "BC"		as defined in the Grid Code ;
"Balancing Mechanism"		as defined in the Transmission Licence ;
"Balancing Services"		as defined in the Transmission Licence ;
"Balancing Services Activity"		as defined in the Transmission Licence ;
"Balancing Services"		an agreement between The Company and a User or other person governing the provision of and payment for one or more Balancing

Agreement"	Services;
"Balancing Services Use of System Charges"	the element of Use of System Charges payable in respect of the Balancing Services Activity ;
"Balancing Services Use of System Charges Forecast Information"	The Company's estimate of the average expected Balancing Services Use of System Charges for each month in the Current Financial Year and each month of the following Financial Year .
"Balancing Services Use of System Reconciliation Statement"	as defined in Paragraph 3.15.1;
"Bank Account"	<p>a bank account in the name of The Company at such branch of Barclays Bank PLC, or such branch of any other bank, in the City of London as is notified by The Company to the User in which deposits of principal sums from the User shall be ascertainable, bearing interest from (and including) the date of deposit of principal sums to (but excluding) the date of withdrawal of principal sums from such account, mandated for withdrawal of principal solely by The Company against delivery of a Notice of Drawing for the amount demanded therein and mandated for the transfer of any interest accrued to the Bank Account to such account to:</p> <p>a) an associated bank account in the name of The Company in which the interest accruing in respect of the principal sums deposited by the User shall be ascertainable; or</p> <p>b) such bank account as the User may specify;</p>
"Base Rate"	in respect of any day, the rate per annum which is equal to the base lending rate from time to time of Barclays Bank PLC as at the close of business on the immediately preceding Business Day ;
"Base Value at Risk"	the sum of HH Base Value at Risk and the NHH Base Value at Risk ;
"BELLA Application"	an application for a BELLA in the form or substantially in the form set out in Exhibit Q;
"BELLA Offer"	an offer for a BELLA in the form or substantially the form set out in Exhibit R including any revision or extension of such offer;
"Bi-annual Estimate"	an estimate pursuant to Paragraph 2.21.2 of all payments to be made or which may be required to be made by the User in any relevant period, such estimate to be substantially in the form set out in Exhibit L to the CUSC ;
"Bid"	as defined in the Balancing and Settlement Code ;

"Bid-Offer Acceptance"	as defined in the Balancing and Settlement Code ;
"Bid-Offer Volume"	as defined in the Balancing and Settlement Code ;
"Bilateral Agreement"	in relation to a User , a Bilateral Connection Agreement or a Bilateral Embedded Generation Agreement , or a BELLA between The Company and the User ;
"Bilateral Connection Agreement"	an agreement entered into pursuant to Paragraph 1.3.1 a form of which is set out in Exhibit 1 to Schedule 2 ;
"Bilateral Embedded Generation Agreement"	an agreement entered into pursuant to Paragraph 1.3.1, a form of which is set out in Exhibit 2 to Schedule 2 ;
"Bilateral Embedded Licence exemptable Large power station Agreement" or "BELLA"	an agreement in respect of an Embedded Exemptable Large Power Station entered into pursuant to Paragraph 1.3.1, a form of which is set out in Exhibit 5 to Schedule 2 ;
"Bilateral Insurance Policy"	a policy of insurance taken out by the User with a company in the business of providing insurance who meets the Requirements for the benefit of The Company and upon which The Company can claim if the circumstances set out in CUSC Paragraph 5.3.1(b) (i) to (v) arise in respect of such User and which shall provide security for the Agreed Value . In addition The Company may accept such a policy from such a company who does not meet the Requirements up to an Agreed Value where The Company agrees or where The Company does not agree as determined by an expert appointed by The Company and the User or failing their agreement as to the expert the expert nominated by the Director General of The Institute of Credit Management;
"Block LDTEC"	is at any given time the lower of the MW figure in the LDTEC Profile or Adjusted LDTEC Profile for an LDTEC Period ;
"BM Unit"	as defined in the Balancing and Settlement Code ;
"BM Unit Identifiers"	the identifiers (as defined in the Balancing and Settlement Code) of the BM Units ;
"BM Unit Metered Volume"	as defined in the Balancing and Settlement Code ;
"Boundary Point Metering System"	as defined in the Balancing and Settlement Code ;
"British Grid Systems Agreement"	the agreement made on 30 March 1990 of that name between The Company , Scottish Hydro Electric plc, and Scottish Power plc;
"BSC Agent"	as defined in the Balancing and Settlement Code ;

"BSC Framework Agreement"		as defined in the Transmission Licence ;
"BSC Panel"		the Panel as defined in the Balancing and Settlement Code ;
"BSC Party"		a person who is for the time being bound by the Balancing and Settlement Code by virtue of being a party to the BSC Framework Agreement ;
"Business Day"		any week-day other than a Saturday on which banks are open for domestic business in the City of London;
"Business Person"		any person who is a Main Business Person or a Corporate Functions Person and " Business Personnel " shall be construed accordingly;
"Cancellation Charge"		the charge payable by certain Users in the event of termination of a Bilateral Connection Agreement or Bilateral Embedded Generation Agreement or Construction Agreement or a reduction in Transmission Entry Capacity or a reduction in Interconnector User Commitment Capacity or a reduction in Developer Capacity as calculated in accordance with the User Commitment Methodology ;
"Cancellation Charge Profile"		the profile as applied to the Fixed Attributable Works Cancellation Charge and Wider Cancellation Charge in accordance with Part Two of the User Commitment Methodology ;
"Cancellation Charge Secured Amount"		the amount to be secured by a User from the start of and during a Security Period as such amount is applied and calculated in accordance with Part Three of the User Commitment Methodology ;
"Cancellation Charge Secured Amount Statement"		the statement issued by The Company to a User in accordance with Part Two of the User Commitment Methodology showing the Cancellation Charge Secured Amount for a given Security Period such statement to be in substantially the form set out in Exhibit MM2 to the CUSC ;
"Cancellation Shortfall"	Charge	the difference between (a) the Cancellation Charge Secured Amount (or such higher sum as paid by the Developer to the User in respect of the Cancellation Charge) and (b) the Cancellation Charge payable by the User ;
"Cancellation Statement"	Charge	the statement issued by The Company to a User in accordance with Part Two of the User Commitment Methodology such statement to be in substantially the form set out in Exhibit MM1 to the CUSC ;
"CAP 179 Implementation Date"		shall mean the date specified as the Implementation Date in the direction issued by the Authority approving CUSC Amendment Proposal 179 (Prevention of Timing Out of Authority Decisions on Amendment Proposals);

"Capability Payment"	as defined in Paragraph 4.2A.4(a)(i);
"Capacity Market Documents"	The Capacity Market Rules , The Electricity Capacity Regulations 2014 and any other Regulations made under Chapter 3 of Part 2 of the Energy Act 2013 which are in force from time to time;
"Capacity Market Rules"	The rules made under section 34 of the Energy Act 2013 as modified from time to time in accordance with that section and The Electricity Capacity Regulations 2014;
"Category 1 Intertripping Scheme"	as defined in the Grid Code ;
"Category 2 Intertripping Scheme"	as defined in the Grid Code ;
"Category 3 Intertripping Scheme"	as defined in the Grid Code ;
"Category 4 Intertripping Scheme"	as defined in the Grid Code ;
"CCGT Unit"	a Generating Unit within a CCGT Module ;
"Central Volume Allocation"	as defined in the Balancing and Settlement Code ;
"CfD Administrative Parties"	The Secretary of State, a CfD Counterparty and any CfD Settlement Services Provider ;
"CfD Counterparty"	a person designated as a "CfD counterparty" under section 7(1) of the Energy Act 2013;
"CfD Documents"	the AF Rules , The Contracts for Difference (Allocation) Regulations 2014, The Contracts for Difference (Definition of Eligible Generator) Regulations 2014 and The Contracts for Difference (Electricity Supplier Obligations) Regulations 2014 and any other regulations made under Chapter 2 of Part 2 of the Energy Act 2013 which are in force from time to time;
"CfD Settlement Services Provider"	means any person: <ul style="list-style-type: none"> (i) appointed for the time being and from time to time by a CfD Counterparty; or (ii) who is designated by virtue of Section C1.2.1B of the Balancing and Settlement Code, <p>in either case to carry out any of the CFD settlement activities (or any successor entity performing CFD settlement activities);</p>
"Charging Date"	as defined in the Construction Agreement ;

"Charging Dispute"	as defined in Paragraph 7.2.1;
"Charging Methodologies"	(a) the Use of System Charging Methodology ; and/or (b) the Connection Charging Methodology ;
"Charging Statements"	the Statement of the Connection Charging Methodology , the Statement of the Use of System Charging Methodology , and the Statement of Use of System Charges ;
"Circuit Breaker"	a mechanical switching device, capable of making, carrying and breaking currents under normal circuit conditions and also of making, carrying for a specified time and breaking currents under specified abnormal circuit conditions, such as those of short circuit;
"Citizens Advice"	Means the National Association of Citizens Advice Bureaux
"Citizens Advice Scotland"	Means the Scottish Association of Citizens Advice Bureaux
"CM Administrative Parties"	the Secretary of State , the CM Settlement Body , and any CM Settlement Services Provider ;
"CMRS"	as defined in the Balancing and Settlement Code ;
"CM Settlement Body"	the Electricity Settlements Company Ltd or such other person as may from time to time be appointed as Settlement Body under regulation 80 of the Electricity Capacity Regulations 2014;
"CM Settlement Services Provider"	any person with whom the CM Settlement Body has entered into a contract to provide services to it in relation to the performance of its functions under the Capacity Market Documents ;
"Code Administration Code of Practice"	the code of practice approved by the Authority and: (a) developed and maintained by the code administrators in existence from time to time; (b) amended subject to the Authority's approval from time to time; and (c) re-published from time to time;
"Code Administrator"	The Company carrying out the role of Code Administrator pursuant to Section 8;
"Code of Practice"	as defined in the Balancing and Settlement Code ;
"Combined Cycle Gas Turbine Module" or "CCGT Module"	a collection of Generating Units (registered under the Grid Code PC) comprising one or more Gas Turbine Units (or other gas based engine units) and one or more Steam Units where, in normal operation, the waste heat from the Gas Turbine Units is passed to the water/steam system of the associated Steam Units

	and where the component units within the CCGT Module are directly connected by steam or hot gas lines to enable those units to contribute to the efficiency of the combined cycle operation of the CCGT Module ;
"Commercial Ancillary Services"	as defined in the Grid Code ;
"Commercial Boundary"	(unless otherwise defined in the relevant Mandatory Services Agreements), the commercial boundary between either The Company or a Public Distribution System Operator (as the case may be) and the User at the higher voltage terminal of the generator step-up transformer;
"Commercial Services Agreement"	an agreement between The Company and a User or other person to govern the provision of and payment for one or more Agreed Ancillary Services ;
"Commissioned"	in respect of Plant and Apparatus commissioned before the Transfer Date means Plant and Apparatus recognised as having been commissioned according to the commissioning procedures current at the time of commissioning and in respect of Plant and Apparatus commissioned after the Transfer Date means Plant and/or Apparatus certified by the Independent Engineer as having been commissioned in accordance with the relevant Commissioning Programme ;
"Commissioning Programme"	in relation to a particular user, as defined in its Construction Agreement ;
"Commissioning Programme Commencement Date"	as defined in relation to a particular User in the Construction Agreement ;
"Competent Authority"	the Secretary of State , the Authority and any local or national agency, authority, department, inspectorate, minister (including Scottish ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, the United Kingdom or the European Community;
"Completion Date"	in relation to a particular User , as defined in its Construction Agreement ;
"Composite Demand Charges"	in respect of a User its Demand related Transmission Network Use of System Charges for each Transmission Network Use of System Demand Zone ;
"Confidential Information"	all data and other information supplied to a User by another CUSC Party under the provisions of the CUSC or any Bilateral Agreement , Construction Agreement or Mandatory Services Agreement ;

“Connect and Manage Arrangements”	the arrangements whereby pursuant to Standard Condition C26 of the Transmission Licence and Standard Condition D16 of a Relevant Transmission Licensee’s transmission licence connection to and or use of the National Electricity Transmission System is permitted by virtue of a Connect and Manage Derogation on completion of the Enabling Works but prior to completion of the Wider Transmission Reinforcement Works ;
“Connect and Manage Derogation”	means the temporary derogation from the NETS SQSS available to The Company pursuant to Standard Condition C17 of the Transmission Licence and/or a Relevant Transmission Licensee pursuant to Standard Condition D3 of its transmission licence;
“Connect and Manage Derogation Criteria”	the criteria detailed as such in CUSC Section 13.2.4;
“Connect and Manage Derogation Report”	the report required to be prepared by The Company and/or a Relevant Transmission Licensee in respect of a Connect and Manage Derogation ;
“Connect and Manage Implementation Date”	means the date which the Secretary of State determines shall be the connect and manage implementation date;
“Connect and Manage Power Station”	means a Power Station which is directly connected to the National Electricity Transmission System or which is Distributed Generation ;
“Connect and Manage Transition Period”	means the period ending 6 months after the Connect and Manage Implementation Date ;
"Connected Planning Data"	in relation to a particular user, as defined in its Construction Agreement ;
"Connection"	a direct connection to the National Electricity Transmission System by a User ;
"Connection Application"	an application for a New Connection Site in the form or substantially in the form set out in Exhibit B to the CUSC ;
“Connection Boundary”	shall be the boundary defined by Paragraph 14.2.6 of the Statement of the Connection Charging Methodology;
"Connection Charges"	charges made or levied or to be made or levied for the carrying out (whether before or after the date on which the Transmission Licence comes into force) of works and provision and installation of electrical plant, electric lines and ancillary meters in constructing entry and exit points on the National Electricity Transmission System , together with charges in respect of maintenance and repair of such items in so far as not otherwise recoverable as Use of System Charges , all as more fully described in the Transmission Licence , whether or not such charges are

	annualised, including all charges provided for in the statement of Connection Charging Methodology (such as Termination Amounts and One-off Charges);
"Connection Charging Methodology"	as defined in the Transmission Licence and set out in Section 14;
"Connection Conditions" or "CC"	that portion of the Grid Code which is identified as the Connection Conditions ;
"Connection Entry Capacity"	the figure specified as such for the Connection Site and each Generating Units as set out in Appendix C of the relevant Bilateral Connection Agreement ;
"Connection Offer"	an offer or (where appropriate) the offers for a New Connection Site in the form or substantially in the form set out in Exhibit C including any revision or extension of such offer or offers;
"Connection Site"	each location more particularly described in the relevant Bilateral Agreement at which a User's Equipment and Transmission Connection Assets required to connect that User to the National Electricity Transmission System are situated (or, in the case of OTSDUW Build , each location that will become such from the OTSUA Transfer Time and, until the OTSUA Transfer Time , is the location where the User's Equipment connects to the OTSUA). If two or more Users own or operate Plant and Apparatus which is connected at any particular location that location shall constitute two (or the appropriate number of) Connection Sites ;
"Connection Site Demand Capability"	the capability of a Connection Site to take power to the maximum level forecast by the User from time to time and forming part of the Forecast Data supplied to The Company pursuant to the Grid Code together with such margin as The Company shall in its reasonable opinion consider necessary having regard to The Company's duties under its Transmission Licence ;
"Consents"	in relation to a particular User , as defined in its Construction Agreement ;
	In relation to any Works:-
	a) all such planning and other statutory consents; and
	b) all wayleaves, easements, rights over or interests in land or any other consent; or for commencement and carrying on of any activity proposed to be undertaken at or from such Works when completed
	c) permission of any kind as shall be necessary for the construction of the Works;

"Construction Agreement"	an agreement entered into pursuant to Paragraph 1.3.2;
"Construction Programme"	in relation to a particular User , as defined in its Construction Agreement ;
"Construction Works"	In relation to a particular User , as defined in its Construction Agreement ;
"Consumer Representative"	Means the person appointed by the Citizens Advice or the Citizens Advice Scotland (or any successor body) representing all categories of customers, appointed in accordance with Paragraph 8.4.2(b)
"Consumption"	as defined in the Balancing and Settlement Code in relation to a Consumption BM Unit;
"Control Telephony"	as defined in the Grid Code ;
"Contract Test"	a test (not being a Reactive Test) described in a Market Agreement ;
"Contract Start Days"	as defined in Paragraph 3.3 of Schedule 3, Part I;
"Core Industry Documents"	as defined in the Transmission Licence ;
"Core Industry Document Owner"	in relation to a Core Industry Document , the body(ies) or entity(ies) responsible for the management and operation of procedures for making changes to such document;
"Corporate Functions Person"	any person who is: <ul style="list-style-type: none"> (a) a director of The Company; or (b) an employee of The Company or any of its subsidiaries carrying out any administrative, finance or other corporate services of any kind which in part relate to the Main Business; or (c) engaged as an agent of or adviser to or performs work in relation to or services for the Main Business;
"Cost Statement"	as defined in Paragraph 2.14.3;
"Credit Assessment Score"	a score between zero and ten given by an Approved Agency in the Independent Credit Assessment ;
"Credit Assessment Sum"	the proportion of the Unsecured Credit Cover extended by The Company to a User who does not meet the Approved Credit Rating and calculated in accordance with Paragraph 3.26.6;

"Credit Rating"	the credit requirements set by The Company from time to time in relation to Termination Amounts ;
"CUSC"	this Connection and Use of System Code ;
"CUSC Framework Agreement"	as defined in the Transmission Licence ;
"CUSC Implementation Date"	00.01 on the 18 September 2001;
"CUSC Modification Fast Track Proposal"	a proposal to modify the CUSC which is raised pursuant to Paragraph 8.29 and has not yet been approved or rejected by the CUSC Modifications Panel ;
"CUSC Modification Fast Track Report"	a report prepared pursuant to Paragraph 8.29;
"CUSC Modification Procedures"	the procedures for the modification of the CUSC (including the implementation of Approved CUSC Modifications) as set out in Section 8;
"CUSC Modification Process"	the part of the CUSC Modification Procedures relating to consideration by the CUSC Modifications Panel and Workgroups , consultation by the Workgroups and The Company and preparation of a CUSC Modification Report by the CUSC Modifications Panel ;
"CUSC Modification Proposal"	a proposal to modify the CUSC which is not rejected pursuant to Paragraphs 8.16.5 or 8.16.6 and has not yet been implemented;
"CUSC Modification Register"	as defined in Paragraph 8.13.1;
"CUSC Modification Report"	a report prepared pursuant to Paragraph 8.23;
"CUSC Modification Self-Governance Report"	a report prepared pursuant to Paragraph 8.25;
"CUSC Modifications Panel"	the body established and maintained pursuant to Paragraph 8.3;
"CUSC Modifications Panel Recommendation Vote"	the vote of Panel Members undertaken by the Panel Chairman in accordance with Paragraph 8.23.4 as to whether in their view they believe each CUSC Modification Proposal , or Workgroup Alternative CUSC Modification would better facilitate achievement of the Applicable CUSC Objective(s) and so should be made;
"CUSC Modifications Panel Self-Governance Vote"	The vote of Panel Members undertaken by the Panel Chairman in accordance with Paragraph 8.25.9 as to whether they believe each CUSC Modification Proposal , as compared with the then existing provisions of the CUSC and any Workgroup Alternative CUSC Modification set out in the CUSC Modification Self-Governance Report , would better facilitate achievement of the Applicable

	CUSC Objective(s);
"CUSC Party"	as defined in the Transmission Licence ;
"Customer"	a person to whom electrical power is provided (whether or not he is the provider of such electrical power) other than power to meet Station Demand of that person;
"Customer Services Team"	the customer services team identified within The Company which manages the commercial interface with parties connected to the transmission network, as identified on the Website ;
"DC Converter"	As defined in the Grid Code ;
"Data Registration Code" or "DRC"	the portion of the Grid Code which is identified as the Data Registration Code ;
"DCLF"	Direct Current Load Flow;
"Deemed HH Forecasting Performance"	the sum calculated in accordance with Section 3, Appendix 2 Paragraph 3 as it may be revised in accordance with paragraph 3.22.7.
"Deemed NHH Forecasting Performance"	the sum calculated in accordance with Section 3, Appendix 2 Paragraph 6 as it may be revised pursuant to Paragraph 3.22.8.
"Deenergisation" or "Deenergise(d)"	the movement of any isolator, breaker or switch or the removal of any fuse whereby no electricity can flow to or from the relevant System through the User's Equipment ;
"Defaulting Party"	as defined in Paragraph 4.3.2.11;
"Defendant Party"	as defined in Paragraph 7.5.1;
"Delivering"	as defined in the Balancing and Settlement Code ;
"De-Load"	the difference (expressed in MW) between the Maximum Export Limit and the Final Physical Notification Data as adjusted by the Acceptance Volume in respect of a Bid-Offer Acceptance (if any), and "De-Loaded" shall be construed accordingly;
"Demand"	the demand of MW and Mvar of electricity (i.e. both Active Power and Reactive Power), unless otherwise stated;
"Demand Forecast"	a User's forecast of its Demand submitted to The Company in accordance with paragraphs 3.10, 3.11 and 3.12;
"Depreciation Period"	in relation to a Transmission Connection Asset for a particular User , the period which commences on the asset's initial effective charging date, and which expires after the appropriate duration, which unless otherwise agreed upon connection is 40 years excluding FMS metering electronics that are agreed between the

User and The Company;

"Derogation"	means (a) a direction issued by the Authority relieving a CUSC Party from the obligation under its Licence to comply with such parts of the Grid Code or any Distribution Code or in the case of The Company the Transmission Licence as may be specified in such direction and/or (b) a Connect and Manage Derogation as the context requires and "Derogated" shall be construed accordingly;
"Derogated Plant"	Plant or Apparatus which is the subject of a Derogation ;
"Design Variation"	is a connection design (which provides for connection to the National Electricity Transmission System) which fails to satisfy the relevant deterministic criteria detailed for an Onshore Connection in paragraphs 2.5 to 2.13 and for an Offshore Connection in 7.7 to 7.19, as appropriate, of the NETS SQSS ;
"Designated Sum"	means such sum as shall be directed by the Authority as soon as practicable after the determination of an approved Use of System Charging Methodology ;
"Designated sum"	As defined in Standard Condition C13 of the Transmission Licence
"De-synchronisation"	the act of taking a BM Unit off a System to which it has been Synchronised , by opening any connecting circuit breaker, and " De-synchronised " shall be construed accordingly;
"Detailed Planning Data"	detailed additional data which The Company requires under the PC in support of Standard Planning Data;
"Developer Capacity"	the MW figure as specified as such by a User in a BELLA or in a Construction Agreement entered into between The Company and a User in the category of a Distribution System directly connected to the National Electricity Transmission System as a consequence of a Request for a Statement of Works ;
"Directive"	includes any present or future directive, requirement, instruction, direction or rule of any Competent Authority , (but only, if not having the force of law, if compliance with the Directive is in accordance with the general practice of persons to whom the Directive is addressed) and includes any modification, extension or replacement thereof then in force;
"Directly-Connected User" or "Directly-Connected Customer"	A large, usually industrial, consumer of electricity who is directly connected to the National Electricity Transmission System ;
"Disconnect" or "Disconnection"	without prejudice to the interpretation of the terms " Disconnect " or " Disconnection " to Users acting in capacities other than those

detailed, the following definitions shall apply:

- (a) for **Users** acting in their capacity as **Generators** with **Embedded Large Power Stations** or **Embedded Medium Power Stations**, passing power on to a **Distribution System** through a connection to a **Distribution System** which had not been commissioned as at the **Transfer Date**, means permanent physical disconnection of the **User's Equipment** at the site of connection to the **Distribution System**;
- (b) for **Users** who are **Trading Parties** (as defined in the **Balancing and Settlement Code**) acting in their capacity as responsible for **Small Power Stations** which are **Embedded**, means, permanent physical disconnection of the **User's Equipment** or **Equipment** for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) at the site of connection to the **Distribution System**;
- (c) for **Users** acting in a capacity other than those detailed in (a) or (b), means permanent physical disconnection of a **User's Equipment** at any given **Connection Site** which permits removal thereof from the **Connection Site** or removal of all **Transmission Connection Assets** there from (as the case may be);

"Dispute Resolution Procedure"

the procedures set out in Section 7;

"Dispute Statement"

as defined in Paragraph 3.15.4;

"Distributed Generation"

means for the purposes of the **Connect and Manage Arrangements**, Section 6 and Section 15 of the **CUSC**:

- (a) an **Embedded Power Station** which is the subject of a **Bilateral Embedded Generation Agreement**;
- (b) an **Embedded Power Station** which is the subject of a **Bilateral Embedded Licence Exemptable Large Power Station Agreement**;
- (c) a **Relevant Embedded Medium Power Station**;
- (d) a **Relevant Embedded Small Power Station**.

"Distribution Agreement"

an agreement entered into by a **User** with the owner/operator of the **Distribution System** for the connection of the **User's Equipment** (or equipment for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) to and use of such **Distribution System**;

"Distribution Code(s)"	the Distribution Code(s) drawn up by Public Distribution System Operators pursuant to the terms of their respective Licence(s) as from time to time revised in accordance with those Licences ;
"Distribution Connection Agreement"	an agreement between a User who owns or operates a Distribution System and an owner of a Power Station for connection to that User's Distribution System ;
"Distribution Interconnector"	as defined in the Balancing and Settlement Code ;
"Distribution Interconnector Owner"	the Owner of a Distribution Interconnector or of that part of a Distribution Interconnector directly connected to a Distribution System ;
"Distribution Licence"	a licence issued under section 6(1)(c) of the Act ;
"Distribution System"	the system consisting (wholly or mainly) of electric lines owned or operated by any Authorised Electricity Operator and used for the distribution of electricity from Grid Supply Points or generation sets or other entry points to the point of delivery to Customers or Authorised Electricity Operators , and includes any Remote Transmission Assets operated by such Authorised Electricity Operator and any electrical plant and meters owned or operated by the Authorised Electricity Operator in connection with the distribution of electricity, but shall not include any part of the National Electricity Transmission System ;
"Distribution Voltage"	a voltage of 132kV or below in England & Wales. A voltage of below 132kV in Scotland. Generally taken to be voltages lower than those defined as transmission voltages;
"Dormant CUSC Party"	a CUSC Party which does not enjoy any ongoing rights and/or obligations for the period of its dormancy under the CUSC , as provided for in Section 5;
Downstream Party	a third party connected to a Non-Embedded Customer's System
"Earthing"	as defined in the Grid Code ;
"EdF Documents"	as defined in the Balancing and Settlement Code ;
"Election Timetable"	as defined in Paragraph 8A.1.2.1;
"Election Year"	as defined in Paragraph 8A.1.1.2;
"Electricity Arbitration Association"	as the phrase ' Electricity Supply Industry Arbitration Association ' is defined in the Grid Code ;
"Electricity Regulation"	means Regulation 2009/714/EC of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network

for cross-border exchanges in electricity and repealing Regulation 2003/1228/EC as amended from time to time;

"Eligible Small Generator"

defined as an eligible generator in Standard Condition 13 of the Transmission Licence;

"Embedded"

a direct connection to a **Distribution System** or the **System** of any other **User** to which **Customers** and/or **Power Stations** are connected;

in the context of the **Charging Methodologies** it shall mean a direct connection to a **Distribution System** or the **System** of any other **User** to which **Customers** and/or **Power Stations** are connected, such connection being either a direct connection or a connection via a busbar of another **User** or of a **Transmission Licensee** (but with no other connection to the **National Electricity Transmission System**);

"Embedded Generator MW Register"

the Register set up by **The Company** pursuant to Paragraph 6.35;

"Emergency Deenergisation Instruction"

an instruction issued by **The Company** to a **User** to either:

- (a) **Deenergise** that **User's Equipment**, or
- (b) request the owner of the **Distribution System** to which the **User's Equipment** or equipment for which that **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) is connected to **Deenergise** that **User's Equipment** or equipment for which that **User** is responsible (as defined in Section K of the **Balancing and Settlement Code** or ;
- (c) declare its **Maximum Export Limit** in respect of the **BM Unit(s)** associated with such **User's Equipment** to zero and to maintain it at that level during the **Interruption Period**,

where in **The Company's** reasonable opinion:

- (i) the condition or manner of operation of any **Transmission Plant** and/or **Apparatus** is such that it may cause damage or injury to any person or to the **National Electricity Transmission System**; and
- (ii) if the **User's Equipment** connected to such **Transmission Plant** and/or **Apparatus** was not **Deenergised** and/or the **Maximum Export Limit** of such **User's Equipment** connected to such **Transmission Plant** and/or **Apparatus** was not reduced to zero then it is likely that the **Transmission Plant** and/or **Apparatus** would automatically trip; and

- (iii) if such **Transmission Plant** and/or **Apparatus** had tripped automatically, then
 - (I) the **BM Unit** comprised in such **User's Equipment** (other than an **Interconnector Owner**); or
 - (II) an **Interconnector** of an **Affected User** who is an **Interconnector Owner**,

would, solely as a result of **Deenergisation** of **Plant** and **Apparatus** forming part of the **National Electricity Transmission System**, have been **Deenergised**;

"Emergency Instruction"

as defined in the **Grid Code**;

"EMR Documents"

means The Energy Act 2013, The Electricity Capacity Regulations 2014, the **Capacity Market Rules**, The Contracts for Difference (Allocation) Regulations 2014, The Contracts for Difference (Definition of Eligible Generator) Regulations 2014, The Contracts for Difference (Electricity Supplier Obligations) Regulations 2014, The Electricity Market Reform (General) Regulations 2014, the **AF Rules** and any other regulations or instruments made under Chapter 2 (contracts for difference), Chapter 3 (capacity market) or Chapter 4 (investment contracts) of Part 2 of the Energy Act 2013 which are in force from time to time;

"EMR Functions"

Has the meaning given to "EMR functions" in Chapter 5 of Part 2 of the Energy Act 2013;

"Enabling Works"

those elements of the **Transmission Reinforcement Works** identified as such in accordance with **CUSC** Section 13 and which in relation to a particular **User** are as specified and by its acceptance of the **Offer** or **Modification Offer**, agreed by the **User** in the relevant **Construction Agreement**;

"End Date"

shall mean 5.00pm on the date 12 months from (and not including) the **Security Amendment -Implementation Date**;

"Energisation" or "Energise(d)"

the movement of any isolator, breaker or switch or the insertion of any fuse so as to enable **Energy** to flow from and to the relevant **System** through the **User's Equipment** (and in the case of **OTSDUW Build**, the **OTSUA** prior to the **OTSUA Transfer Time**);

"Energy"

the electrical energy produced, flowing or supplied by an electric circuit during a time interval, being the integral with respect to time of the power, measured in units of watt-hours or standard multiples thereof i.e.

1000 Wh = 1KWh

	1000 KWh = 1MWh
	1000 MWh = 1GWh
	1000 GWh = 1TWh;
"Energy Metering Equipment"	as the phrase " Metering Equipment " is defined in the Balancing and Settlement Code ;
"Energy Metering System"	as the phrase " Metering System " is defined in the Balancing and Settlement Code ;
"Enforceable"	The Company (acting reasonably) is satisfied that the security is legally enforceable and in this respect the User shall obtain such legal opinion at its expense as The Company (acting reasonably shall require);
"Engineering Charge"	as set out in the Statement of Use of System Charges from time to time;
"Enhanced Reactive Power Service"	as defined in Paragraph 1.2 of Schedule 3, Part I;
"Enhanced Rate"	in respect of any day the rate per annum which is 4% per annum above the Base Rate ;
"Escrow Account"	a bank account in the name of The Company at such branch of Barclays Bank PLC or such branch of any other bank, in the City of London as is notified by The Company to the User in which deposits of principal sums from the User shall be ascertainable, bearing interest from (and including) the date of deposit of principal sums to (but excluding) the date of withdrawal of principal sums from such account, mandated for withdrawal of any sums solely by The Company and mandated for the transfer of any interest accrued to such account to: <ul style="list-style-type: none"> a) an associated bank account in the name of The Company in which the interest accruing in respect of the principal sums deposited by the User shall be ascertainable; or b) such bank account as the User may specify;
"Estimated Demand"	the forecast Demand (Active Power) data filed with The Company pursuant to the Charging Statements ;
"ET Interface Operator"	the operator of the Onshore Distribution System to which an ET Offshore Transmission System connects;
"ET Interface Point"	the electrical point of connection between an Offshore Transmission System and an Onshore Distribution System and in relation to a particular User as defined in its Bilateral

	Connection Agreement;
"ET Offshore Transmission System"	an Offshore Transmission System connected at an ET Interface Point ;
"ET Restrictions on Availability"	is in the context of an ET Offshore Transmission System the reduction in capability as set out in the relevant Notification of ET Restrictions on Availability ;
"ET Use of System Charges"	the element of Use of System Charges consisting of charges payable by The Company to the ET Interface Operator in respect of the connection to a Distribution System by an Offshore Transmission System and use of such Distribution System by means of such Offshore Transmission System ;
"European Commission"	means the institution of that name established under The Treaty on European Union as amended from time to time;
"Event"	as defined in the Grid Code ;
"Event of Default"	any of the events set out in Section 5 as constituting an event of default;
"Exchange Rate"	the Transmission Entry Capacity available to a specific party as a direct result of a specific reduction in the Transmission Entry Capacity available to another party.
"Exchange Rate Request"	a joint request from a User and another User to calculate the Exchange Rate that would apply were they to agree to a TEC Trade ;
"Excitation System"	the equipment providing the field current of a machine, including all regulating and control elements as well as field discharge or suppression equipment and protective devices;
"Exemptable"	where the person generating electricity at the relevant Power Station is, or would be (if it generated electricity at no other Power Station and/or did not hold a Generation Licence) exempt from the requirement to hold a Generation Licence under the Act ;
"Exempt Export BM Unit"	as defined in the Balancing and Settlement Code ;
"Exempt Generator"	any generator who, under the terms of the Electricity (Class Exemptions from the Requirement for a Licence) Order 2001, is not obliged to hold a generation licence;
"Exemptible Generation"	generating plant where the party generating electricity at that generating plant is, or would (if it generated electricity at no other generating plant and/or did not hold a generation licence) be,

	exempt from the requirement to hold a generation licence (including Scottish generation that export between 50 and 100MW that was connected on or before 30 September 2000);
"Exempt Power Station"	a Power Station where the person generating electricity at that Power Station is exempt from the requirement to hold a Generation Licence under the Act ;
"Existing ICM Construction Agreement"	a Construction Agreement entered into between The Company and a User prior to the Connect and Manage Implementation Date and which is on the basis of the Interim Connect and Manage Arrangements ;
"Existing Offshore Agreement"	any Bilateral Connection Agreement and Construction Agreement entered into under the OTSDUW Arrangements and where the User is undertaking OTSDUW Build on or before the OTSUA Commissioning Period Effective Date ;
"Existing Offshore Generator"	as defined in the Transmission Licence ;
"Existing Security Cover"	the Security Cover held by The Company in respect of a User pursuant to CUSC Section 3 Part III immediately prior to the Security Amendment Implementation Date ;
"Export"	as defined in the Balancing and Settlement Code ;
"Export BM Unit"	a BM Unit registered in accordance with Section K of the BSC in respect of Export ;
"External Interconnection"	as defined in the Grid Code ;
"Externally Interconnected System Operator"	as defined in the Grid Code ;
"Fast Track Criteria"	a CUSC Modification Proposal that, if implemented, <ul style="list-style-type: none"> (a) would meet the Self-Governance Criteria; and (b) is properly a housekeeping modification required as a result of some error or factual change, including but not limited to: <ul style="list-style-type: none"> (i) updating names or addresses listed in the CUSC; (ii) correcting any minor typographical errors; (iii) correcting formatting and consistency errors, such as paragraph numbering; or (iv) updating out of date references to other documents or paragraphs .

"Final Adjustments Statement	as defined in Paragraph 4.3.2.6(b);
"Final Demand Reconciliation Statement"	as defined in Paragraph 3.12.7(a);
"Final Monthly Statement"	as defined in Paragraph 4.3.2.6;
"Final Physical Notification Data"	as defined in the Balancing and Settlement Code ;
"Final Reconciliation Settlement Run"	as defined in the Balancing and Settlement Code ;
"Final Reconciliation Volume Allocation Run"	as defined in the Balancing and Settlement Code ;
"Final Statement"	as defined in Paragraph 4.3.2.6(a);
"Final Sums"	in relation to a particular User , as defined in its Construction Agreement ;
"Financial Year"	the period of 12 months ending on 31st March in each calendar year;
"First Offer"	as defined in Paragraph 6.10.4;
"First Security Period"	from the date of Construction Agreement to the 31 March or 30 September, whichever is the first to occur;
"First User"	as defined in Paragraph 6.10.3;
"Fixed Attributable Cancellation Charge"	Works where the Attributable Works Cancellation Charge is calculated in accordance with Paragraph 3.5.1 of Part TWO of the User Commitment Methodology ;
"Fixed Proposed Implementation Date"	the proposed date(s) for the implementation of a CUSC Modification Proposal or Workgroup Alternative CUSC Modification such date to be a specific date by reference to an assumed date by which a direction from the Authority approving the CUSC Modification Proposal or Workgroup Alternative CUSC Modification is required in order for the CUSC Modification Proposal or any Workgroup Alternative CUSC Modification , if it were approved, to be implemented by the proposed date;
"FMS Date"	1st April 1993;
"Force Majeure"	in relation to any CUSC Party any event or circumstance which is beyond the reasonable control of such CUSC Party and which results in or causes the failure of that CUSC Party to perform any of its obligations under the CUSC including act of God, strike,

lockout or other industrial disturbance, act of the public enemy, war declared or undeclared, threat of war, terrorist act, blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, lightning, fire, storm, flood, earthquake, accumulation of snow or ice, lack of water arising from weather or environmental problems, explosion, fault or failure of **Plant and Apparatus** (which could not have been prevented by **Good Industry Practice**), governmental restraint, Act of Parliament, other legislation, bye law and **Directive** (not being any order, regulation or direction under section 32, 33, 34 and 35 of the **Act**) provided that lack of funds shall not be interpreted as a cause beyond the reasonable control of that **CUSC Party** and provided, for the avoidance of doubt, that weather conditions which are reasonably to be expected at the location of the event or circumstance are also excluded as not being beyond the reasonable control of that **CUSC Party**;

"Forecasting Performance Related VAR "	the sum of HH Forecasting Performance Related VAR and NHH Forecasting Performance Related VAR ;
"Frequency"	the number of alternating current cycles per second (expressed in Hertz) at which a System is running;
"Frequency Deviation"	a positive or negative deviation from Target Frequency ;
"Frequency Response"	an automatic response by a BM Unit or CCGT Unit to a change in Frequency with the aim of containing System Frequency within the limits provided for under the Grid Code ;
"Frequency Sensitive Mode"	as defined in the Grid Code ;
"Fuel Security Code"	the document of that title designated as such by the Secretary of State as from time to time amended;
"Full TEC Reduction Notice Period"	means one Financial Year and 5 Business Days prior to the beginning of the Financial Year from which the decrease in Transmission Entry Capacity or Disconnection (as appropriate) is to take effect;
"Gas Insulated Switchgear" or "GIS"	SF6 switchgear where the substation busbars (and the interfacing switchgear between those busbars and any connecting circuits) are of an integrated metal enclosed, gas insulated construction;
"GB Transmission System" or "GBTS"	for the purposes of Section 12 means the system consisting (wholly or mainly) of high voltage electric wires owned or operated by transmission licensees within Great Britain and used for the transmission of electricity from one Power Station to a sub-station or to another Power Station or between sub-stations or to or from any External Interconnection and includes any Plant and Apparatus or meters owned or operated by any transmission licensee within Great Britain in connection with the transmission of

	electricity but shall not include Remote Transmission Assets ;
"Gas Turbine Unit"	a Generating Unit driven by a gas turbine (for instance an aero-engine);
"Generating Plant"	a Large Power Station ;
"Generating Unit"	unless otherwise provided in the Grid Code any Apparatus which produces electricity;
"Generation Business"	the authorised business of The Company or any Affiliate or Related Undertaking in the generation of electricity or the provision of Balancing Services , in each case from pumped storage and from the Kielder hydro-electric generating station;
"Generation Capacity"	the normal full load capacity of a Generating Unit as declared by the Generator , less the MW consumed by the Generating Unit through the Generating Unit's unit transformer when producing the same;
"Generation Licence"	the licence granted to a Generator pursuant to section 6(1)(a) of the Act ;
"Generation Reconciliation Statement"	as defined in Paragraph 3.12.2;
"Generator"	a person who generates electricity under licence or exemption under the Act ;
"Genset"	as defined in the Grid Code ;
"GIS Asset Outage"	as defined in the relevant Bilateral connection Agreement ;
"Good Industry Practice"	in relation to any undertaking and any circumstances, the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances;
"Great Britain"	The landmass of England and Wales and Scotland, including internal waters;
"Grid Code"	the Grid Code drawn up pursuant to the Transmission Licence , as from time to time revised in accordance with the Transmission Licence ;
"Grid Supply Point" ("GSP")	a point of delivery from the National Electricity Transmission System to a Distribution System or a Non-Embedded Customer ;

"Gross Asset Value"	the value calculated by The Company in accordance with recognised accounting principles and procedures as published by The Company from time to time;
"Group"	as defined in the Grid Code ;
"GSP Group"	as defined in the Balancing and Settlement Code ;
"HH Base Percentage"	the % value for the relevant Security Period as specified in the table in paragraph 1 of Section 3, Appendix 2;
"HH Base Value at Risk"	the sum as calculated in accordance with Paragraph 3.22.3;
"HH Charges"	that element of Transmission Network Use of System Demand Charges relating to half-hourly metered Demand ;
"HH Forecasting Performance Related VAR "	the amount resulting from multiplying the Deemed HH Forecasting Performance and the Indicative Annual HH TNUoS Charge calculated on the basis of the latest Demand Forecast received by The Company ;
"High Frequency Response"	as defined in the Grid Code ;
"High Voltage" or "HV"	a voltage exceeding 650 volts;
"Holding Payment"	that component of the payment for Mode A Frequency Response calculated in accordance with Paragraph 4.1.3.9;
"ICRP"	Investment Cost Related Pricing;
"Implementation Date"	is the date and time for implementation of an Approved CUSC Modification as specified in accordance with Paragraph 8.28.3;
"Import"	as defined in the Balancing and Settlement Code ;
"Import BM Unit"	a BM Unit registered in accordance with Section K of the BSC in respect of Import ;
"Income Adjusting Event"	as defined in the Transmission Licence ;
"Indemnified Persons"	as defined in Paragraph 8.12.1;
"Independent Engineer"	in relation to a particular User , as defined in its Construction Agreement ;
"Independent Credit Assessment"	an assessment of the creditworthiness of a User or entity by an Approved Agency as nominated by the User or entity obtained in accordance with Paragraph 3.26.7, 3.26.8 and 3.26.9;
"Independent Security Arrangement"	a guarantee in favour of The Company in a form satisfactory to The Company and which is provided by an entity which meets the Requirements . In addition The Company may accept such a

policy from an entity who does not meet the **Requirements** up to an **Agreed Value** where **The Company** agrees or where **The Company** does not agree as determined by an expert appointed by **The Company** and the **User** or failing their agreement as to the expert the expert nominated by the Director General of The Institute of Credit Management;

"Indicative Annual HH TNUoS charge"	The Company's forecast of the User's total HH Charges relating to a Financial Year ;
"Indicative Annual NHH TNUoS charge"	The Company's forecast of the User's total NHH Charges relating to a Financial Year ;
"Indicative Block LDTEC"	is the Available LDTEC ;
"Indicative Maximum Generation Capability"	has the meaning attributed to it in Paragraph 4.2.3.2;
"Industry Code"	means a multilateral code or agreement created and maintained pursuant to a licence granted by the Authority under section 6 of the Act or under sections 7, 7ZA or 7A of the Gas Act 1986;
"Initial Charge"	as defined in Paragraph 3.16.2;
"Initial Demand Reconciliation Statement"	as defined in Paragraph 3.13.4;
"Initial Volume Allocation Run"	as defined in the Balancing and Settlement Code ;
"Initial Settlement Run"	as defined in the Balancing and Settlement Code ;
"Insolvency Proceedings"	shall mean any action or step taken: <ul style="list-style-type: none">(a) for the administration, winding up, dissolution or bankruptcy of the Developer; or(b) for the appointment of a receiver or administrative receiver in respect of any of the Developer's assets; or(c) for making a proposal to any of the Developer's creditors with a view to avoiding insolvency; or(d) for the taking of possession by anyone with an interest in any asset of the Developer; or(e) any analogous procedure or step is taken in any jurisdiction in relation to any matter referred to in clause (a) to (d) (inclusive) above;
"Insurance Performance Bond"	a Performance Bond provided by a company in the business of providing insurance which meets the Requirements . In addition The Company may accept such a policy from such a company

	who does not meet the Requirements up to an Agreed Value where The Company agrees or where The Company does not agree as determined by an expert appointed by The Company and the User or failing their agreement as to the expert the expert nominated by the Director General of The Institute of Credit Management;
"Intellectual Property" or "IPRs"	patents, trade marks, service marks, rights in designs, trade names, copyrights and topography rights (whether or not any of the same are registered and including applications for registration of any of the same) and rights under licences and consents in relation to any of the same and all rights or forms of protection of a similar nature or having equivalent or similar effect to any of the same which may subsist anywhere in the world;
"Interconnected System Operator"	as defined in the Balancing and Settlement Code ;
"Interconnector"	as defined in the Balancing and Settlement Code ;
"Interconnector Adjustment Payments"	means as appropriate the Interconnector Payments and/or Interconnector Cap and Floor Revenue Adjustment ;
"Interconnector Asset Owner"	the owner of an Interconnector ;
"Interconnector Cap and Floor Revenue Adjustment"	has the meaning given to that term in Standard Licence Condition 26 of a licence granted for a specific Interconnector under Section 6(1)(e) of the Act (and in the case that the standard conditions in Section G of that licence are in effect);
"Interconnector Error Administrator"	as defined in the Balancing and Settlement Code ;
"Interconnector Owner"	the owner of an Interconnector , or of that part of an Interconnector , directly connected to the National Electricity Transmission System ;
"Interconnector Payments"	has the meaning given to that term in Special Licence Condition 2 of the licence granted under Section 6(1)(e) of the Act for the Interconnexion France-Angleterre (IFA) Interconnector ;
"Interconnector User"	(a) in relation to an Interconnector connected to the National Electricity Transmission System , as defined in the Balancing and Settlement Code ; and (b) in relation to a Distribution Interconnector , a Lead Party (as defined in the Balancing and Settlement Code) in respect of a single BM Unit where under Section K5 of the Balancing and Settlement Code the BM Unit has been allocated in

relation to that **Distribution Interconnector** or if there is no such allocation, as defined in the **Balancing and Settlement Code**;

“Interconnector User Commitment Capacity”

- (a) for **Interconnectors** whose **Connection Site** is below the B11 boundary as set out in the annual Electricity Ten Year Statement, this is the figure for the purposes of **CUSC** Paragraph 9.5 as specified in Appendix C of the **User’s Bilateral Connection Agreement**; and
- (b) for **Interconnectors** whose **Connection Site** is above the B11 boundary as set out in the annual Electricity Ten Year Statement, this is the figure for the purposes of **CUSC** Paragraph 9.4 as specified in Appendix C of the **User’s Bilateral Connection Agreement**;

“Interface Agreement”

the agreement(s) entered into pursuant to Paragraph 2.11 and Paragraph 9.13 based substantially on the forms set out in Exhibit O to the **CUSC**;

“Interim Connect and Manage Arrangements”

the arrangements in place between 8 May 2009 and the **Connect and Manage Implementation Date** whereby **Offers** were made by **The Company** on the basis that a **Derogation** would be obtained from the **Authority** such that identified **Transmission Reinforcement Works** did not need to be completed prior to connection and/or use of system;

“Interim Operational Notification” or “ION”

as defined in the **Grid Code**;

“Interim Operational Notification Part A” or “ION Part A”

as defined in the **Grid Code**;

“Interim Operational Notification Part B” or “ION Part B”

as defined in the **Grid Code**;

“Interim Panel and Alternate Election process”

As defined in Paragraph 8A.4.3.2

“Interruption”

where either:-

- (i) solely as a result of **Deenergisation** of **Plant and Apparatus** forming part of the **National Electricity Transmission System**; or
- (ii) in accordance with an **Emergency Deenergisation Instruction**; or

- (iii) solely as a result of an **User Emergency Deenergisation**;
- a) An **Export BM Unit** comprised in the **User’s Equipment** of an **Affected User** (other than an **Interconnector Owner**) is **Deenergised**; or
- b) an **Associated Export BM Unit** of an **Affected User** is (other than an **Interconnector Owner**) **Deenergised** from the **National Grid Transmission System**; or
- c) an **Interconnector** of an **Affected User** who is an **Interconnector Owner** is **Deenergised**.; or
- d) The **Maximum Export Limit** in respect of the **BM Unit(s)** associated with such **User’s Equipment** is zero.

“Interruption Payment”

the payment for a **Relevant Interruption** calculated as follows:

- 1) In the case of a **Relevant Interruption** arising as a result of a **Planned Outage**;

In the case of an **Affected User** other than an **Interconnector Owner**

$$\sum_{i=k}^{i=n} \text{Maximum}(\text{Average daily } \pounds \text{ per MW rate}_i, \text{Actual daily } \pounds \text{ per MW rate}_i) * \text{Affected MW}_i$$

In the case of an **Affected User** who is an **Interconnector Owner**

$$\sum_{i=k}^{i=n} \text{Average daily } \pounds \text{ per MW rate}_i * \text{MW specified as the Transmission Entry Capacity for the Connection Site}$$

where:

i = calendar days

k = 1, representing the first calendar day associated with a **Relevant Interruption**.

n = number of complete or part complete calendar days of a **Relevant Interruption**

- 2) In the case of a **Relevant Interruption** arising as a result of either an **Emergency Deenergisation Instruction** or a **User Emergency Deenergisation**

In the case of an **Affected User** other than an **Interconnector Owner**

$$j = p$$

$$\sum_{j=1} \text{System Buy Price}_j * 0.5 * \text{Affected MW}_j$$

Plus (if applicable)

$$j = m$$

$$\sum_{j=4} \text{Market Price}_j * 0.5 * \text{Affected MW}_j$$

In the case of an **Affected User** who is an **Interconnector Owner**

$$j = p$$

$$\sum_{j=1} \text{System Buy Price}_j * 0.5 * \text{MW specified as the Transmission Entry Capacity for the Connection Site}$$

Plus (if applicable)

$$j = m$$

$$\sum_{j=4} \text{Market Price}_j * 0.5 * \text{MW specified as the Transmission Entry Capacity for the Connection Site}$$

where;

j = **Settlement Periods** from the time when the **Emergency Deenergisation Instruction** was issued by **The Company** or commencement of the **User Emergency Deenergisation** (as applicable), with 1 representing the first **Settlement Period**.

m = The duration of the **Relevant Interruption** (being the **Interruption Period**), in **Settlement Periods** for which **Gate Closure** has not yet occurred (which shall be greater than 3, up to a maximum value of 48)

p = The duration of the **Relevant Interruption** in **Settlement Periods** for which **Gate Closure** has occurred (up to a maximum value of 3).

and after the first 24 hours of a Relevant Interruption a sum calculated as 1 above save that k shall be equal to 2.

3) In the case of all other Relevant Interruptions:

In the case of an **Affected User** other than an **Interconnector Owner**

$$\sum_{j=1}^{j=p} \text{System Buy Price}_j * 0.5 * \text{Affected MW}_j$$

Plus (if applicable)

$$\sum_{j=4}^{j=m} \text{Market Price}_j * 0.5 * \text{Affected MW}_j$$

In the case of an **Affected User** who is an **Interconnector Owner**

$$\sum_{j=1}^{j=p} \text{System Buy Price}_j * 0.5 * \text{MW specified as the Transmission Entry Capacity for the Connection Site}$$

Plus (if applicable)

$$\sum_{j=4}^{j=m} \text{Market Price}_j * 0.5 * \text{MW specified as the Transmission Entry Capacity for the Connection Site}$$

where;

j = **Settlement Periods** from the start of the **Relevant Interruption**, with 1 representing the first **Settlement Period**.

m = The duration of the **Relevant Interruption** (being the **Interruption Period**), in **Settlement Periods** for which **Gate Closure** has not yet occurred (which shall be greater than 3, up to a maximum value of 48)

p = The duration of the **Relevant Interruption** in **Settlement Periods** for which **Gate Closure** has occurred (up to a maximum

value of 3).

and after the first 24 hours of a **Relevant Interruption** a sum calculated in accordance with paragraph 1 above save that k shall be equal to 2.

Provided always that an **Affected User** shall not receive payment in respect of more than one **Relevant Interruption** for the same period.

4. In the event of the relevant **Market Price** being zero then for purpose of paragraphs 2 or 3 above the **Market Price** shall be deemed to be the most recent preceding positive price.

Throughout this definition of **Interruption Payment**:

Average daily £ per MW rate = (TNUoS income derived from generators/ total system **Transmission Entry Capacity**) / 365, calculated by reference in each case to figures for the **Financial Year** prior to that in which the **Relevant Interruption** occurs to give a daily £ per MW rate;

Actual daily £ per MW rate = (Annual TNUoS charge of an **Affected User** for the **Financial Year** /**Transmission Entry Capacity** for the **Connection Site**) / 365 calculated by reference to the tariff in the **Statement of Use of System Charges** for the **Financial Year** in which the **Relevant Interruption** occurs;

Affected MW = in the case of either **Export BM Units** or **Associated Export BM Units** , the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected **Export BM Units** at the **Connection Site**;

System Buy Price is as defined in the **Balancing and Settlement Code**;

Market Price is as defined in the **Balancing and Settlement Code**.

“Interruption Period”

For a **Planned Outage**, shall mean the period in whole calendar days commencing with the notification of the **Affected User** by **The Company** of the start of **Relevant Interruption** and ending on the notification of the **Affected User** by **The Company** that the **Relevant Interruption** has ended;

For a **Relevant Interruption** arising as a result of:

- (i) an **Emergency Deenergisation Instruction**, shall mean the period from the start of the **Settlement Period** in which **The Company** gave notification to

the **Affected User** of the start of such **Relevant Interruption**; or

- (ii) a **User Emergency Deenergisation**, shall mean the period from the start of the **Settlement Period** in which the **User Emergency Deenergisation** commenced,

until the end of the **Settlement Period** in respect of which (i) **The Company** gave notification to the **Affected User** by **The Company** that the **Relevant Interruption** has ended or (ii), in the case of a **User Emergency Deenergisation**, means the earlier of (a) when the **Export BM Unit** is **Reenergised** or (b) when the issue on the **National Grid Transmission System** giving rise to the **User Emergency Deenergisation** is resolved, which shall be measured in:

- i) whole **Settlement Periods** for the first 24 hours from the time of either notification by **The Company** to the **Affected User** of the start of such **Relevant Interruption** or when the **User Emergency Deenergisation** commenced (as applicable); and
- ii) whole calendar days for any time after the first 24 hour period referred to in i) above.

In the case of all other **Relevant Interruptions** the duration, shall mean the period from the start of such **Relevant Interruption** which shall be measured in:

- i) whole **Settlement Periods** for the first 24 hours from the start of such **Relevant Interruption**; and
- ii) whole calendar days for any time after the first 24 hour period referred to in i) above.

"Intertrip Contracted Unit"

- (i) in the case of a **Power Park Module**, the collection of **Non-Synchronous Generating Units** which are registered as a **Power Park Module** under the **Grid Code**; and

- (ii) all other cases, a **Generating Unit**,

unless, in either case, the **Bilateral Agreement** specifies otherwise.

"Intertrip Payment"

as defined in Paragraph 4.2A.4(c);

"Isolation"

as defined in the **Grid Code**;

"Joint System Incident"

Paragraphs (a) and (b) below are without prejudice to the application of Paragraph 6.4 to **Users** acting in capacities other

than those detailed in Paragraphs (a) and (b),

- (a) for **Users** in respect of their **Connection Sites** which were not **Commissioned** as at the **Transfer Date**, shall have the meaning given to that term in the **Grid Code**;
- (b) for **Users** acting in their capacity as **Generators** with **Embedded Large Power Stations** or **Embedded Medium Power Stations** and who are passing power onto a **Distribution System** through a connection with a **Distribution System** which was not **Commissioned** as at the **Transfer Date**, means an event wherever occurring (other than on an **Embedded Medium Power Station** or **Embedded Small Power Station**) which, in the opinion of **The Company** or a **User** has or may have a serious and/or widespread effect, being (in the case of an event on a **User(s) System(s)**) (other than on an **Embedded Medium Power Station** or **Embedded Small Power Station**), on the **National Electricity Transmission System** , and (in the case of an event on the **National Electricity Transmission System**), on a **User(s) System(s)** (other than on an **Embedded Independent Generating Plant**);

"Joint Temporary TEC Exchange Users"

means the **Temporary TEC Exchange Donor User** and the **Temporary TEC Exchange Recipient User**;

"Key Consents"

those **Consents** a **User** requires in respect of its **Power Station** project which are identified by **The Company** as key for the purposes of Part Three of the **User Commitment Methodology** and in relation to a particular **User** as defined in its **Construction Agreement**;

"Key Consents In Place Date"

the date that **The Company** confirms in writing to the **User** that **The Company** is satisfied, for the purposes of Part Three of the **User Commitment Methodology**, that the **User** has been granted the **Key Consents**;

"Land Charge"

the charge (if any) set out in Appendix B to a **Bilateral Connection Agreement**;

"Large Power Station"

as defined in the **Grid Code**;

"LDTEC"

Is, in the case of an accepted **LDTEC Block Offer**, **Block LDTEC** or, in the case of an accepted **LDTEC Indicative Block Offer**, **Indicative Block LDTEC**;

"LDTEC Availability Notification"

the form set out in Exhibit T to the **CUSC**;

"LDTEC Block Offer"

is an offer made by **The Company** for **Short Term Capacity** in accordance with the terms of Paragraphs 6.32.4.6 and 6.32.6.1 in

	response to an LDTEC Request ;
"LDTEC Charge"	being a component of the Use of System Charges which is made or levied by The Company and to be paid by the User , in the case of an accepted LDTEC Block Offer , for Block LDTEC and in the case of an accepted LDTEC Indicative Block Offer for Requested LDTEC and in the case of an accepted Temporary TEC Exchange Rate Offer for Temporary Received TEC , in each case calculated in accordance with the Charging Statements ;
"LDTEC Indicative Block Offer"	is an offer made by The Company for Short Term Capacity in accordance with the terms of Paragraphs 6.32.6.4 and 6.32.6.2 in response to an LDTEC Request ;
"LDTEC Indicative Profile"	is a profile in MW that indicates The Company's assessment of the MW capacity that may be available to a User for the LDTEC Period which has been prepared solely for the purpose of enabling a User to make its assessment of an LDTEC Indicative Block Offer ;
"LDTEC Offer"	is an LDTEC Block Offer and/or an LDTEC Indicative Offer ;
"LDTEC Period"	is, <ul style="list-style-type: none"> (a) a period of weeks or part thereof within a Financial Year as specified by the User in its LDTEC Request Form for a minimum period of seven weeks commencing on a Monday at 0.00 hours and finishing at 23.59 on any given day no later than the last day of such Financial Year, or (b) in the case of an accepted Temporary TEC Exchange Offer, the Temporary TEC Exchange Period;
"LDTEC Profile"	is a profile in MW of The Company's assessment of the MW capacity that is available to a User for the LDTEC Period (not exceeding the maximum level in the LDTEC Request) in an LDTEC Block Offer ;
"LDTEC Request"	is an application made by a user for an LDTEC Block Offer and/or an LDTEC Indicative Block Offer made using an LDTEC Request Form ;
"LDTEC Request Fee"	the fee to be paid by the User to The Company for an LDTEC Request as detailed in the Charging Statements ;
"LDTEC Request Form"	is the form set out in Exhibit S to the CUSC ;
"LDTEC Week"	is a week or part thereof within an LDTEC Period commencing on Monday at 0.00 and finishing on 23:59 on the last day within such week;

"Leading"	in relation to Reactive Power , importing Mvar;
"Legal Challenge"	an appeal to the Competition Commission or a judicial review in respect of the Authority's decision to approve or not to approve a CUSC Modification Proposal ;
"Less than 100MW"	Is defined as not having the capability to export 100MW to the Total System ;
"Letter of Credit"	<p>(a) in respect of Paragraph 2.22 shall mean an irrevocable standby letter of credit in a form reasonably satisfactory to The Company but in any case expressed to be governed by the Uniform Customs and Practice for Documentary Credits 1993 Revision ICC Publication No. 500 or such other form as may be reasonably satisfactory to The Company and allowing for partial drawings and providing for the payment to The Company on demand forthwith on and against The Company's delivery to the issuer thereof of a Notice of Drawing of the amount demanded therein;</p> <p>(b) in all other cases shall mean an unconditional irrevocable standby letter of credit in such form as The Company may reasonably approve issued for the account of the User in sterling in favour of The Company, allowing for partial drawings and providing for the payment to The Company forthwith on demand by any United Kingdom clearing bank or any other bank which in each case has a long term debt rating of not less than single "A" by Standard and Poor's Corporation or by Moody's Investors Services, or such other bank as The Company may approve and which shall be available for payment at a branch of the issuing bank;</p>
"Licence"	any licence granted pursuant to Section 6 of the Act ;
"Licence Standards"	the standards to be met by The Company under Standard Condition C17 of the Transmission Licence ;
"Licensable Generation"	generating plant that is not Exemptible Generation ;
"Liquidated Damages"	in relation to a particular User , as defined in its Construction Agreement ;
"Local Safety Instructions"	as defined in the Grid Code ;
"Loss of Transmission Access Compensation Claim Form"	A form amended from time to time by agreement between the CUSC Modification Panel and The Company , to be completed by a claimant for submission of Relevant Interruption claims and available on a website maintained by The Company .
"MCUSA"	the Master Connection and Use of System Agreement dated 30 March 1990 (now amended to become the CUSC Framework)

	Agreement);
"Main Business"	any business of The Company or any of its subsidiaries as at the Transfer Date or which it is required to carry on under the Transmission Licence , other than the Generation Business ;
"Main Business Person"	any employee of The Company or any director or employee of its subsidiaries who is engaged solely in the Main Business and "Main Business Personnel" shall be construed accordingly;
"Main System Circuits"	means Transmission Circuits but excluding a Grid Supply Point transformer;
"Maintenance Reconciliation Statement"	the statement prepared in accordance with Paragraph 2.14.5 and Paragraph 9.9.5;
"Mandatory Ancillary Services"	Part 1 System Ancillary Services ;
"Mandatory Services Agreement"	an agreement between The Company and a User to govern the provision of and payment for Mandatory Ancillary Services or to govern the payment by The Company to a User for Obligatory Reactive Power Service provided by an Offshore Transmission Licensee in accordance with the STC ;
"Market Agreement"	as defined in Paragraph 3.1 of Schedule 3, Part I;
"Market Day"	as defined in Paragraph 3.3 of Schedule 3, Part I;
"Market Suspension Period"	as defined in the Balancing and Settlement Code ;
"Material Effect"	an effect causing The Company or a Relevant Transmission Licensee to effect any works or to alter the manner of operation of Transmission Plant and/or Transmission Apparatus at the Connection Site or the site of connection or a User to effect any works or to alter the manner of operation of its Plant and/or Apparatus at the Connection Site or the site of connection which in either case involves that party in expenditure of more than £10,000;
"Materially Affected Party"	any person or class of persons designated by the Authority as such, in relation to the Charging Methodologies ;
"Maximum Export Capacity"	as defined in the Grid Code and in relation to a particular User , as defined in its Bilateral Connection Agreement ;
"Maximum Export Limit"	as defined in the Grid Code ;
"Maximum Generation"	means a Balancing Service provided from the Available BM Units by generating at a level above the MEL so as to increase the total export of Active Power from the Power Station to the National Electricity Transmission System, contributing towards The

	Company's requirement for additional short-term generation output, all as more particularly described in Paragraph 4.2;
"Maximum Generation BM Unit"	means, as between The Company and a User, the BM Units, specified in the Maximum Generation Service Agreement ;
"Maximum Generation Energy Fee"	the amount (£/MWh) set out in the Maximum Generation Service Agreement as the same may be revised from time to time in accordance with Paragraph 4.2.5;
"Maximum Generation Energy Payment"	has the meaning attributed to it in Paragraph 4.2.5.1;
"Maximum Generation Instruction"	has the meaning attributed to it in Paragraph 4.2.4.1;
"Maximum Generation Redeclaration"	has the meaning attributed to it in Paragraph 4.2.3.3;
"Maximum Generation Service Agreement"	an agreement between The Company and a User specifying, amongst other things, the BM Units and the Maximum Generation Energy Fee applicable to the provision of Maximum Generation ;
"Maximum Import Capacity"	as defined in the Grid Code and in relation to a particular User , as defined in its Bilateral Connection Agreement ;
"Medium Power Station"	as defined in the Grid Code ;
"Meters"	as defined in the Balancing and Settlement Code ;
"Metering Equipment"	as defined in the Balancing and Settlement Code ;
"Meter Operator Agent"	as defined in the Balancing and Settlement Code ;
"Metering System"	as defined in the Balancing and Settlement Code ;
"Methodology"	the Statement of the Use of System Charging Methodology or the Statement of the Connection Charging Methodology (and " Methodologies " shall be construed accordingly);
"MITS Connection Works"	means those Transmission Reinforcement Works (inclusive of substation works) that are required from the Connection Site to connect to a MITS Substation (and in the context of an Embedded Power Station , "connection site" shall mean the associated Grid Supply Point identified as such in the relevant Bilateral Agreement);
"MITS Node"	means in the context of ascertaining the Attributable Works , a node with (i) more than four Transmission circuits or (ii) two or more Transmission circuits and a Grid Supply Point ;

“MITS Substation”	means (in the context of the definition of MITS Connection Works , a Transmission substation with more than 4 Main System Circuits connecting at that substation;
"Mode A Frequency Response"	as defined in Paragraph 4.1.3.3;
"Modification"	any actual or proposed replacement, renovation, modification, alteration, or construction by or on behalf of a User or The Company to either the User’s Plant or Apparatus or the manner of its operation or Transmission Plant or Transmission Apparatus or the manner of its operation which in either case has or may have a Material Effect on another CUSC Party at a particular Connection Site ;
"Modification Affected User"	as defined in Paragraph 6.9.3.2;
"Modification Application"	an application in the form or substantially in the form set out in Exhibit I to the CUSC ;
"Modification Notification"	a notification in the form or substantially in the form set out in Exhibit K to the CUSC ;
"Modification Offer"	an offer in the form or substantially in the form set out in Exhibit J to the CUSC , including any revision or extension of such offer;
"National Electricity Transmission System" or “NETS”	the system consisting (wholly or mainly) of high voltage electric wires owned or operated by transmission licensees within Great Britain and Offshore and used for the transmission of electricity from one Power Station to a sub-station or to another Power Station or between sub-stations or to or from any External Interconnection and includes any Plant and Apparatus or meters owned or operated by any transmission licensee within Great Britain and Offshore in connection with the transmission of electricity but shall not include Remote Transmission Assets ;
"National Electricity Transmission System SQSS" or "NETS SQSS"	is the National Electricity Transmission System Security and Quality of Supply Standards (version 1) issued under Standard Condition C17 of the Transmission Licence (as amended, varied or replaced from time to time);
"Natural Demand"	the Demand (Active Power) which is necessary to meet the needs of Customers excluding that Demand (Active Power) met by Embedded Generating Units whose generation is not traded by Trading Parties through Energy Metering Systems registered under the Balancing and Settlement Code ;
"Net Asset Value"	the Gross Asset Value of the Transmission Connection Asset in question less depreciation over the Replacement Period calculated in accordance with recognised accounting principles and

	procedures;
"New Connection Site"	a proposed Connection Site in relation to which there is no Bilateral Agreement in force between the CUSC Parties ;
"New CUSC Party"	as defined in Paragraph 6.13;
"Net Demand"	Sum of the BM Unit Metered Volumes (QM_{ij}) of the Trading Unit during the three Settlement Periods of the Triad expressed as a positive number (i.e. $\sum QM_{ij}$);
"NHH Base Percentage"	the % value for the relevant Security Period as specified in the table in paragraph 2 of Section 3, Appendix 2;
"NHH Charges"	that element of Transmission Network Use of System Demand Charges relating to non-half-hourly metered Demand ;
"NHH Base Value at Risk"	the sum as calculated in accordance with Paragraph 3.22.4;
"NHH Forecasting Performance Related VAR "	the amount resulting from multiplying the Deemed NHH Forecasting Performance and the Indicative Annual HH TNUoS Charge calculated on the basis of the latest Demand Forecast received by The Company ;
"Nominated Registered Capacity"	as defined in Appendix 5 of Schedule 3, Part I;
"Non- Performing Party"	as defined in Paragraph 6.19;
"Non-Embedded Customer"	a Customer except for a Public Distribution System Operator receiving electricity direct from the National Electricity Transmission System irrespective of from whom it is supplied;
"Non-Embedded User"	A User , except for a Public Distribution System Operator , receiving electricity direct from the National Electricity Transmission System irrespective of from whom it is supplied;
"Non Standard Boundary"	where the division of ownership of Plant and Apparatus is contrary to the principles of ownership set out in CUSC Paragraph 2.12;
"Non-Synchronous Generating Unit"	as defined in the Grid Code .
"Notice of Drawing"	a notice of drawing signed by or on behalf of The Company substantially in the form set out in Exhibit N to the CUSC ;
"Notification Date"	as defined in the Balancing and Settlement Code ;

"Notification of Circuit Outage"	as defined in the relevant Bilateral Connection Agreement or Bilateral Embedded Generation Agreement ;
"Notification of Circuit Restriction"	as defined in the relevant Bilateral Connection Agreement or Bilateral Embedded Generation Agreement ;
"Notification of Fixed Attributable Works Cancellation Charge"	the notification issued by The Company to a User , in accordance with Part Two of the User Commitment Methodology showing the Fixed Attributable Works Cancellation Charge such statement to be in substantially the form set out in Exhibit MM3 to the CUSC ;
"Notification of Restrictions on Availability"	as defined in the relevant Bilateral Connection Agreement or Bilateral Embedded Generation Agreement ;
"Notification of ET Restrictions on Availability"	as defined in the relevant Bilateral Connection Agreement ;
"Notional Amount"	as defined in Paragraph 3.13;
"Nuclear Generator"	as defined in Paragraph 6.11;
"Nuclear Site Licence Provisions Agreement"	shall mean each of the following agreements (as from time to time amended) (a) the agreement between The Company and Magnox Electric plc (formally called Nuclear Electric plc) dated 30 March 1990, (b) the agreement between The Company and British Energy Generation Limited dated 31 March 1996, (c) the agreement between SP Transmission Limited and British Energy Generation (UK) Limited dated 29 May 1991 in relation to Hunterston power station and Torness power station, and (d) the agreement between SP Transmission Limited and British Nuclear Fuels plc in relation to Chapelcross power station;
"Obligatory Reactive Power Service"	as defined in Paragraph 1.1 of Schedule 3, Part I or provided by an Offshore Transmission Licensee in accordance with the STC ;
"Offer"	an offer for connection to and/or use of the National Electricity Transmission System made by The Company in relation to the CUSC ; In the context of the Charging Methodologies it shall have the meaning as defined in the BSC;
"Offshore"	means wholly or partly in the Offshore Waters and when used in conjunction with another defined term and the terms together are not otherwise defined means that the associated term is to be read

	accordingly;
“Offshore Construction Works”	In relation to a particular User means those elements of the Construction Works to be undertaken by an Offshore Transmission Licensee on the Offshore Transmission System as defined in its Construction Agreement ;
"Offshore Grid Entry Point"	as defined in the Grid Code ;
"Offshore Platform"	a single structure comprising of Plant and Apparatus located Offshore which includes one or more Offshore Grid Entry Points ;
"Offshore Standard Design"	is a connection design (which provides for connection to the National Electricity Transmission System) of a Connection Site located Offshore which satisfies the minimum deterministic criteria detailed in paragraphs 7.7 to 7.19 of the NETS SQSS but does not satisfy the deterministic criteria detailed in paragraphs 2.5 to 2.13 of the NETS SQSS ;
"Offshore Tender Process"	that process followed by the Authority to make, in prescribed cases, a determination on a competitive basis of the person to whom an offshore transmission licence is to be granted;
"Offshore Tender Regulations"	those regulations made by the Authority in accordance with section 6C of the Act to facilitate the determination on a competitive basis of the person to whom an offshore transmission licence is to be granted;
“Offshore Transmission”	means as defined in the Energy Act 2004;
“Offshore Transmission Implementation Plan”	as defined in the Transmission Licence ;
"Offshore Transmission Licensee"	means such person in relation to whose Licence the standard conditions in Section E (offshore transmission owner standard conditions) of such Licence have been given effect or any person in that prospective role;
“Offshore Transmission Owner”	means either (a) such person in relation to whose Licence the standard conditions in Section E (offshore transmission owner standard conditions) of such Licence have been given effect; or (b) a party who has acceded to the STC prior to the grant of a Licence referred to in (a) above as a requirement of the Offshore Tender Regulations ;
“Offshore Transmission Reinforcement Works”	in relation to a particular User , as defined in its Construction Agreement ;
"Offshore Transmission	a System used (or to be used) for the purposes of Offshore Transmission and for which there is (or where the OTSDUW

System"	Arrangements apply, will be) an Offshore Transmission Licensee ;
"Offshore Transmission System Development User Works" or "OTSDUW"	in relation to a particular User where the OTSDUW Arrangements apply means those activities and/or works to be undertaken by the User as identified in Part 2 of Appendix I of the relevant Construction Agreement ;
"Offshore Transmission System User Assets" or "OTSUA"	in relation to a particular User , any Plant and Apparatus resulting from OTSDUW Build which form the Offshore Transmission System to which the User's Equipment is to be or is connected, as identified in its Construction Agreement ;
"Offshore Waters"	has the meaning given to "offshore waters" in Section 90(9) of the Energy Act 2004;
"Offtaking"	as defined in the Balancing and Settlement Code ;
"One Off Charge"	the costs, including profits and overheads of carrying out the One Off Works , together with the Net Asset Value of any asset made redundant as a result of the Construction Works an estimate of which is specified in Appendix B1 to the relevant Construction Agreement and/or Bilateral Agreement ;
"One Off Works"	the works described in Appendix B1 to the relevant Construction Agreement and/or Bilateral Agreement ;
"Onshore"	means within Great Britain and when used in conjunction with another defined term and the terms together are not otherwise defined means that the associated term is to be read accordingly;
Onshore Transmission System	the part of the National Electricity Transmission System which is not an Offshore Transmission System ;
"Onshore Construction Works"	in relation to a particular User , means those elements of the Construction Works to be undertaken other than on the Offshore Transmission System as defined in its Construction Agreement ;
"Onshore Transmission Reinforcement Works"	in relation to a particular User , as defined in its Construction Agreement ;
"Operating Agreement(s)"	the operating agreements or arrangements identified in the Bilateral Connection Agreement between The Company and the Interconnector Owner of the relevant Interconnector and made between either The Company and the relevant Interconnector Owner and/or The Company and the relevant Interconnected System Operator ;
"Operating Code" or "OC"	the portion of the Grid Code which is identified as the Operating Code ;

"Operation Diagrams"	as defined in the Grid Code ;
"Operational"	in relation to a Connection Site means that the same has been Commissioned (which for the avoidance of doubt does not necessarily include commissioning of Generating Units connected at the Connection Site) and that the User can use such User's Equipment to undertake those acts and things capable of being undertaken by BSC Parties and in relation to a Transmission Interface Site means, in the case of OTSDUW Build , that the same has been Commissioned and that the User can use the OTSUA ;
"Operational Date"	the date on which The Company issues the Operational Notification ;
"Operational Effect"	any effect on the operation of any System which causes that System to operate (or be at a materially increased risk of operating) differently to the way in which it would have normally operated in the absence of that effect;
"Operational Intertripping"	the automatic tripping of circuit breakers to prevent abnormal system conditions occurring, such as over voltage, overload, system instability etc. after the tripping of other circuit breakers following power system fault(s) which includes System to Power Station and System to Demand intertripping schemes;
"Operational Metering Equipment"	meters, instrument transformers (both voltage and current), transducers, metering protection equipment including alarms circuitry and their associated outstations as may be necessary for the purpose of CC.6.5.6 of the Grid Code and the corresponding provision of the relevant Distribution Code ;
"Operational Notification"	the notice of that name given to the User by The Company under Paragraphs 1.5.5 or 3.2.6 as appropriate;
"Original Party"	as defined in the CUSC Framework Agreement ;
"Other Dispute"	as defined in Paragraph 7.2.3;
"Other Party"	as defined in Paragraph 7.5.1;
"Other User"	as defined in Paragraph 6.10.3;
"OTSDUW Arrangements"	the arrangements whereby (a) OTSDUW Build or (b) the design, planning and consenting of assets that are to comprise an Offshore Transmission System are capable of being undertaken by a User ;
"OTSDUW Build"	the design, planning, consenting, construction, installation and commissioning by (or on behalf of) a User of OTSUA which forms an Offshore Transmission System which at the OTSUA Transfer

Time will be owned by an **Offshore Transmission Licensee**;

“OTSDUW Staged Build”

OTSDUW Build that is to be undertaken by the **User** in stages but which is part of a single **Qualifying Project**;

“OTSUA Commissioning Period”

has the meaning given to commissioning period in Section 6G(1) of the **Act**;

“OTSUA Commissioning Period Effective Date”

the date upon which, in accordance with the modification issued by the **Authority** to **The Company** pursuant to Section 6H of the **Act**, the amendments to the **CUSC** as provided for in such modification take effect;

“OTSUA Completion Notice”

the notice to be issued by **The Company** to the **Authority** in respect of **OTSUA** or **OTSUA Operational at the OTSUA Commissioning Period Effective Date**, in accordance with Standard Condition C25 of the **Transmission Licence** and Section 6G of the **Act**;

“OTSUA Completion Notice Trigger Date”

means:

- a) other than in the case of **OTSDUW Staged Build**, the date upon which **The Company**, having already issued the **Energisation Operational Notification** and **Interim Operational Notification Part A**, issues the **Interim Operational Notification Part B** to the **User**; and
- c) in the case of **OTSDUW Staged Build**, the date upon which, by reference to the last stage of **OTSDUW Build**, **The Company**, having already issued the **Energisation Operational Notification** and **Interim Operational Notification Part A**, issues the **Interim Operational Notification Part B** for such stage to the **User** provided that all such documentation has already been issued in respect of all earlier stages of the **OTSDUW Staged Build**.

“OTSUA Operational at the OTSUA Commissioning Period Effective Date”

means **OTSUA** in respect of which:

- a) other than in the case of **OTSDUW Staged Build**, **The Company**, has already issued the **Energisation Operational Notification** and **Interim Operational Notification** to the **User** (recognising that they may be in different form but where they achieve the same effect as the **Interim Operational Part A** and **Interim Operational Notification Part B**); and
- b) in the case of **OTSDUW Staged Build**, the date, by reference to the last stage of **OTSDUW Build**, **The Company**, has already issued the **Energisation Operational Notification** and **Interim Operational Notification** to the **User**

(recognising that they may be in different form but where they achieve the same effect as the **Interim Operational Part A** and **Interim Operation Notification Part B**) provided that such documentation has already been issued in respect of all earlier stages of the **OTSDUW Staged Build**,

on or before the **OTSUA Commissioning Period Effective Date** and where the **OTSUA Transfer Time** has not occurred at the **OTSUA Commissioning Period Effective Date**;

"OTSUA Transfer Time"	the time and date at which the OTSUA are transferred by the relevant User to an Offshore Transmission Licensee ;
"Output"	the actual Active Power or Reactive Power output achieved by a BM Unit ;
"Output Useable"	shall have the meaning given to that term in the Grid Code ;
"Panel Chairman"	a person appointed as such in accordance with Paragraph 8.4.1;
"Panel Member"	any of the persons listed in Paragraph 8.3.1(b);
"Panel Member Interim Vacancies"	as defined in Paragraph 8A.4.3.3;
"Panel Members' Recommendation"	the recommendation in accordance with the CUSC Modifications Panel Recommendation Vote ;
"Panel Secretary"	a person appointed as such in accordance with Paragraph 8.3.1(c);
"Part 1 System Ancillary Services"	as defined in Grid Code CC 8.1;
"Part 2 System Ancillary Services"	as defined in Grid Code CC 8.1;
"Partial Shutdown "	as defined in the Grid Code ;
"Party Liable"	as defined in Paragraph 6.12.1;
"Payment Date"	as defined in the Balancing and Settlement Code ;
"Payment Record Sum"	the proportion of the Unsecured Credit Cover extended by The Company to a User who does meeting the Approved Credit Rating calculated in accordance with Paragraph 3.26.4 and 3.26.5;
"Pending CUSC Modification Proposal"	a CUSC Modification Proposal in respect of which, at the relevant time, the Authority has not yet made a decision as to whether to direct such Proposed CUSC Modification to be made pursuant to the Transmission Licence (whether or not a CUSC Modification Report has been submitted in respect of such CUSC Modification

	Proposal);
"Performance Bond"	an on first demand without proof or conditions irrevocable performance bond or performance guarantee executed as a deed in a form reasonably satisfactory to The Company but in any case allowing for partial drawings and providing for the payment to The Company on demand forthwith on and against The Company's delivery to the issuer thereof of a Notice of Drawing of the amount demanded therein;
"Permitted Activities"	activities carried on for the purposes of the Main Business ;
"Physical Notification"	as defined in the Balancing and Settlement Code ;
"Planned Outage"	as defined in the Grid Code ;
"Planning Code" or PC	that portion of the Grid Code which is identified as the Planning Code ;
"Plant"	fixed and moveable items used in the generation and/or supply and/or transmission of electricity other than Apparatus ;
"Pool Member"	as defined in the Balancing and Settlement Code ;
"Pooling and Settlement Agreement"	as defined in the Balancing and Settlement Code ;
"Power Park Module"	as defined in the Grid Code ;
"Power Park Unit"	as defined in the Grid Code ;
"Power Station"	as defined in the Grid Code ;
"Practical Completion Date"	in relation to a particular User , as defined in its Construction Agreement ;
"Preference Votes"	as defined in Paragraph 8A.3.2.1;
"Prescribed Rate"	the rate of interest set for the relevant period as the statutory interest rate for the purposes of the Late Payment of Commercial Debts (interest) Act 1998;
"Pre Trigger Amount"	the component of the Cancellation Charge that applies before the Trigger Date and which is more particularly described in Part Two of the User Commitment Methodology ;
"Primary Response"	as defined in the Grid Code ;
"Proceedings"	as defined in Paragraph 6.23.1;
"Production"	as defined in the Balancing and Settlement Code in relation to a

	Production BM Unit;
"Progress Report"	as defined in Paragraph 8.14;
"Proposed Implementation Date"	the proposed date(s) for the implementation of a CUSC Modification Proposal or Workgroup Alternative CUSC Modification such date(s) to be either (i) described by reference to a specified period after a direction from the Authority approving the CUSC Modification Proposal or Workgroup Alternative CUSC Modification or (ii) a Fixed Proposed Implementation Date ;
"Proposer"	in relation to a particular CUSC Modification Proposal , the person who makes such CUSC Modification Proposal ;
"Protected Information"	any information relating to the affairs of a CUSC Party which is furnished to Business Personnel pursuant to the CUSC or a Bilateral Agreement or a Mandatory Services Agreement or a Construction Agreement or pursuant to a direction under section 34 of the Act or pursuant to the provisions of the Fuel Security Code unless, prior to such information being furnished, such CUSC Party has informed the recipient thereof by notice in writing or by endorsement on such information, that the said information is not to be regarded as Protected Information ;
"Provisional Statement"	as defined in Paragraph 4.3.2.1(a);
"Provisional Monthly Statement"	as defined in Paragraph 4.3.2.1;
"Provisional Adjustments Statement"	as defined in Paragraph 4.3.2.1(b);
"Public Distribution System Operator"	a holder of a Distribution Licence who was the holder, or is a successor to a company which was the holder of a Public Electricity Supply Licence relating to distribution activities in Great Britain on the CUSC Implementation Date ;
"Public Electricity Supply Licence"	a licence issued under section 6(1)(c) of the Act prior to the coming in force of section 30 of the Utilities Act 2000;
"Qualified Bank" or "Qualifying Bank"	means either: <ul style="list-style-type: none"> (a) a City of London branch of a bank, its successors and assigns, which has throughout the validity period of the Performance Bond or Letter of Credit it issues in favour of The Company, a rating of at least A- in Standard and Poor's long term debt rating or A3 in Moody's long term debt rating provided that such bank is not during such validity period put on any credit watch or any similar credit surveillance which gives The Company reasonable cause

to doubt that such bank may not be able to maintain the aforesaid rating throughout the validity period and no other event has occurred which gives **The Company** reasonable cause to have such doubt; or

- (b) a branch in **Great Britain** of a regulated insurance company, its successors and assigns, which throughout the validity period of the **Performance Bond** or **Letter of Credit** it issues in favour of **The Company**, is authorised or licensed to provide arrangements of this type in the United Kingdom, and has a rating of at least A- in Standard and Poor's long term debt rating or A3 in Moody's long term debt rating provided that such regulated insurance company is not during such validity period put on any credit watch or any similar credit surveillance which gives **The Company** reasonable cause to doubt that such regulated insurance company may not be able to maintain the aforesaid rating throughout the validity period and no other event has occurred which gives **The Company** reasonable cause to have such doubt.

**"Qualified Company" or
"Qualifying Company"**

a company which is a public company or a private company within the meaning of section 1(3) of the Companies Act 1985 and which is either :

- (a) a shareholder of the User or any holding company of such shareholder-or
- (b) any subsidiary of any such holding company, but only where the subsidiary
 - (i) demonstrates to The Company's satisfaction that it has power under its constitution to give a Performance Bond other than in respect of its subsidiary;
 - (ii) provides an extract of the minutes of a meeting of its directors recording that the directors have duly concluded that the giving of the Performance Bond is likely to promote the success of that subsidiary for the benefit of its members;
 - (iii) provides certified copies of the authorisation by every holding company of the subsidiary up to and including the holding company of the User, of the giving of the Performance Bond,

(the expressions "holding company" and "subsidiary" having the respective meanings assigned thereto by section 736, Companies Act 1985 as supplemented by section 144(3), Companies Act 1989) and which has throughout the validity period of the Performance Bond it gives in favour of The Company, a rating of at least A- in

Standard and Poor's long term debt rating or A3 in Moody's long term debt rating or such lesser rating which The Company may in its absolute discretion allow by prior written notice given pursuant to a resolution of its board of directors for such period and on such terms as such resolution may specify provided that such company is not during such validity period put on any credit watch or any similar credit surveillance procedure which gives The Company reasonable cause to doubt that such company may not be able to maintain the aforesaid rating throughout the validity period of the Performance Bond and no other event has occurred which gives The Company reasonable cause to have such doubt;

"Qualifying Guarantee"

a guarantee in favour of **The Company** in a form proposed by the **User** and agreed by **The Company** (whose agreement shall not be unreasonably withheld or delayed) and which is provided by

(i) an entity which holds an **Approved Credit Rating** provided that such guarantee cannot secure a sum greater than the level of **User's Allowed Credit** that would be available to that entity in accordance with Paragraph 3.26.2 if it was a **User**; or

(ii) an entity with an **Independent Credit Assessment** provided that such guarantee cannot secure a sum greater than the level of **User's Allowed Credit** that would be available to that entity in accordance with Paragraph 3.26.6 if it was a **User**; and

(iii) which in either case does not, when aggregated with all other **Qualifying Guarantees** provided by that entity, exceed (a) the level of **User's Allowed Credit** that would be available to that entity in accordance with Paragraph 3.26 if it was a **User** or (b) if the entity is a **User** the level of **User's Allowed Credit** available to it in accordance with Paragraph 3.26 less any amount relied on by the **User** in respect of its own requirements.

"Qualifying Project"

has the meaning ascribed to it in the **Act**;

"Rated MW"

as defined in the **Grid Code**;

"Reactive Despatch Instruction"

an instruction relating to **Reactive Power** given by **The Company** to a **Generator** in accordance with **Grid Code BC2**;

"Reactive Despatch to Zero Mvar Network Restriction"

as defined in the **Grid Code**;

"Reactive Energy"

as defined in the **Balancing and Settlement Code**;

"Reactive Power"

the product of voltage and current and the sine of the phase angle between them measured in units of voltamperes reactive and standard multiples thereof i.e.:- 1000 Var = 1Kvar

1000 Kvar = 1Mvar;

"Reactive Test"	a test conducted pursuant to Grid Code OC 5.5.1;
"Reasonable Charges"	reasonable cost reflective charges comparable to charges for similar services obtainable in the open market;
"Reconciled Charge"	as defined in Paragraph 3.15.1 and like terms shall be construed accordingly;
"Reconciliation Settlement Run"	as defined in the Balancing and Settlement Code ;
"Reenergisation" or "Reenergised"	any Energisation after a Deenergisation ;
"Registered Capacity"	has the meaning given in the Grid Code ;
"Registered Data"	those items of Standard Planning Data and Detailed Planning Data which upon connection become fixed (subject to any subsequent changes);
"Registrant"	as defined in the Balancing and Settlement Code ;
"Regulations"	the Electricity Supply Regulations 1988 or any amendment or re-enactment thereof;
"Rejected CUSC Modification Proposal"	a CUSC Modification Proposal in respect of which the Authority has decided not to direct The Company to modify the Code pursuant to the Transmission Licence in the manner set out herein;
"Related Person"	means, in relation to an individual, any member of his immediate family, his employer (and any former employer of his within the previous 12 months), any partner with whom he is in partnership, and any company or Affiliate of a company in which he or any member of his immediate family controls more than 20% of the voting rights in respect of the shares of the company;
"Related Undertaking"	in relation to The Company (and for the purposes of Paragraph 6.15, a User) means any undertaking in which The Company has a participating interest as defined by section 260(1) of the Companies Act 1985 as substituted by section 22 of the Companies Act 1989;
"Release Date"	as defined in Paragraph 2.22.2;
"Relevant Embedded Medium Power Station"	an Embedded Medium Power Station which is an Exempt Power Station , and does not intend to be the subject of a Bilateral

	Agreement;
"Relevant Embedded Small Power Station"	an Embedded Small Power Station that the User who owns or operates the Distribution System to which the Embedded Small Power Station intends to connect reasonably believes may have a significant system effect on the National Electricity Transmission System ;
"Relevant Interruption"	an Interruption other than an Allowed Interruption ;
"Relevant Offshore Agreement"	as defined in the Transmission Licence ;
"Relevant Party"	as defined in Paragraph 8.16.10(a);
"Relevant Transmission Licensee"	means SP Transmission Limited in south of Scotland, Scottish Hydro- Electric Transmission Limited in north of Scotland and in respect of each Offshore Transmission System the Offshore Transmission Licensee for that Offshore Transmission System;
"Remote Transmission Assets"	any Plant and Apparatus or meters owned by The Company which (a) are embedded in a Distribution System or a User System and which are not directly connected by Plant and/or Apparatus owned by The Company to a sub-station owned by The Company and (b) are by agreement between The Company and such Public Distribution System Operator or User under the direction and control of such Public Distribution System Operator or User ;
"Replacement Period"	in relation to a Transmission Connection Asset , the period commencing on the date on which such Transmission Connection Asset is or was originally Commissioned , after which it is assumed for accounting purposes such Transmission Connection Asset will need to be replaced, which shall be 40 years except (a) in the case of Transmission Connection Assets located Offshore where it shall be 20 years, or unless otherwise agreed between the CUSC Parties to a Bilateral Agreement and recorded in the relevant Bilateral Agreement ;
"Reported Period(s) of Increase"	the period of time during which a User's Demand increased not being more than 20 Business Days , as notified to The Company under paragraph 3.22.7 or paragraph 3.22.8;
"Request for a Statement of Works"	a request in the form or substantially in the form set out in Exhibit S to the CUSC ;
"Request for a STTEC Authorisation"	a request made by a User in accordance with the terms Paragraph 6.31 for Short Term Capacity for a STTEC Period;

"Requested LDTEC"	the figure in MW for the LDTEC Period (not exceeding the maximum level in the LDTEC Request) specified in the User's acceptance of the LDTEC Indicative Block Offer in accordance with paragraph 6.32.6.5;
"Required Amount"	as defined in Paragraph 2.21.2(c);
"Required Sovereign Credit Rating"	a long term debt rating of not less than A by Standard and Poor's Corporation or a rating not less than A2 by Moody's Investor Services or a short term rating which correlates to those long term ratings or an equivalent rating from any other reputable credit agency approved by The Company in respect of non local currency obligations;
"Required Standard"	in relation to an item of Derogated Plant , the respective standard required of that item (which shall not exceed that required by the Grid Code or the Licence Standards , as the case may be) as specified in or pursuant to the relevant Derogation ;
"Requirements"	shall mean an entity who throughout the validity period of the Bilateral Insurance Policy, Insurance Performance Bond or Independent Security Arrangement : <ul style="list-style-type: none"> (a) holds a rating of at least A- in Standard and Poor's long term debt rating or A3 in Moody's long term debt rating provided that such entity is not during such validity period put on any credit watch or any similar credit surveillance which gives The Company reasonable cause to doubt that such entity may not be able to retain the aforesaid rating throughout the validity period; and (b) the country of residence of such entity meets the Required Sovereign Credit Rating; and (c) the security provided is Enforceable; and (d) there are no material conditions preventing the exercise by The Company of its rights under the Bilateral Insurance Policy, Insurance Performance Bond or Independent Security Arrangement;
"Resigning Alternate Member"	as defined in Paragraph 8A.4.1.3;
"Resigning Panel Member"	as defined in Paragraph 8A.4.1;
"Response"	Primary Response, Secondary Response and High Frequency Response or any of them as the case may be;
"Response Energy Payment"	that component of the payment for Mode A Frequency Response calculated in accordance with Paragraph 4.1.3.9A;

"Restricted Export Level Payment"

in respect of each Restricted Export Level Period, the payment for each day comprised within the Restricted Export Level Period or (where the Restricted Export Level Period starts or ends during a day) part of a day calculated as follows:

The higher of:

A. the £ per MW calculated by reference to the total TNUoS income derived from generators divided by the total system Transmission Entry Capacity, in each case using figures for the Financial Year prior to that in which the System to Generator Operational Intertripping Scheme trips, this is then divided by 365 to give a daily £ per MW rate; or

B. the actual £ per MW of the User (who requests in accordance with Clause 4.2A.4) by reference to the tariff in the Use of System Charging Statement for the Financial Year in which the System to Generator Operational Intertripping Scheme trips divided by 365 to give a daily £ per MW rate.

A or B are then multiplied by:

the MW arrived at after deducting from the Transmission Entry Capacity for the Connection Site the Restricted MW Export Level;

"Restricted Export Level Period"

as defined in Paragraph 4.2A.4(b)(ii);

"Restricted MW Export Level"

as defined in Paragraph 4.2A.2.1(c)(i);

"Restrictions on Availability"

is, in the context of a **Design Variation** or an **Offshore Connection**, the outage or reduction in capability as set out in the relevant **Notification of Restrictions on Availability**;

"Retail Price Index"

the general index of retail prices published by the Office for National Statistics each month in respect of all items or:

(a) if the said index for any month in any year shall not have been published on or before the last day of the third month after such month such index for such month or months as the parties hereto agree produces as nearly as possible the same result shall be substituted or in default of the parties reaching agreement within six weeks after the last day of such three month period then as determined by a sole Chartered Accountant appointed by agreement by both parties or in the absence of agreement on the application of either party by the President of the **Electricity Arbitration Association** who shall act as an expert and whose decision shall be final and binding on the parties; or

(b) if there is a material change in the basis of the said index,

such other index as the parties agree produces as nearly as possible the same result shall be substituted or in default of the parties reaching agreement within six weeks after the occurrence of the material change in the basis of the said index then as determined by the sole Chartered Accountant appointed by agreement by both parties or in the absence of agreement on the application of either party by the President of the **Electricity Arbitration Association** who shall act as an expert and whose decision shall be final and binding on the parties;

"Revised Indicative Annual HH TNUoS charge"	the value calculated in accordance with Appendix 2 paragraph 5;
"Revised Indicative Annual NHH TNUoS charge"	the value calculated in accordance with Appendix 2 paragraph 8;
"Revised Proposed Implementation Date"	the revision to a Fixed Proposed Implementation Date recommended to the Authority by the CUSC Modifications Panel pursuant to CUSC Paragraph 8.23.9.4;
"Safety Coordinator(s)"	a person or persons nominated by The Company and each User in relation to Connection Points (as defined in the Grid Code) (or in the case of OTSUA operational prior to the OTSUA Transfer Time, Transmission Interface Points) in England and Wales or nominated by the Relevant Transmission Licensee and each User in relation to Connection Points (or in the case of OTSUA operational prior to the OTSUA Transfer Time, Transmission Interface Points) in Scotland or Offshore to be responsible for the co-ordination of Safety Precautions (as defined in the Grid Code) at each Connection Point when work and/or testing is to be carried out on a system which necessitates the provision of Safety Precautions on HV Apparatus, pursuant to OC8;
"Safety Rules"	the rules of The Company , a Relevant Transmission Licensee or a User that seek to ensure that persons working on Plant and/or Apparatus to which the rules apply are safeguarded from hazards arising from the System ;
"Second Offer"	as defined in Paragraph 6.10.4;
"Secondary Response"	as defined in the Grid Code ;
"Secretary of State"	has the meaning given to that term in the Act ;
"Secured Amount Statement"	a statement accompanying the Bi-annual Estimate setting out the amount to be secured by the User under Paragraph 2.21 based on figures contained in the Bi-annual Estimate being the amount for which security shall be provided to The Company pursuant to that Paragraph such statement to be substantially in the form set out in

	Exhibit M to the CUSC ;
"Secured Event"	as defined in the Grid Code ;
"Security Amendment"	the Proposed Amendment in respect of Amendment Proposal 089\090\091 ;
"Security Amendment Implementation Date"	the Implementation Date of the Security Amendment ;
"Security Amount"	in respect of the User the aggregate of available amounts of each outstanding (a) Letter of Credit , (b) Qualifying Guarantee and (c) the principal amount (if any) of cash that the User has paid to the credit of the Escrow Account (and which has not been repaid to the User); for the purpose of this definition, in relation to a Letter of Credit or Qualifying Guarantee "available amount" means the face amount thereof less (i) payments already made thereunder and (ii) claims made thereunder but not yet paid;
"Security Cover"	for each User , the User's Security Requirement less the User's Allowed Credit ;
"Security Period"	means the First Security Period and each 6 month period thereafter commencing on the 1 April or 1 October until 30 days after the relevant Charging Date ;
"Security and Quality of Supply Standard"	as defined in the Grid Code ;
"Security Requirement"	the aggregate amount for the time being which the User shall be required by The Company to provide and maintain by way of Security Cover and its User's Allowed Credit in accordance with Paragraph 3.22;
"Security Standard"	the Security and Quality of Supply Standard ;
"Self-Governance Criteria"	a CUSC Modification Proposal that, if implemented, <ul style="list-style-type: none"> (a) is unlikely to have a material effect on: <ul style="list-style-type: none"> (i) existing or future electricity consumers; and (ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity; and (iii) the operation of the National Electricity Transmission System; and (iv) matters relating to sustainable development, safety or security

of supply, or the management of market or network emergencies;
and

(v) the **CUSC**'s governance procedures or the **CUSC**'s modification procedures, and

(b) is unlikely to discriminate between different classes of **CUSC Parties**;

"Self-Governance Statement"

the statement made by the **CUSC Modifications Panel** and submitted to the **Authority**:

(a) confirming that, in its opinion, the **Self-Governance Criteria** are met and the **CUSC Modification Proposal** is suitable for the self-governance route; and

(b) providing a detailed explanation of the **CUSC Modification Panel**'s reasons for that opinion;

"Separate Business"

the **Transmission Business** taken separately from any other business of **The Company**, but so that where all or any part of such business is carried out by an **Affiliate** or **Related Undertaking** of **The Company** such part of the business as is carried out by that **Affiliate** or **Related Undertaking** shall be consolidated with any other such business of **The Company** (and of any other **Affiliate** or **Related Undertaking**) so as to form a single **Separate Business**;

"Settlement Administration Agent (SAA)"

as defined in the **Balancing and Settlement Code**;

"Settlement Day"

as defined in the **Balancing and Settlement Code**;

"Settlement Period"

as defined in the **Balancing and Settlement Code**;

"Settlement Run"

as defined in the **Balancing and Settlement Code**;

"Seven Year Statement"

as defined in the **Grid Code**;

"Shortfall Action Threshold Amount"

means the amount as notified by the **Authority** to **The Company** from time to time;

"Shortfall Application Date"

shall mean, as appropriate:

1.

(a) the date by which the **User** has issued and served court proceedings on the **Developer** for the recovery of the **Cancellation Charge Shortfall**;
or

(b) the date by which the **User** has instigated **Insolvency Proceedings** against the **Developer** for the recovery of the **Cancellation Charge Shortfall**; or

(c) where the **Developer** is the subject of **Insolvency Proceedings** instigated other than by the **User**, the date by which the **User** has submitted its claim for the **Cancellation Charge Shortfall** under these; or

2. such date (being an alternative to the dates in 1 above) as approved by the **Authority** following a request from the **User**; or

3. where the **Cancellation Charge Shortfall** is less than the **Shortfall Action Threshold Amount** and the **User** has undertaken all preparatory steps necessary to undertake the activity in 1 above; the date which is 30 days (or the first **Business Day** following this) from the date of payment of the **Cancellation Charge** by the **User**;

"Short Term Capacity"

the right to export on to the **National Electricity Transmission System** power in accordance with the provisions of **CUSC**;

"Significant Code Review"

a review of one or more matters which the **Authority** considers is likely to:

(a) relate to the **CUSC** (either on its own or in conjunction with other Industry Codes); and

(b) be of particular significance in relation to its principal objective and/or general duties (under section 3A of the Act), statutory functions and/or relevant obligations arising under EU law, and

concerning which the **Authority** has issued a notice to the **CUSC Parties** (among others, as appropriate) stating:

(i) that the review will constitute a significant code review;

(ii) the start date of the significant code review; and

(iii) the matters that will fall within the scope of the review;

"Significant Code Review Phase"

the period

commencing either:

(i) on the start date of a **Significant Code Review** as stated in the notice issued by

the **Authority**; or

- (ii) on the date the **Authority** makes a direction under Paragraph 8.17C (a “**Backstop Direction**”)

and

ending either:

- (a) on the date on which the **Authority** issues a statement that no directions will be issued in relation to the **CUSC**; or

- (b) If no statement is made under Paragraph 8.17.11 or 8.17.6A, on the date which **The Company** has made a **CUSC Modification Proposal** in accordance with Paragraph 8.17.6, or the **Authority** makes a modification proposal in respect of a **Significant Code Review** under Paragraph 8.17A.1: or

- (c) Immediately, if neither a statement, a modification proposal nor directions are made by the **Authority** up to and including twenty eight (28) days from the **Authority**'s publication of its **Significant Code Review** conclusions; or

- (d) if a statement has been made under Paragraph 8.17.6A or a direction has been made under Paragraph 8.17C (a “**Backstop Direction**”), on the date specified in accordance with Paragraph 8.17.6A.

"**Site Common Drawings**"

as defined in the **Grid Code**;

"**Site Load**"

the sum of the **BM Unit Metered Volumes (QM_{ij})**, expressed as a positive number, of **BM Units** within the **Trading Unit** with QM_i less than zero during the three **Settlement Periods** of the **Triad** (i.e. $\sum QM_{ij}$ where $QM_{ij} < 0$), which may comprise **Station Load** and **Additional Load**;

"**Site Responsibility Schedule**"

a schedule containing the information and prepared on the basis of the provisions set out in Appendix 1 of the **CC**;

"**Site Specific Maintenance Charge**"

the element of the **Connection Charges** relating to maintenance and repair calculated in accordance with the **Connection Charging Methodology**;

"**Site Specific Requirements**"

those requirements reasonably required by **The Company** in accordance with the **Grid Code** at the site of connection of a

	Relevant Embedded Medium Power Station or a Relevant Embedded Small Power Station ;
"Small Independent Generating Plant"	a Medium Power Station ;
"Small Participant"	(a) a generator, supplier, distributor, or new entrants to the electricity market in Great Britain that can demonstrate to the Code Administrator that it is resource-constrained and, therefore in particular need of assistance; (b) any other participant or class of participant that the Code Administrator considers to be in particular need of assistance; and (c) a participant or class of participant that the Authority has notified to the Code Administrator as being in particular need of assistance;
"Small Power Station"	as defined in the Grid Code ;
"Small Power Station Trading Party"	a Trading Party trading on behalf of one or more Small Power Stations whether owned by the Trading Party or another person;
"SMRS"	as defined in the Balancing and Settlement Code ;
"Sole Trading Unit"	as defined in the Balancing and Settlement Code ;
"Standard CUSC Modification Proposal"	A CUSC Modification Proposal that does not fall within the scope of a Significant Code Review subject to any direction by the Authority pursuant to Paragraphs 8.17.3 and 8.17.4, nor meets the Self-Governance Criteria subject to any direction by the Authority pursuant to Paragraph 8.25.4 and in accordance with any direction under Paragraph 8.25.2;
"Statement of the Connection Charging Methodology"	the statement produced pursuant to and in accordance with Standard Condition C6 of the Transmission Licence , as modified from time to time;
"Statement of Use of System Charges"	the statement produced pursuant to and in accordance with Standard Condition C4 of the Transmission Licence , as modified from time to time;
"Statement of the Use of System Charging Methodology"	the statement produced pursuant to Standard Condition C5 of the Transmission Licence , as modified from time to time;
"Station Demand"	in respect of any generating station and Generator , means that consumption of electricity (excluding any supply to any Customer of the relevant Generator who is neither such Generator nor a member of a qualifying group of which such Generator is a part) from the National Electricity Transmission System or a

Distribution System at premises on the same site as such generating station, with premises being treated as on the same site as each other if they are:

- (i) the same premises;
- (ii) immediately adjoining each other;
- (iii) separated from each other only by road, railway or watercourse or by other premises (other than a pipe-line, electric line or similar structure) occupied by the consumer in question or by any other person who together with that consumer forms a qualifying group; and for the purpose of this definition "generating station" and "qualifying group" shall have the meanings given those expressions when used in the Electricity (Class Exemptions from the Requirement for a Licence) Order 1990;

"Station Load"

the **Station Load** is equal to the sum of the demand of **BM Units** solely comprising the **Station Transformers** within the **Power Station**. For the avoidance of doubt, **Station Load** excludes **BM Units** comprising **Additional Load**;

"Station Transformer"

has the meaning given in the **Grid Code**;

"Steam Unit"

a **Generating Unit** whose prime mover converts the heat energy in steam to mechanical energy;

"STC"

the **System Operator - Transmission Owner Code** entered into by **The Company** pursuant to the **Transmission Licence** as from time to time revised in accordance with the **Transmission Licence**;

"STTEC"

the figure in MW (if any) for the **STTEC Period** granted by **The Company** in accordance with Paragraph 6.31 of the **CUSC** and specified as such in Appendix C of the relevant **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement**;

"STTEC Authorisation"

the authorisation notified by **The Company** for **Short Term Capacity** in accordance with the terms of Paragraph 6.3.1.6.1 in response to a **Request for a STTEC Authorisation**;

"STTEC Charge"

being a component of the **Use of System Charges** which is made or levied by **The Company** and to be paid by the **User** for **STTEC** calculated in accordance with the **Charging Statements**;

"STTEC Offer"

an offer made by **The Company** for **Short Term Capacity** in accordance with the terms of Paragraphs 6.31.6.2 and 6.31.6.3 in response to an **Application for a STTEC Offer**;

"STTEC Period"	in the case of a STTEC Authorisation , a period of 28 days commencing on a Monday at 00.00 hours and finishing at 23.59 on a Sunday. In the case of a STTEC Offer , a period of either 28, 35, or 42 days (as specified by the User in its STTEC Request Form) commencing on a Monday at 0.00 hours and finishing at 23.59 on a Sunday;
"STTEC Request"	either a Request for a STTEC Authorisation or an Application for a STTEC Offer ;
"STTEC Request Fee"	the non-refundable fee to be paid by the User to The Company as detailed in the Charging Statements ;
"STTEC Request Form"	the form set out in Exhibit P to the CUSC ;
"Subsidiary"	has the meaning given to that term in section 736A of the Companies Act 1985;
"Supplemental Agreement"	an agreement entered into pursuant to clause 2 of the MCUSA ;
"Supplier"	a person who holds a Supply Licence ;
"Supply Agreement"	an agreement between a Non-Embedded Customer and a Supplier for the supply of electricity to the Non-Embedded Customer's Connection Site ;
"Supplier Half Hourly Demand"	means BM Unit Metered Volumes (QM_{ij}) expressed as a positive number (i.e. $\sum QM_{ij}$) of the Trading Unit during the three Settlement Periods of the Triad due to half-hourly metered imports;
"Supply Licence"	a licence granted under section 6(1)(d) of the Act ;
"Supplier Non Half-Hourly Demand"	means BM Metered Volumes (QM_{ij}) expressed as a positive number (i.e. $\sum QM_{ij}$) of the Trading Unit over the charging year between Settlement Periods 33 to 38 due to Non-half-hourly metered imports;
"Supplier Volume Allocation"	as defined in the Balancing and Settlement Code ;
"Synchronous Compensation"	the operation of rotating synchronous apparatus for the specific purpose of either generation or absorption of Reactive Power ;
"Synchronised"	the condition where an incoming BM Unit or CCGT Unit or System is connected to the busbars of another System so that the Frequencies and phase relationships of that BM Unit or CCGT Unit or the System , as the case may be, and the System to which it is connected are identical;
"System Ancillary Services"	Mandatory Ancillary Services and Part 2 System Ancillary

Services;

"System"	any User System or the National Electricity Transmission System as the case may be;
"System to Generator Operational Intertripping"	as defined in the Grid Code ;
"System to Generator Operational Intertripping Scheme"	as defined in the Grid Code ;
"Target Frequency"	the Frequency determined by The Company in its reasonable opinion as the desired operating Frequency of the Total System . This will normally be 50.00 Hz plus or minus 0.05 Hz, except in exceptional circumstances as determined by The Company in its reasonable opinion. An example of exceptional circumstances may be difficulties caused in operating the System during disputes affecting fuel supplies;
"TEC Increase Request"	a request for an increase in Transmission Entry Capacity pursuant to CUSC paragraph 6.30.2;
"TEC Register"	the register set up by The Company pursuant to Paragraph 6.30.3.1;
"TEC Trade"	a trade between parties of their respective Transmission Entry Capacity ;
"Tendered Capability Breakpoints"	as defined in Paragraph 1.4 of Appendix 5 of Schedule 3, Part I;
"Temporary Donated TEC"	is the temporary MW reduction in the export rights of the Temporary TEC Exchange Donor User arising from acceptance of a Temporary TEC Exchange Offer ;
"Temporary Received TEC"	is at any time the Temporary TEC Exchange Rate ;
"Temporary TEC Exchange Donor User"	is a User that has jointly made a Temporary TEC Exchange Rate Request to reduce its rights to export for the duration of the Temporary TEC Exchange Period ;
"Temporary TEC Exchange Notification of Interest Form"	is the form set out in Exhibit X to the CUSC ;
"Temporary TEC Exchange Offer"	is an offer made by The Company for a Temporary TEC Exchange Rate in accordance with the terms of Paragraphs 6.34.4.6;

"Temporary TEC Exchange Period"	is a period within a Financial Year as specified in the Temporary TEC Exchange Rate Request Form being for a minimum of four weeks and commencing at 0.00 hours on a Monday and finishing at 23.59 on any given day no later than the last day of such Financial Year ;
"Temporary TEC Exchange Rate Request Fee"	is the single fee to be paid to The Company for a Temporary TEC Exchange Rate Request as detailed in the Charging Statements ;
"Temporary TEC Exchange Rate Request Form"	is the form set out in Exhibit W to the CUSC ;
"Temporary TEC Exchange Rate Request"	is a joint application made by a Temporary TEC Exchange Donor User and a Temporary TEC Exchange Recipient User for a Temporary TEC Exchange Rate Offer ;
"Temporary TEC Exchange Rate"	is a weekly profile of the additional export rights in MW available to the Temporary TEC Exchange Recipient User as a direct result of the temporary reduction in export rights in MW of the Temporary TEC Exchange Donor User ;
"Temporary TEC Exchange Recipient User"	is a User that has jointly made a Temporary TEC Exchange Rate Request to increase its rights to export for the duration of the Temporary TEC Exchange Period ;
"Temporary TEC Trade Exchange"	a trade made pursuant to CUSC Paragraph 6.34;
"Tenders"	as defined in Paragraph 3.3 of Schedule 3, Part I;
"Tenderers"	as defined in Paragraph 3.3 of Schedule 3, Part I;
"Tender Period"	as defined in Paragraph 3.3 of Schedule 3, Part I;
"Term"	without prejudice to the interpretation of Term in respect of Users acting in other capacities, for Users acting in respect of their Connection Sites which were not Commissioned at the Transfer Date , it means the term of the relevant Bilateral Connection Agreement commencing on the date of the Bilateral Connection Agreement and ending in accordance with Clause 9 of that agreement;
"Termination Amount"	in relation to a Connection Site , the amount calculated in accordance with the Charging Statements ;
"The Company"	National Grid Electricity Transmission plc (No: 2366977) whose registered office is at 1-3 Strand, London, WC2N 5EH;
"The Company Credit Rating"	any one of the following:-

- (a) a credit rating for long term debt of A- and A3 respectively as set by Standard and Poor's or Moody's respectively;
- (b) an indicative long term private credit rating of A- and A3 respectively as set by Standard and Poor's or Moody's as the basis of issuing senior unsecured debt;
- (c) a short term rating by Standard and Poor's or Moody's which correlates to a long term rating of A- and A3 respectively; or
- (d) where the **User's Licence** issued under the Electricity Act 1989 (as amended by the Utilities Act 2000) requires that User to maintain a credit rating, the credit rating defined in that **User's Licence**;

"The Company's Engineering Charges"

the charges levied by **The Company** in relation to an application for connection and/or use of the **National Electricity Transmission System**;

"The Company Prescribed Level"

the forecast value of the regulatory asset value of **The Company** for a **Financial Year** as set out in the document published from time to time by Ofgem setting this out and currently know as "Ofgem's Transmission Price Control Review of The Company – Transmission Owner Final Proposals" such values to be published on **The Company Website** by reference to **The Company** credit arrangements no later than 31 January prior to the beginning of the **Financial Year** to which such value relates;

"Third Party Claim"

as defined in Paragraph 7.5.3;

"Third Party Works"

in relation to a particular **User** those works, defined as such in its **Construction Agreement**; being works undertaken on assets belonging to someone other than **The Company** or the **User** where such works are required by **The Company** to enable it to provide the connection to and/or use of the **National Electricity Transmission System** by the **User** or required as a consequence of connection to and/or use of the **National Electricity Transmission System** by the **User**;

TNUoS Tariff Forecast Timetable

an annual timetable prepared and published by **The Company** by the end of January of each **Financial Year** (t) which sets out when **The Company** will publish updates in **Financial Year** (t+1) (being not less than quarterly) to the forecast of **Transmission Network Use of System Charges** for the **Financial** (t+2).

"Total System"

the **National Electricity Transmission System** and all **User Systems** in **Great Britain** and **Offshore**;

"Total System Chargeable HH

the total of all half-hourly metered **Demands** for which **HH Charges**

Demand"	are paid, taken over a period of time which may or may not be that to which HH Charges relate;
"Total System Chargeable NHH Demand"	the total of all half-hourly metered Demands for which NHH Charges are paid, taken over a period of time which may or may not be that to which NHH Charges relate.
"Trading Party"	as defined in the Balancing and Settlement Code ;
"Trading Unit"	as defined in the Balancing and Settlement Code ;
"Transfer Date"	"24.00" hours on 30th March 1990;
"Transfer Scheme"	schemes made under sections 65 and 66 of the Act and effected on the Transfer Date ;
"Transmission"	means, when used in conjunction with another term relating to equipment, whether defined or not, that the associated term is to be read as being part of or directly associated with the National Electricity Transmission System and not of or with the User System ;
"Transmission Business"	the authorised business of The Company or any Affiliate or Related Undertaking in the planning, development, construction and maintenance of the National Electricity Transmission System (whether or not pursuant to directions of the Secretary of State made under section 34 or 35 of the Act) and the operation of such system for the transmission of electricity, including any business in providing connections to the National Electricity Transmission System but shall not include (i) any other Separate Business or (ii) any other business (not being a Separate Business) of The Company or any Affiliate or Related Undertaking in the provision of services to or on behalf of any one or more persons;
"Transmission Charging Methodology Forum"	the charging methodology forum (and related arrangements) established to facilitate meetings between The Company and any other persons whose interests are materially affected by the applicable Charging Methodologies for the purpose of discussing the further development of the applicable Charging Methodologies ;
"Transmission Circuits"	as defined in the NETS SQSS ;
"Transmission Connection Assets"	the Transmission Plant and Transmission Apparatus necessary to connect the User's Equipment to the National Electricity Transmission System at any particular Connection Site in respect of which The Company charges Connection Charges (if any) as listed or identified in Appendix A to the Bilateral Connection Agreement relating to each such Connection Site ;

"Transmission Connection Asset Works"	in relation to a particular User , as defined in its Construction Agreement ;
"Transmission Entry Capacity"	the figure specified as such as set out in Appendix C of the relevant Bilateral Connection Agreement or Bilateral Embedded Generation Agreement ;
"Transmission Interface Point"	as defined in the Grid Code in the context of a Construction Agreement means the electrical point of connection between the Offshore Transmission System and an Onshore Transmission System as set out in the Offshore Works Assumptions .
"Transmission Interface Site"	the site at which the Transmission Interface Point is located;
"Transmission Licence"	the licence granted to The Company under section 6(1)(b) of the Act ;
"Transmission Licences"	the licences granted to The Company , SP Transmission Limited and Scottish Hydro Electric Transmission Limited under the Act;
"Transmission Network Services"	as defined in the Transmission Licence ;
"Transmission Licensees Assets"	The Plant and Apparatus owned by Transmission Licensees necessary to connect the User's Equipment to the National Electricity Transmission System at any particular Connection Site in respect of which The Company charges Connection Charges (if any) as listed or identified in [Appendix A] to the Bilateral Agreement relating to each such Connection Site;
"Transmission Network Use of System Charges"	the element of Use of System Charges payable in respect of Transmission Network Services (including for the avoidance of doubt Transmission Network Use of System Demand Reconciliation Charges and ET Use of System Charges);
"Transmission Network Use of System Demand Charges"	that element of Transmission Network Use of System Charges relating to Demand ;
"Transmission Network Use of System Demand Zone"	each of the zones identified by The Company in the Charging Statements for charging of Transmission Network Use of System Charges in relation to Demand ;
"Transmission Network Use of System Demand Reconciliation Charges"	sums payable by the User to The Company under invoices issued to the User pursuant to Paragraph 3.12.7;
"Transmission Owner Activity"	The Function of the Transmission Licensees' Transmission Business as defined in the Transmission Licences;
"Transmission Related"	an agreement between The Company and a User substantially in

"Agreement"	the form of Schedule 2 Exhibit 5;
"Transmission Services Activity"	as defined in the Transmission Licence ;
"Transmission Services Use of System Charges"	the element of Use of System Charges payable in respect of the Transmission Services Activity ;
"Transmission Reinforcement Works"	in relation to a particular User , as defined in its Construction Agreement or BELLA as appropriate;
"Transmission Voltage"	In Scotland voltages of 132kV and above; in England and Wales voltages above 132kV – usually 275kV and 400kV;
"Transmission Works Register"	the register set up by The Company pursuant to Paragraph 6.36.1;
"Transmission Works"	in relation to a particular User , those works which are specified in Appendix H or identified as OTSDUW in to the relevant Construction Agreement ;
"Triad"	is used as a short hand way to describe the three Settlement Periods of highest transmission systems Demand , namely the half hour Settlement Period of system peak Demand and the two half hour Settlement Periods of next highest Demand , which are separated from the system peak Demand and from each other by at least 10 Clear Days , between November to February inclusive;
"Trigger Date"	as identified by The Company in accordance with Part Two of the User Commitment Methodology and in relation to a particular User as defined in its Construction Agreement ;
Unacceptable Operating Condition	a failure of Plant and Apparatus forming part of the National Electricity System Transmission System that results in the following effect at the Connection Site : <ul style="list-style-type: none"> i) the loss of one or more phases causing an energy unbalance (Grid Code CC6.1.6); ii) frequency being outside the ranges listed in Grid Code CC6.1.3; iii) voltages being outside values stated in Grid Code CC6.1.4; iv) loss of synchronising signal to an Export BMU Unit;
"Undertaking"	as defined in section 259 of the Companies Act 1985;
"Unsecured Credit Cover"	the maximum amount of unsecured credit available to each User for the purposes of Part III of Section 3 of the CUSC at any time which shall be a sum equal to 2% of the The Company Prescribed Level in the relevant Financial Year ;
"Unusual Load	loads which have characteristics which are significantly different from those of the normal range of domestic, commercial and

Characteristics"	industrial loads (including loads which vary considerably in duration or magnitude);
"Urgent CUSC Modification Proposal"	an CUSC Modification Proposal treated or to be treated as an Urgent CUSC Modification Proposal in accordance with Paragraph 8.24;
"Use of System"	use of the National Electricity Transmission System for the transport of electricity by any Authorised Electricity Operator or Interconnector User or Interconnector Error Administrator ;
"Use of System Application"	an application for a Bilateral Embedded Generation Agreement or for Use of System in the form or substantially in the form set out in Exhibit D or F to the CUSC as appropriate;
"Use of System Charges"	charges made or levied or to be made or levied by The Company for the provision of services as part of the Transmission Business to any Authorised Electricity Operator as more fully described at Standard Condition C4 and C5 of the Transmission Licence and in the Bilateral Agreements and Section 3 and Section 9 Part II and as amended in accordance with Standard Condition C13 of the Transmission Licence but shall not include Connection Charges ;
"Use of System Charging Methodology"	as defined in the Transmission Licence and set out in Section 14;
"Use of System Interconnector Confirmation Notice"	the part of the Use of System Interconnector Offer and Confirmation Notice by which The Company confirms the use of the National Electricity Transmission System by an Interconnector User or an Interconnector Error Administrator ;
"Use of System Interconnector Offer and Confirmation Notice"	the notice which combines the offer and confirmation in relation to the use of the National Electricity Transmission System by an Interconnector User or an Interconnector Error Administrator , in the form set out in Exhibit H to the CUSC ;
"Use of System Interconnector Offer Notice"	the part of the Use of System Interconnector Offer and Confirmation Notice by which The Company offers an Interconnector User or an Interconnector Error Administrator use of the National Electricity Transmission System ;
"Use of System Offer"	an offer (or in the case of a use of system generation offer and where appropriate, offers) made by The Company to a User pursuant to Paragraph 3.7 or 9.19 substantially in the form of Exhibit G (Use of System Supply Offer) or Exhibit E (Use of System Generation Offer) or Exhibit H (Use of System Interconnector Offer) to the CUSC ;
"Use of System Payment Date"	the date for payment of Use of System Charges ;
"Use of System Supply"	the part of the Use of System Supply Offer and Confirmation

Confirmation Notice"	Notice by which The Company confirms the use of the National Electricity Transmission System by a Supplier ;
"Use of System Supply Offer and Confirmation Notice"	the notice which combines the offer and confirmation in relation to the use of the National Electricity Transmission System by a Supplier , in the form set out in Exhibit G to the CUSC ;
"Use of System Supply Offer Notice"	the part of the Use of System Supply Offer and Confirmation Notice by which The Company offers a Supplier use of the National Electricity Transmission System ;
"Use of System Termination Notice"	the notice to be given to terminate Use of System by a Supplier or an Interconnector User , or an Interconnector Error Administrator in accordance with the CUSC ;
"User"	a person who is a party to the CUSC Framework Agreement other than The Company ;
"User Commitment Methodology"	the methodology and principles applied by The Company in the application and calculation of the Cancellation Charge and Cancellation Charge Secured Amount such principles being set out in CUSC Section 15;
"User Development"	shall have the meaning set out in the Connection Application or the Use of System Application as the case may be;
"User's Allowed Credit"	that proportion of the Unsecured Credit Cover extended to a User by The Company as calculated in accordance with Paragraph 3.26;
"User Emergency Deenergisation"	the Deenergisation of the User's Equipment or equipment for which that User is responsible (as defined in Section K of the Balancing and Settlement Code) by a User pursuant to CUSC Paragraph 5.2.2 or by automatic means as a direct consequence of an Unacceptable Operating Condition ;
"User's Equipment"	the Plant and Apparatus owned by a User (ascertained in the absence of agreement to the contrary by reference to the rules set out in Paragraph 2.12) which: (a) is connected to (or in the case of OTSDUW Build will, at the OTSUA Transfer Time , be connected to) the Transmission Connection Assets forming part of the National Electricity Transmission System at any particular Connection Site to which that User wishes so to connect, or (b) is connected to a Distribution System to which that User wishes so to connect but excluding for the avoidance of doubt any OTSUA ;
"User's Licence"	a User's licence to carry on its business granted pursuant to Section 6 of the Act ;
"User System"	any system owned or operated by a User comprising Generating Units and/or Distribution Systems (and/or other systems

consisting (wholly or mainly) of electric lines which are owned or operated by a person other than a **Public Distribution System Operator** and **Plant** and/or **Apparatus** (including in the case of **OTSDUW Build**, any **OTSUA** prior to the **OTSUA Transfer Time**) connecting **Generating Units, Distribution Systems** (and/or other systems consisting wholly or mainly of electric lines which are owned or operated by a person other than a **Public Distribution System Operator** or **Non-Embedded Customers** to the **National Electricity Transmission System** or (except in the case of **Non-Embedded Customers**) to the relevant other **User System**, as the case may be, including any **Remote Transmission Assets** operated by such **User** or other person and any **Plant** and/or **Apparatus** and meters owned or operated by such **User** or other person in connection with the distribution of electricity but does not include any part of the **National Electricity Transmission System**;

"Utilities Act 2000"	Electricity Act 1989, as amended by the Utilities Act 2000;
"Valid"	valid for payment to be made thereunder against delivery of a Notice of Drawing given within the period stated therein;
"Value Added Tax"	United Kingdom value added tax or any tax supplementing or replacing the same;
"Value At Risk Amendment"	the Proposed Amendment in respect of Amendment Proposal 127 ;
"Value At Risk Amendment Implementation Date"	the Implementation Date of the Value At Risk Amendment ;
"Value At Risk Amendment Implementation End Date"	the date one year following the Value At Risk Amendment Implementation Date ;
"Website"	the site established by The Company on the World-Wide Web for the exchange of information among CUSC Parties and other interested persons in accordance with such restrictions on access as may be determined from time to time by The Company ;
"Week"	means a period of seven Calendar Days commencing at 05.00 hours on a Monday and terminating at 05.00 hours on the next following Monday;
"Weekly Maximum Generation Declaration"	has the meaning attributed to it in Paragraph 4.2.3.1;
"Wider Cancellation Charge"	a component of the Cancellation Charge that applies on and after the Trigger Date as more particularly described in Part Two of the User Commitment Methodology ;
"Wider Transmission"	in relation to a particular User means those Transmission

Reinforcement Works”	Reinforcement Works other than the Enabling Works and which are specified in the relevant Construction Agreement ;
"Workgroup"	a Workgroup established by the CUSC Modifications Panel pursuant to Paragraph 8.20.1;
"Workgroup Consultation"	as defined in Paragraph 8.20.10, and any further consultation which may be directed by the CUSC Modifications Panel pursuant to Paragraph 8.20.17;
"Workgroup Consultation Alternative Request"	any request from a CUSC Party , a BSC Party the Citizens Advice or the Citizens Advice Scotland for a Workgroup Alternative CUSC Modification to be developed by the Workgroup expressed as such and which contains the information referred to at Paragraph 8.20.13. For the avoidance of doubt any WG Consultation Alternative Request does not constitute either a CUSC Modification Proposal or a Workgroup Alternative CUSC Modification ;
"Workgroup Alternative CUSC Modification"	an alternative modification to the CUSC Modification Proposal developed by the Workgroup under the Workgroup terms of reference (either as a result of a Workgroup Consultation or otherwise) and which is believed by a majority of the members of the Workgroup or by the chairman of the Workgroup to better facilitate the Applicable CUSC Objectives than the CUSC Modification Proposal or the current version of the CUSC .

ANNEX 1 – INTERPRETATION AND DEFINITIONS

Insert the following new definitions in alphabetical order:

“Authority Led CUSC Modification”	a proposal to modify the CUSC which directly arises from a Significant Code Review and where the process of the modification is led by the Authority in accordance with its SCR Guidance ;
“Authority Led CUSC Modification Proposal”	a proposal for an Authority Led CUSC Modification which has been submitted pursuant to and in accordance with Section 8 Paragraph 8.17B;
“Authority Led CUSC Modification Report”	means, in relation to an Authority Led CUSC Modification Proposal, the report prepared pursuant to and in accordance with Section 8 Paragraph 8.17B.2;
“Backstop Direction”	has the meaning given to it in Section 8 Paragraph 8.17C;
“SCR Guidance”	means, any document of that title created, published as amended from time to time, by the Authority to provide guidance to interested parties on the conduct of a Significant Code Review by the Authority;

END OF SECTION 11

CUSC - SECTION 12
BETTA TRANSITION ISSUES

CONTENTS

- 12.1 Introduction
- 12.2 GB CUSC Transition
- 12.3 Cut-over

CUSC - SECTION 12

BETTA TRANSITION ISSUES

12.1 INTRODUCTION

12.1.1 This Section 12 deals with issues arising out of the transition associated with the designation of amendments to the **CUSC** by the **Secretary of State** in accordance with the provisions of the Energy Act 2004 for the purposes of Standard Condition C10 of the **Transmission Licence**. For the purposes of this Section 12, the version of the **CUSC** as amended by the changes designated by the **Secretary of State** and as subsequently amended shall be referred to as the "**GB CUSC**".

12.1.2 In this Section 12 (including the Appendix):

- (a) **Existing E&W Users** and **E&W Applicants** are referred to as "**E&W Users**";
- (b) **Users** who as at 1 January 2005 have entered into an agreement or have accepted an offer for connection to and/or use of the **Transmission System** of **The Company** are referred to as "**Existing E&W Users**";
- (c) **Users** (or prospective **Users**) other than **Existing E&W Users** who apply during the **Transition Period** for connection to and/or use of the **Transmission System** of **The Company** are referred to as "**E&W Applicants**";
- (d) **Existing Scottish Users** and **Scottish Applicants** are referred to as "**Scottish Users**";
- (e) **Users** who as at 1 January 2005 have entered into an agreement or have accepted an offer for connection to and/or use of the **Transmission System** of either **Relevant Transmission Licensee** are referred to as "**Existing Scottish Users**";
- (f) **Users** (or prospective **Users**) other than **Existing Scottish Users** who apply during the **Transition Period** for connection to and/or use of the **Transmission System** of either

Relevant Transmission Licensee are referred to as “**Scottish Applicants**”;

- (g) the term “**Transmission System**” means the **System** consisting (wholly or mainly) of high voltage electric lines owned or operated by transmission licensees and used for the transmission of electricity from one **Power Station** to a sub-station or to another **Power Station** or between sub-stations or to or from any **External Interconnection** and including any **Plant** and **Apparatus** and meters owned or operated by a transmission licensee in connection with the transmission of electricity but shall not include **Remote Transmission Assets**;
- (h) the term “**Transition Period**” means (1) the period from **Go-Active** to **Go-Live** and (2) in respect of each **Existing E&W User** that at **Go-Live** is not connected to and/or using the **Transmission System of The Company** (“**NU E&W Users**”) and **The Company** (in relation to such **NU E&W Users**) means in addition to the period from **Go-Active** to **Go-Live** the period from **Go-Live** to the date on which that **NU E&W User** has either accepted an offer to amend its **Existing CUSC Agreements** in accordance with Paragraph 12.2.6(e) or been notified by **The Company** that no such amendment to its **Existing CUSC Agreements** is required (unless it is provided to be different in relation to a particular provision), and is the period with which this Section 12 deals;
- (i) the term “**CUSC Agreements**” means any one or more, as applicable for a particular **E&W Applicant** or **Scottish User**, of the **Bilateral Connection Agreement, Bilateral Embedded Generation Agreement, Construction Agreement, Mandatory Services Agreement, Use of System Supply Offer and Confirmation Notice** and **Use of System Interconnector Offer and Confirmation Notice**, each in relation to the **GB Transmission System**;
- (j) the term “**Existing CUSC Agreements**” means any one or more, as applicable for a particular

Existing E&W User, of the Bilateral Connection Agreement, Bilateral Embedded Generation Agreement, Construction Agreement, Mandatory Services Agreement, Use of System Supply Confirmation Notice and Use of System Interconnector Confirmation Notice;

- (k) the term “**Interim GB SYS**” means the document of that name referred to in Standard Condition C11 of the **Transmission Licence**;
- (l) the term “**Go-Active**” means the date on which the first of the amendments designated by the **Secretary of State** to the **CUSC** in accordance with the Energy Act 2004 come into effect; and
- (m) the term “**Go-Live**” means the date which the **Secretary of State** indicates in a direction shall be the BETTA go-live date.
- (n) the term “**Transitional Offer**” means an offer to amend an Existing CUSC Agreement between **The Company** and an **Existing E&W User** under Paragraph 12.2.6(e) or an offer of a **CUSC Agreement** to an **Existing Scottish User** under Paragraph 12.2.7(b) or an offer of a **CUSC Agreement** to an **E&W Applicant** under Paragraph 12.2.6(b) or a **Scottish Applicant** under Paragraph 12.2.7(c) where such users or applicants do not fall within the scope of Schedule 1 paragraph 3(a) of Standard Condition C18 of the **Transmission Licence**.

12.1.3 The **GB CUSC** has been introduced with effect from **Go-Active** pursuant to the relevant licence changes introduced into the **Transmission Licence**. **The Company** is required to implement and comply, and **Users** to comply, with the **GB CUSC** subject as provided in this Section 12, which provides for the extent to which the **GB CUSC** is to apply to **CUSC Parties** during the **Transition Period**. Provided always that the provisions of Paragraph 12.2.6(h), 12.2.13, 12.2.14(a) and 12.2.19 shall continue to have effect after the **Transition Period**.

12.1.3A For the purpose of obligations contained within this Section 12 which relate to the issuing and acceptance of offers for connection and/or use of system to the **GB Transmission System** pursuant to Standard Condition C18 of the **Transmission Licence**, the **Transition Period** shall be defined

as the period from **Go-Active** to the date on which Standard Condition C18 ceases to have effect.

12.1.4 This Section 12 comprises:

- (a) this Introduction;
- (b) **GB CUSC** transition issues; and
- (c) Cut-over issues.

12.1.5 Without prejudice to Paragraph 12.1.6, the failure of any **CUSC Party** to comply with this Section 12 shall not invalidate or render ineffective any part of this Section 12 or actions undertaken pursuant to this Section 12.

12.1.6 A **CUSC Party** shall not be in breach of any part of this Section 12 to the extent that compliance with that part is beyond its power by reason of the fact that any other **CUSC Party** is in default of its obligations under this Section 12.

12.1.7 Without prejudice to any specific provision under this Section 12 as to the time within which or the manner in which a **CUSC Party** should perform its obligations under this Section 12, where a **CUSC Party** is required to take any step or measure under this Section 12, such requirement shall be construed as including any obligation to:

- (a) take such step or measure as quickly as reasonably practicable; and
- (b) do such associated or ancillary things as may be necessary to complete such step or measure as quickly as reasonably practicable.

12.1.8 **The Company** shall use reasonable endeavours to identify any amendments it believes are needed to the **GB CUSC** in respect of the matters referred to for the purposes of Standard Condition C10 of the **Transmission Licence** and in respect of the matters identified in the Appendix, and, having notified the **Authority** of its consultation plans in relation to such amendments, **The Company** shall consult in accordance with the instructions of the **Authority** concerning such proposed amendments.

12.1.9 **The Company** shall notify the **Authority** of any amendments that **The Company** identifies as needed pursuant to Paragraph 12.1.8 and shall make such amendments as the **Authority** approves.

12.2 GB CUSC TRANSITION

General Provisions

12.2.1 The provisions of the **GB CUSC** shall be varied or suspended (and the requirements of the **GB CUSC** shall be deemed to be satisfied) by or in accordance with, and for the period and to the extent set out in this Paragraph 12.2, and in accordance with the other applicable provisions in Section 12.

12.2.2 **E&W Users:** In furtherance of the licence provisions referred to in Paragraph 12.1.3, **E&W Users** shall comply with the **GB CUSC** during the **Transition Period**, but shall comply with and be subject to it subject to this Section 12, including on the basis that:

- (a) during the **Transition Period** the **Scottish Users** are only complying with the **GB CUSC** in accordance with this Section 12; and
- (b) during the **Transition Period** the **GB Transmission System** shall be limited to the **Transmission System** of **The Company** and all rights and obligations of **E&W Users** in respect of the **GB Transmission System** under the **GB CUSC** shall only apply in respect of the **Transmission System** of **The Company**.

Provided always that the provisions of Paragraphs 12.2.6(h) and 12.2.7A shall continue to have effect after the **Transition Period**.

12.2.3 **Scottish Users:** In furtherance of the licence provisions referred to in Paragraph 12.1.3, **Scottish Users** shall comply with the **GB CUSC** and the **GB CUSC** shall apply to or in relation to them during the **Transition Period** only as provided in this Section 12, provided always that the provisions of Paragraph 12.2.7A shall continue to have effect after the **Transition Period**.

12.2.4 **The Company:** In furtherance of the licence provisions referred to in Paragraph 12.1.3, **The Company** shall implement and comply with the **GB CUSC** during the **Transition Period**, but shall implement and comply with and be subject to it subject to, and taking into account, all the provisions of this Section 12, including on the basis that:

- (a) during the **Transition Period** **The Company's** rights and obligations in relation to **E&W Users** in respect of the **GB Transmission System** under the **GB CUSC**

shall only apply in respect of the **Transmission System of The Company**; and

- (b) during the **Transition Period The Company's** rights and obligations in relation to **Scottish Users** in respect of the **GB Transmission System** under the **GB CUSC** shall only be as provided in this Section 12.

Provided always that the provisions of Paragraphs 12.2.6(h) and 12.2.7A shall continue to have effect after the **Transition Period**.

Specific Provisions

12.2.5 **Definitions:** The provisions of Section 11 (Interpretation and Definitions) shall apply to and for the purposes of this Section 12 except where provided to the contrary in this Section 12.

12.2.6 **CUSC Agreements/Existing CUSC Agreements – England & Wales:**

E&W Applicants:

- (a) Each **E&W Applicant** shall provide to **The Company** as soon as reasonably practicable such information (including data) as **The Company** shall require in order to enable **The Company** to prepare the **CUSC Agreements** for that **E&W Applicant**, and agrees to **The Company** using such information (including data) for such purposes.
- (b) **The Company** shall prepare for each **E&W Applicant** its **CUSC Agreements** as soon as reasonably practicable and (except where the **Authority** consents to a longer period) within the timescales set out in paragraph 7(b) of Standard Condition C18 of the **Transmission Licence**.
- (c) The **CUSC Agreements** so prepared for each **E&W Applicant** will be substantially in the form of those set out in Schedule 2, Exhibits 1, 2, 3 and 4, and Exhibits G and H to the **GB CUSC**.
- (d) Each **E&W Applicant** must work with **The Company** and use reasonable endeavours to enter into each of its **CUSC Agreements** within a reasonable period of receipt of the **CUSC Agreements** prepared for it by **The Company** pursuant to Paragraphs 12.2.6(b) and 12.2.6(c).

Existing E&W Users:

(e) Where it is necessary to amend **Existing CUSC Agreements** between **The Company** and each **Existing E&W User** (which shall not be the case, to the extent that the operation of the provisions of Paragraph 12.2.6(h) deals with the amendments) such that those agreements will, with effect from **Go-Live** (or such later date as the **Authority** may direct), comply and be consistent with the requirements of Standard Condition C18 of the **Transmission Licence**, **The Company** shall offer to amend each **Existing CUSC Agreement** such that those agreements will, with effect from **Go-Live** (or such later date as the **Authority** may direct), become agreements for, as the case may be:

- (i) connection to and/or use of the **GB Transmission System**;
- (ii) construction of connections to the **GB Transmission System**; or
- (iii) the provision of **Mandatory Ancillary Services** in relation to the **GB Transmission System**,

and will otherwise be amended such that those agreements comply and are consistent with the requirements of Standard Condition C18 of the **Transmission Licence**.

(f) **The Company** shall make an offer in accordance with Paragraph 12.2.6(e) to each **Existing E&W User** as soon as reasonably practicable after the date on which Standard Condition C18 of the **Transmission Licence** takes effect and, in any event, by 1 February 2005 or such later date as the **Authority** may direct for the purposes of paragraph 7(a) of Standard Condition C18 of the **Transmission Licence**.

(g) If **The Company** and an **Existing E&W User** fail to agree changes to each of their **Existing CUSC Agreements** either such person may refer the matter to the **Authority** under Standard Condition C18 of the **Transmission Licence**. If **The Company** and an **Existing E&W User** have not agreed and entered into an agreement in respect of those changes by 1 March 2005 (or such later date as the **Authority** may direct) **The Company** shall request that the **Authority** settle,

and the **Authority** may so settle, any changes in dispute. If the changes in dispute to be settled by the **Authority** have not been settled by the date two weeks prior to **Go-Live** (or such later date as the **Authority** may direct), the **Existing E&W User** and **The Company** must enter into the agreement in respect of the changes in the form offered by **The Company** to the **Existing E&W User** pursuant to Paragraph 12.2.6(f), with the obligation to make any variation required as a result of the **Authority's** determination.

- (h) Each **Existing CUSC Agreement** shall be read and construed, with effect from **Go-Active**, as if the defined terms within it, and the effect of those defined terms, had been amended in accordance with the changes to its corresponding proforma exhibit to the **GB CUSC**. Each **Existing E&W User** acknowledges and agrees that the provisions of this Paragraph 12.2.6(h) shall apply notwithstanding the provisions in the **Existing CUSC Agreements** as to variation of those agreements.

12.2.7 **CUSC Agreements - Scotland:**

- (a) Each **Scottish User** shall provide, and shall permit and enable the **Relevant Transmission Licensee** to provide, to **The Company** (in each case as soon as reasonably practicable) such information (including data and details of existing contractual arrangements between the **Relevant Transmission Licensee** and that **Scottish User**) as **The Company** shall require in order to enable **The Company** to prepare the **CUSC Agreements** for that **Scottish User** (in the case of **Embedded Exemptable Large Power Stations**, including but not limited to whether the **Boundary Point Metering System** is registered (or will be so registered) in **SMRS** or **CMRS**), and agrees to **The Company** using such information (including data) for such purposes.
- (b) **The Company** shall prepare for each **Existing Scottish User** its **CUSC Agreements** as soon as reasonably practicable after the date upon which Standard Condition C18 of the **Transmission Licence** takes effect and, in any event, by 1 February 2005 or such later date as the **Authority** may direct for the purposes of paragraph 7(a) of Standard Condition C18 of the **Transmission Licence**.

- (c) **The Company** shall prepare for each **Scottish Applicant** its **CUSC Agreements** as soon as reasonably practicable and (except where the **Authority** consents to a longer period) within the timescales set out in paragraph 7(c) of Standard Condition C18 of the **Transmission Licence**.
- (d) The **CUSC Agreements** so prepared for each **Scottish User** will be substantially in the form of those set out in Schedule 2, Exhibits 1, 2, 3, 4 and 5, and Exhibits G and H to the **GB CUSC**.
- (e) Each **Scottish User** must work with **The Company** and use reasonable endeavours to enter into each of its **CUSC Agreements** within a reasonable period of receipt of the **CUSC Agreements** prepared for it by **The Company** pursuant to Paragraphs 12.2.7(b) to 12.2.7(d).
- (f) If **The Company** and an **Existing Scottish User** fail to agree the terms of their **CUSC Agreements** either such person may refer the matter to the **Authority** under Standard Condition C18 of the **Transmission Licence**. If **The Company** and the **Existing Scottish User** have not agreed and entered into their **CUSC Agreements** by 1 March 2005 (or such later date as the **Authority** may direct) **The Company** shall request that the **Authority** settle, and the **Authority** may so settle, any terms in dispute. If the terms in dispute to be settled by the **Authority** have not been settled by the date two weeks prior to **Go-Live** (or such later date as the **Authority** may direct), the **Existing Scottish User** and **The Company** must enter into each of their **CUSC Agreements** in the form offered by **The Company** to the **Existing Scottish User** pursuant to Paragraph 12.2.7(b), with the obligation to make any variation required to such **CUSC Agreements** as a result of the **Authority's** determination.
- (g) If **The Company** and a **Scottish Applicant** have not entered by 1 March 2005 (or such later date as the **Authority** may direct) into each of their **CUSC Agreements** either such person may refer the matter to the **Authority** under Standard Condition C18 of the **Transmission Licence**.
- (h) If it is necessary in any **Mandatory Services Agreement** entered into between an **Existing Scottish User** and **The Company** (on the basis that it is

impracticable to complete the form or content using the information available on or before **Go-Live**) for such agreement to specifically provide for amendment or changes to be agreed between the parties later then, if **The Company** or the **Existing Scottish User** have failed to agree such amendment or change after any period specified for such in the **Mandatory Services Agreement**, either **The Company** or the **Existing Scottish User** may apply to the **Authority** for the **Authority** to settle such amendment or change in such manner as appears to the **Authority** to be reasonable.

- (i) Where it is not practicable for **The Company** to include any required **Mandatory Services Agreement** with the **CUSC Agreements** prepared for an **Existing Scottish User** pursuant to Paragraph 12.2.7(b) then **The Company** shall prepare such **Mandatory Services Agreement** as soon as reasonably practicable and in any event by any date directed by the **Authority** and if **The Company** and the **Existing Scottish User** have not agreed and entered into such **Mandatory Services Agreement** within one month of **The Company** issuing a proposed **Mandatory Services Agreement** to the **Existing Scottish User** then either **The Company** or the **Existing Scottish User** may apply to the **Authority** for the **Authority** to settle the content of such **Mandatory Services Agreement** in such manner as appears to the **Authority** to be reasonable.

12.2.7A **Embedded Exemptable Large Power Stations**

- (a) Without prejudice to Paragraph 12.2.7, **The Company**, **E&W Users** and **Scottish Users** shall take such steps and do such things as are within their power and as are or may be necessary or expedient in order that they will be able to comply with their obligations under or by virtue of the **CUSC** in relation to **Embedded Exemptable Large Power Stations** on and from **Go-Live**.

12.2.7A.1 If at the time of making any **Transitional Offer** ("**Transitional Offer A**") there are any unaccepted **Transitional Offers** which if accepted would affect the terms of **Transitional Offer A** or which would be affected if **Transitional Offer A** was accepted first ("**Affected Transitional Offer**") **The Company** shall at the time of making **Transitional Offer A**:

- 12.2.7A.1.1 inform the recipient(s) of both **Transitional Offer A** and any **Affected Transitional Offers**

- in writing that there is another **Transitional Offer** outstanding which might affect them; and
- 12.2.7A.1.2 be entitled to make such **Transitional Offers** conditional upon other **Transitional Offers** not having been or being accepted; and
- 12.2.7A.1.3 be entitled to withdraw and vary the terms of such **Transitional Offers** if another **Transitional Offer** is accepted first by issuing a revised **Transitional Offer**.
- 12.2.7A.2 **The Company** shall notify each recipient of a **Transitional Offer** on acceptance of another **Transitional Offer** where such acceptance requires **The Company** to withdraw and revise the recipients **Transitional Offer** ("**Transitional Offer Withdrawal Date**").
- 12.2.7A.3 This revised **Transitional Offer** shall be issued as soon as practicable and in any event (except where the **Authority** consents to a longer period) a) where the **Transitional Offer** is in respect of use of system only, 28 days and b) where the **Transitional Offer** is in respect of connection or includes a **Construction Agreement**, 3 months. In either case such period starting from the **Transitional Offer Withdrawal Date**.
- 12.2.7A.4 If **The Company** and the recipient of an outstanding revised **Transitional Offer** have not entered into such revised **Transitional Offer** within one month of the date of issue by **The Company** of such revised **Transitional Offer** (or such later date as the **Authority** may direct) either party may refer the matter to the **Authority** under Standard Condition C18 of the **Transmission Licence**.
Transmission Licence.
- 12.2.8 **Interface Agreements:**
- (a) **The Company** will advise each **Existing Scottish User** as soon as reasonably practicable and in any event by the date **The Company** prepares for each **Existing Scottish User** its **CUSC Agreements** pursuant to Paragraph 12.2.7(b) as to whether an **Interface Agreement** is required between the **Existing Scottish User** and the **Relevant Transmission Licensee**.
- (b) Where so notified, the **Existing Scottish User** will enter into discussions with the **Relevant Transmission Licensee** as advised by **The Company** and use all reasonable endeavours to enter into an **Interface**

Agreement in substantially the form of Exhibit O Part IB or IIB to the **GB CUSC** as appropriate with the **Relevant Transmission Licensee** by **Go-Live** (or such later date as the **Authority** may direct). **The Company** shall procure that the **Relevant Transmission Licensee** uses all reasonable endeavours to enter into an **Interface Agreement** in such form with the **Existing Scottish User** by **Go-Live** (or such later date as the **Authority** may direct).

12.2.9 Connection Charges Security - Scotland:

- (a) Where an **Existing Scottish User** does not meet the **The Company Credit Rating**, **The Company** shall provide to the **Existing Scottish User** a **Bi-annual Estimate** as provided for in Paragraph 2.21.2, except that it shall cover the period from **Go-Live** to 30 September 2005 (or such other date as approved by the **Authority**).
- (b) The **Existing Scottish User** shall put in place by 17 February 2005 (or such other date as approved by the **Authority**) security in accordance with Paragraph 2.20.4 and the other provisions of Section 2.

12.2.10 Use of System Charges Security - Scotland:

- (a) Each **Existing Scottish User** to be using the **GB Transmission System** shall by 17 January 2005 (or such other date as approved by the **Authority**) confirm to **The Company** whether it meets the **The Company Credit Rating**.
- (b) Where an **Existing Scottish User** who is a **Supplier** or an **Interconnector Owner** confirms to **The Company** that it does not meet the **The Company Credit Rating**, it shall provide at the same time as such confirmation its **Demand Forecast** for the **Financial Year 2005/6**.
- (c) Where an **Existing Scottish User** does not meet the **The Company Credit Rating**, **The Company** will notify the **Existing Scottish User** of the amount of **Security Cover** to be provided by it given the forecast under Paragraph 12.2.10(b) and **The Company's** estimate of the **Balancing Services Use of System Charges** for in the case of a **Generator** the 29-day period and in the case of a **Supplier** the 32-day period in each case from **Go Live** (or such later date as the **Authority** may direct), on the basis of, and in the manner set out in,

Paragraph 3.22.2, except that the periods referred to in Paragraphs 3.22.2(b) and 3.22.2(c) shall begin from **Go-Live** (or such later date as the **Authority** may direct).

- (d) The **Existing Scottish User** shall put in place by 17 February 2005 (or such other date as approved by the **Authority**) security in respect of the **Security Cover** in accordance with Paragraph 3.21.3 and the other provisions of Section 3.

12.2.11 ***Balancing Services Issues:***

- (a) *Part 2 System Ancillary Services:* Where Appendix F1 of a **Bilateral Agreement** identifies the need for a **Scottish User** to enter into an agreement for **Part 2 System Ancillary Services**, the **Scottish User** and **The Company** shall both use reasonable endeavours to agree to put an agreement in place by **Go-Live**.
- (b) *Reactive Tender:* The provisions of Schedule 3 paragraph 3 shall apply in respect of each **Scottish User** provided that **The Company** has received from such **User** the necessary historical data to enable it to assess any tender and that the **Mandatory Services Agreement** to be entered into by the parties pursuant to Paragraph 12.2.7 has been entered into, or where not entered into, the relevant schedules to those agreements have been agreed (and in such a case the reference to the **Mandatory Services Agreement** in Schedule 3 shall be deemed to be a reference to the **Mandatory Services Agreement** to be entered into).

12.2.12 ***Verification of Data etc:***

- (a) **The Company** shall be entitled to request from a **Scottish User** (which shall comply as soon as reasonably practicable with such a request) confirmation and verification of any information (including data) which has been supplied to **The Company** by a **Relevant Transmission Licensee** in relation to that **Scottish User** for the purposes of creating the **CUSC Agreements** for that **Scottish User**.
- (b) **The Company** shall be entitled to request from a **Scottish User** (which shall comply as soon as reasonably practicable with such a request) confirmation and verification of any information

(including data) that has been received by a **Relevant Transmission Licensee** under a grid code and passed on to **The Company** in respect of that **Scottish User**.

12.2.13 **Confidentiality:**

- (a) During the **Transition Period** the **Scottish Users** shall comply with the confidentiality provisions set out in Paragraph 6.15 with respect to any information (including data) supplied to such **User** by **The Company** during the **Transition Period**, with such information (including data) being **Confidential Information**. After **Go-Live** such information (including data) will continue to be **Confidential Information** under the **GB CUSC**.
- (b) During the **Transition Period** **The Company** shall comply with the confidentiality provisions set out in Paragraph 6.15 with respect to any information (including data) supplied to it by a **Scottish User**, or a **Relevant Transmission Licensee** in respect of a **Scottish User**, during the **Transition Period**, with such information (including data) being **Protected Information**. After **Go-Live** such information (including data) will continue to be **Protected Information** under the **GB CUSC**.
- (c) Each **Scottish User** agrees that each **Relevant Transmission Licensee** can provide to **The Company**, and that **The Company** can utilise, such information (including data) relating to that **Scottish User** (including details of the existing contractual arrangements between the **Relevant Transmission Licensee** and that **User**) as **The Company** shall require to enable **The Company** to prepare the **CUSC Agreements** for such **User** and otherwise prepare for **Go-Live**.
- (d) Each **Scottish User** agrees that any information (including data) held or received by the **Relevant Transmission Licensee** in respect of that **User** under the relevant grid code prior to **Go-Live** can be passed onto **The Company** by the **Relevant Transmission Licensee**, and used by **The Company** in the same way as it would be able to use the information (including data) if it had been passed to it under the **GB Grid Code** itself.

- (e) Each **E&W User** and each **Scottish User** agrees that any information (including data) held or received by **The Company** in respect of that **User** under these transition provisions or the **GB Grid Code** prior to the end of the **Transition Period** can be passed onto the **Relevant Transmission Licensee** by **The Company** and used by the **Relevant Transmission Licensee** in the same way as it would be able to use the information (including data) if it had been passed to it by **The Company** under the **STC**, the **GB CUSC** (other than this Section 12) and the **GB Grid Code**.

12.2.14 *Amendments/Panel:*

- (a) The individuals whose names are notified to **The Company** by the **Authority** prior to **Go-Active** as **Panel Members** and **Alternate Members** are agreed by the **CUSC Parties** (including **Scottish Users**) to constitute the **Panel Members** and **Alternate Members** of the **Amendments Panel** as at the first meeting of the **Amendments Panel** after **Go-Active** as if they had been elected as **Panel Members** and **Alternate Members** pursuant to Paragraphs 8.3 and 8.6 and Annex 8A.
- (b) For the avoidance of doubt, the term of office of the **Panel Members** and **Alternate Members** whose names are notified to **The Company** in accordance with Paragraph 12.2.14(a) shall expire on 30 September 2005.
- (c) The provisions of Section 8 shall apply to, and in respect of, **Scottish Users** from **Go-Active**.
- (d) The provisions of Section 8 shall not apply in respect of amendments to this Section 12 during the **Transition Period**.
- (e) The provisions of Section 8.23.5 shall not apply in respect of amendments to the **CUSC** designated by the **Secretary of State** in accordance with the provisions of the Energy Act 2004 for the purposes of Standard Condition C10 of the **Transmission Licence** or in respect of amendments to the **GB CUSC** made during the **Transition Period** pursuant to paragraph 8 of Standard Condition C10 of the **Transmission Licence**.

- 12.2.15 **Liability & Jurisdiction:** The provisions of Paragraphs 6.12 (Limitation of Liability) and 6.23 (Jurisdiction) shall apply to and be complied with by the **Scottish Users**.
- 12.2.16 **Reconciliation Provisions:** **Users** acknowledge, for the avoidance of doubt, that the reconciliation provisions in relation to **Transmission Network Use of System Charges** (Paragraph 3.13), **Balancing Services Use of System Charges** (Paragraph 3.16) and **Site Specific Maintenance Charge** (Paragraph 2.14.5) in respect of reconciliation of charges relating to **Financial Year 2004/5** will not apply in respect of **Scottish Users**.
- 12.2.17 **Interim GB SYS:** Where requirements are stated in, or in relation to, the **GB CUSC** with reference to the **The Company Seven Year Statement**, they shall be read and construed as necessary as being with reference to the **Interim GB SYS**.
- 12.2.18 **Dormant CUSC Parties:** For the avoidance of doubt, **Scottish Users** shall not be treated as **Dormant CUSC Parties** during the **Transition Period** but shall have rights and obligations as provided for in this Section 12.
- 12.2.19 **Compliance during Transition Period:** From the end of the **Transition Period Users** shall comply with their respective obligations under the **GB CUSC** with compliance in accordance with Section 12 during the **Transition Period** being deemed as meeting the requirements of the **GB CUSC** in that period.
- 12.2.20 **Communications:** As soon as practicable after **Go-Active** each **Existing Scottish User** who is to be a **BSC Party** shall comply with its obligations under Paragraph 6.8 such that those obligations have been met before **Go-Live**.
- 12.2.21 **General Provisions:** The provisions of Paragraphs 6.3 (Compliance with Grid Code/Distribution Code), 6.5.1(c) (CUSC Agreements – Scotland), 6.18 (Intellectual Property), 6.21 (Notices), 6.22 (Third Party Rights), 6.24 (Counterparts), 6.25 (Governing Law), 6.26 (Severance of Terms), 6.27 (Language) and 6.29 (BSC) shall apply to and be complied with by **Scottish Users**.
- 12.2.22 **Reversion to Pre-Go-Active Provisions:** During the **Transition Period E&W Users** and **The Company** shall comply with and be subject to the provisions of the following Paragraphs as though in place of the provisions of those Paragraphs as amended by the changes designated by the **Secretary of State**:

- (a) the words “and/or places or seriously threatens to place in the immediate future any **Relevant Transmission Licensee** in breach of its transmission licence **The Company**” had been deleted from the initial lines of Paragraph 5.4.4;
- (b) the words “and/or places or seriously threatens to place in the immediate future any **Relevant Transmission Licensee** in material breach of its transmission licence” had been deleted from Paragraph 5.4.5(a)(iv);
- (c) the words “and/or places or seriously threatens to place in the immediate future any **Relevant Transmission Licensee** in breach of its transmission licence” had been deleted from Paragraph 5.9.5;
- (d) the words “(and in respect of licence obligations contained within Section D of a transmission licence, procure that a **Relevant Transmission Licensee** shall) make available, plan, develop, operate and maintain the **GB Transmission System** in accordance with the transmission licences” had been deleted from Paragraph 6.2 and replaced therein by the words “make available, plan, develop, operate and maintain the **The Company Transmission System** in accordance with the **The Company Transmission Licence**”; and
- (e) all the words had been deleted from Paragraph 6.29 and replaced by the words “Each and every **User** connected to or using the **The Company Transmission System** shall be a **BSC Party** except for **Non-Embedded Customers** being supplied by a **Trading Party**.”

12.2.23 **Disputes:** For the avoidance of doubt, any disputes in relation to rights and obligations of **The Company** or **Users** under the **CUSC** which have accrued before the end of the **Transition Period** shall be resolved in accordance with the relevant provisions of the **CUSC** as in force immediately prior to the end of the **Transition Period**.

12.2.24 **Use of Information:** In relation to **E&W Users** and **Scottish Users**, any information (including data) held or received by **The Company** in respect of such **E&W User** or **Scottish User** under this Section 12 prior to the end of the **Transition Period** shall be treated and can be used thereafter as though provided to **The Company** under the enduring provisions of the **GB CUSC**.

12.3 CUT-OVER

12.3.1 It is anticipated that it will be appropriate for arrangements to be put in place for final transition to **BETTA** in the period up to and following (for a temporary period) **Go-Live**, for the purposes of:

- (a) managing the transition from operations under the **CUSC** as in force immediately prior to **Go-Active** to operations under the **GB CUSC** as in force on and after **Go-Active**;
- (b) managing the transition from operations under the Scottish equivalent(s) of the **CUSC Agreements** as in force immediately prior to **Go-Active** to operations under the **GB CUSC** as in force on and after **Go-Active**;
- (c) managing the transition of certain data from operations under the Scottish equivalent(s) of the **CUSC Agreements** before and after **Go-Active**; and
- (d) managing **GB CUSC** systems, processes and procedures so that they operate effectively at and from **Go-Live**.

12.3.2 *Charging Issues*

- (a) Each **Scottish User** who is a **Supplier** or an **Interconnector Owner** who is intending to use the **GB Transmission System** at **Go-Live** shall provide to **The Company** by 10th March 2005 its **Demand Forecast** for the **Financial Year 2005/6** (or any update of the **Demand Forecast** submitted under Paragraph 12.2.10(b)) so as to enable **The Company** to calculate the **Transmission Network Use of System Charges** for such **User** for the **Financial Year 2005/6**.
- (b) **The Company** shall be entitled to use the **Transmission Entry Capacity** as set out in an **Existing Scottish User's** accepted **Bilateral Agreement** as at 18 March 2005 or, if such **Bilateral Agreement** has not been accepted by 18 March 2005, the **Transmission Entry Capacity** set out in the **Bilateral Agreement** as offered to that **Existing Scottish User** as of 18 March 2005 for the purpose of **The Company** calculating that **Scottish User's** **Transmission Network Use of System Charges** for the **Financial Year 2005/6**.

Appendix

Matters Potentially Requiring Amendments to GB CUSC

1. The specific detail of the obligations needed to manage implementation in the period up to and following (for a temporary period) **Go-Live** to achieve the change to operation under the **GB CUSC** (to be included in Paragraph 12.3).
2. The conclusions of Ofgem/DTI in relation to small and/or embedded generator issues under **BETTA** and allocation of access rights on a **GB** basis.
3. The introduction of the **GB Charging Statements**.
4. Issues arising out of the process to create the **CUSC Agreements** (Paragraph 12.2.7).
5. Any arrangements to enable **The Company** to shadow applications to and offers by **Relevant Transmission Licensees**.
6. Issues arising out of the process to create **Interface Agreement(s)** to apply between a **Scottish User** and a **Relevant Transmission Licensee**, substantially in the form of Exhibit O Parts IB and IIB to the **GB CUSC**.
7. The outcome of discussions between **The Company** and any **Relevant Transmission Licensee** regarding putting in place agreements relating to nuclear site licences for **Connection Sites** in Scotland.

END OF SECTION 12

CUSC - SECTION 13

ENABLING WORKS

CONTENTS

- 13.1 Introduction
- 13.2 Enabling Works
- 13.3 MITS Map
- 13.4 Report

13.1 INTRODUCTION

- 13.1. This Section 13 deals with the identification and assessment of the **Enabling Works** to be included in an **Offer** made under the **Connect and Manage Arrangements** and the assessment of the need for and scope of a **Connect and Manage Derogation**.

13.2 ENABLING WORKS

- 13.2.1 In making an **Offer**, the **Construction Works** (if any) which are required to be completed prior to connection and/or use of system are identified and set out in a **Construction Agreement**. Under the **Connect and Manage Arrangements** the **Construction Agreement** will identify:

- (a) in the case of an **Onshore Connection Site** or **Onshore** site of connection, which of the **Transmission Reinforcement Works** are the **Enabling Works** relevant to that **Applicant**; and
- (b) in the case of an **Offshore Connection Site**, which of the **Onshore Transmission Reinforcement Works** are the **Enabling Works** relevant to that **Applicant**. For the avoidance of doubt, any **Offshore Transmission Reinforcement Works** shall be in addition to and will not be affected by the **Enabling Works** identified pursuant to the **Connect and Manage Arrangements**.

- 13.2.2 The **Connect and Manage Derogation Criteria** shall be used to identify the extent and nature of the **Enabling Works** required in each offer of a **Construction Agreement**. Subject to Paragraph 13.2.5, it is anticipated that the **Enabling Works** shall not generally be greater than the **MITS Connection Works**. The **Enabling Works** shall not be less than those works required to satisfy the criteria set out in Paragraph 13.2.4.

- 13.2.3 Where the **Enabling Works** in any case as assessed in accordance with 13.2.2 above are such that connection and/or use of system on completion of such works but in advance of any identified **Wider Transmission Reinforcement Works** does not comply with the requirements of the **NETS SQSS** a **Connect and Manage Derogation** will be required. The **Connect and Manage Derogation Criteria** will be used to justify the need for and scope of such a **Connect and Manage Derogation** in the **Connect and Manage Derogation Report**.

13.2.4 The **Enabling Works** will as a minimum include (and, subject to 13.2.5.1 shall not exceed) those **Transmission Reinforcement Works** (in the case of an **Onshore Connection Site** or **Onshore** site of connection) or **Onshore Transmission Reinforcement Works** (in the case of an **Offshore Connection Site**) required to meet the following criteria (the **Connect and Manage Derogation Criteria**):

13.2.4.1 achieve compliance with the “Pre-fault Criteria” set out in Chapter 2 (Generation Connection Criteria Applicable to the Onshore Transmission System) of the **NETS SQSS**;

13.2.4.2 achieve compliance with the “Limits to Loss of Power Infeed Risks” set out in Chapter 2 (Generation Connection Criteria Applicable to the Onshore Transmission System) of the **NETS SQSS**;

13.2.4.3 enable **The Company** to operate the **National Electricity Transmission System** in a safe manner;

13.2.4.4 resolve any fault level issues associated with the connection and/or use of system by the **Connect and Manage Power Station**;

13.2.4.5 comply with the minimum technical, design and operational criteria and performance requirements under the **Grid Code**;

13.2.4.6 meet other statutory obligations including but not limited to obligations under any **Nuclear Site Licence Provisions Agreement**; and

13.2.4.7 avoid any adverse impact on other **Users**.

13.2.5 The **Enabling Works** set out in a **Construction Agreement** may only be greater than:

13.2.5.1 the works assessed as being required under 13.2.4 above where and to the extent that the **Applicant** or **User** has requested that this be the case (in its application or otherwise); and/or

13.2.5.2 the **MITS Connection Works** where and to the extent that

13.2.5.2.1 the **Applicant** or **User** has requested that this be the case (in its application or otherwise); or

13.2.5.2.2 **The Company** and/or the **Relevant Transmission Licensee** consider it necessary in order to satisfy the criteria set out in Paragraph 13.2.4.

13.3 MITS MAP

The Company will include within the **Seven Year Statement** a map of the **National Electricity Transmission System** identifying the relevant **MITS Substations** for the purposes of the **MITS Connection Works**.

13.4 REPORT

On or before the end of each **Financial Year** **The Company** shall publish a report showing:

- (a) by reference to the number of **Offers** made under the **Connect and Manage Arrangements** during that **Financial Year**, the percentage of **Offers** where the **Enabling Works** were above the **MITS Connection Works** and the percentage of **Offers** where the **Enabling Works** were below the **MITS Connection Works**; and
- (b) by reference to each **Construction Agreement** where the **Enabling Works** were completed during that **Financial Year**, the period of time that it took to complete those **Enabling Works** and the transmission owner that undertook them.

END OF SECTION 13

CUSC - SECTION 14

CHARGING METHODOLOGIES

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CUSC - SECTION 1

CHARGING METHODOLOGIES

14.1 Introduction

- 14.1.1 This section of the CUSC sets out the statement of the Connection Charging Methodology and the Statement of the Use of System Methodology

Part 1 - The Statement of the Connection Charging Methodology

14.2 Principles

Costs and their Allocation

- 14.2.1 Connection charges enable The Company to recover, with a reasonable rate of return, the costs involved in providing the assets that afford connection to the National Electricity Transmission System.
- 14.2.2 Connection charges relate to the costs of assets installed solely for and only capable of use by an individual User. These costs may include civil costs, engineering costs, and land clearance and preparation costs associated with the connection assets, but for the avoidance of doubt no land purchase costs will be included..
- 14.2.3 Connection charges are designed not to discriminate between Users or classes of User. The methodology is applied to both connections that were in existence at Vesting (30 March 1990) and those that have been provided since.

Connection/Use of System Boundary

- 14.2.4 The first step in setting charges is to define the boundary between connection assets and transmission system infrastructure assets.
- 14.2.5 In general, connection assets are defined as those assets solely required to connect an individual User to the National Electricity Transmission System, which are not and would not normally be used by any other connected party (i.e. "single user assets"). For the purposes of this Statement, all connection assets at a given location shall together form a connection site.
- 14.2.6 Connection assets are defined as all those single user assets which:
- a) for Double Busbar type connections, are those single user assets connecting the User's assets and the first transmission licensee owned substation, up to and including the Double Busbar Bay;
 - b) for teed or mesh connections, are those single user assets from the User's assets up to, but not including, the HV disconnecter or the equivalent point of isolation;
 - c) for cable and overhead lines at a transmission voltage, are those single user connection circuits connected at a transmission voltage equal to or less than 2km in length that are not potentially shareable.
- 14.2.7 Shared assets at a banked connection arrangement will not normally be classed as connection assets except where both legs of the banking are single user assets under the same Bilateral Connection Agreement.
- 14.2.8 Where customer choice influences the application of standard rules to the connection boundary, affected assets will be classed as connection assets. For example, in England & Wales The Company does not normally own busbars below 275kV, where The Company and the customer agree that The Company will own the busbars at a

low voltage substation, the assets at that substation will be classed as connection assets and will not automatically be transferred into infrastructure.

- 14.2.9 The design of some connection sites may not be compatible with the basic boundary definitions in 14.2.6 above. In these instances, a connection boundary consistent with the principles described above will be applied.

14.3 The Calculation of the Basic Annual Connection Charge for an Asset

Pre and Post Vesting Connections

- 14.3.1 Post Vesting connection assets are those connection assets that have been commissioned since 30 March 1990. Pre Vesting connection assets are those that were commissioned on or before the 30 March 1990.
- 14.3.2 The basic connection charge has two components. A non-capital component, for which both pre and post vesting assets are treated in the same way and a capital component for which there are slightly different options available for pre and post vesting assets. These are detailed below.

Calculation of the Gross Asset Value (GAV)

- 14.3.3 The GAV represents the initial total cost of an asset to the transmission licensee. For a new asset it will be the costs incurred by the transmission licensee in the provision of that asset. Typically, the GAV is made up of the following components:

Construction Costs - Costs of bought in services
Engineering - Allocated equipment and direct engineering cost
Interest During Construction – Financing cost
Liquidated Damages Premiums - Premium required to cover Liquidated Damages if applicable.

Some of these elements may be optional at the User's request and are a matter of discussion and agreement at the time the connection agreement is entered into.

- 14.3.4 The GAV of an asset is re-valued each year normally using one of two methods. For ease of calculation, April is used as the base month.
- In the Modern Equivalent Asset (MEA) revaluation method, the GAV is indexed each year with reference to the prevailing price level for an asset that performs the same function as the original asset;
 - In the RPI revaluation method, the original cost of an asset is indexed each year by the Retail Price Index (RPI) formula set out in paragraph 14.3.6. For Pre Vesting connection assets commissioned on or before 30 March 1990, the original cost is the 1996/97 charging GAV (MEA re-valued from vesting). The original costs of Post Vesting assets are calculated based on historical cost information provided by the transmission licensee's.
- 14.3.5 In the MEA revaluation method, the MEA value is based on a typical asset. An MEA ratio is calculated to account for specific site conditions, as follows:
- The outturn GAV (as calculated in paragraph 14.3.4 above) is re-indexed by RPI to the April of the Financial Year the Charging Date falls within;
 - This April figure is compared with the MEA value of the asset in the Financial Year the Charging Date falls within and a ratio calculated;
 - If the asset was commissioned at a Connection Site where, due to specific conditions, the asset cost more than the standard MEA value, the ratio would be greater than 1. For example, if an asset cost 10% more to construct and commission

than the typical asset the MEA ratio would be 1.1. If, however, the asset was found only to cost 90% of the typical MEA value the ratio would be 0.9;

- The MEA ratio is then used in all future revaluations of the asset. The April GAV of the asset in any year is thus the current MEA value of the asset multiplied by the ratio calculated for the Financial Year the Charging Date falls within.

14.3.6 The RPI revaluation method is as follows:

- The outturn GAV (as calculated in paragraph 14.3.4 above) is re-indexed by RPI to the April of the Financial Year the Charging Date falls within. This April GAV is thus known as the Base Amount;
- The Base Amount GAV is then indexed to the following April by using the RPI formula used in The Company's Price Control. April GAVs for subsequent years are found using the same process of indexing by RPI.

$$\text{i.e. } GAV_n = GAV_{n-1} * RPI_n$$

- The RPI calculation for year n is as follows:

$$RPI_n = \frac{[\text{May to October average RPI Index}]_{n-1}}{[\text{May to October average RPI Index}]_{n-2}}$$

Calculation of Net Asset Value

14.3.7 The Net Asset Value (NAV) of each asset for year n, used for charge calculation, is the average (mid year) depreciated GAV of the asset. The following formula calculates the NAV of an asset, where A_n is the age of the asset (number of completed charging years old) in year n:

$$NAV_n = GAV_n * \frac{\text{Depreciation Period} - (A_n + 0.5)}{\text{Depreciation Period}}$$

14.3.8 In constant price terms an asset with an initial GAV of £1m and a depreciation period of 40 years will normally have a NAV in the year of its commissioning of £0.9875m (i.e. a reduction of 1.25%) and in its second year of £0.9625m (i.e. a further reduction of 2.5% or one fortieth of the initial GAV). This process will continue with an annual reduction of 2.5% for each year of the asset's life.

Capital Components of the Connection charge for Post Vesting Connection Assets

14.3.9 The standard terms for a connection offer will be:

- 40 year life (with straight line depreciation);
- RPI indexation

14.3.10 In addition a number of options exist:

- a capital contribution based on the allocated GAV at the time of commissioning will reduce capital. Typically a capital contribution made in advance of or at the time of

commissioning will include costs to cover the elements outlined below and charges are calculated as set out in the equations below;

- Construction costs
- Engineering costs (Engineering Charge x job hours)
- Interest During Construction (IDC)
- Return element (6%)
- Liquidated Damages Premium (LD) (if applicable)

General Formula:

Capital Contribution Charge = (Construction Costs + Engineering Charges) x (1+Return %) + IDC + LD Premium

- MEA revaluation which is combined with a 7.5% rate of return, as against 6% on the standard RPI basis;
- annual charges based on depreciation periods other than 40 years;
- annuity based charging;
- indexation of GAVs based on principles other than MEA revaluation and RPI indexation. No alternative forms of indexation have been employed to date.

14.3.11 For new connection assets, should a User wish to agree to one or more of the options detailed above, instead of the standard connection terms, the return elements charged by the transmission licensee may also vary to reflect the re-balancing of risk between the transmission licensee and the User. For example, if Users choose a different indexation method, an appropriate rate of return for such indexation method will be derived.

14.3.12 A User can choose to make a capital contribution based on the allocated and depreciated NAV of a commissioned asset. For a capital contribution to take account at the start of charging year n, the User may, at most once per year, make a full or partial capital contribution of at least 10% of the NAV prevailing as of 31st March in year n-1. The User shall notify the Company of the capital contribution amount no later than 1st September in year n-1, and pay the capital contribution 45 days prior to the start of charging year n which will be applied to the NAV prevailing at the start of year n. As the capital component of the connection charge for year n will reduce as a result of the capital contribution, a reduced rate of return element will be payable and a lower security requirement will be required in charging year n and subsequent years.

Capital Components of the Connection charge for Pre Vesting Connection Assets

14.3.13 The basis of connection charges for GB assets commissioned on or before 30 March 1990 is broadly the same as the standard terms for connections made since 30 March 1990. Specifically charges for pre vesting connection assets are based on the following principles:

- The GAV is the 1996/97 charging GAV (MEA re-valued from vesting) subsequently indexed by the same measure of RPI as used in The Company's Price Control;
- 40 year life (with straight line depreciation);
- 6% rate of return

14.3.14 Pre-vesting 1996 MEA GAVs for Users' connection sites are available from The Company on request from the **Charging Team**.

Non-Capital Components - Charging for Maintenance and Transmission Running Costs

14.3.15 The non-capital component of the connection charge is divided into two parts, as set out below. Both of these non-capital elements will normally be identified in the charging appendices of relevant Bilateral Agreements.

Part A: Site Specific Maintenance Charges

14.3.16 This is a maintenance only component that recovers a proportion of the costs and overheads associated with the maintenance activities conducted on a site-specific basis for connection assets of the transmission licensees.

14.3.17 Site-specific maintenance charges will be calculated each year based on the forecast total site specific maintenance for NETS divided by the total GAV of the transmission licensees NETS connection assets, to arrive at a percentage of total GAV. For 2010/11 this will be 0.52%. For the avoidance of doubt, there will be no reconciliation of the site-specific maintenance charge.

Part B: Transmission Running Costs

14.3.18 The Transmission Running Cost (TRC) factor is calculated at the beginning of each price control to reflect the appropriate amount of other Transmission Running Costs (rates, operation, indirect overheads) incurred by the transmission licensees that should be attributed to connection assets.

14.3.19 The TRC factor is calculated by taking a proportion of the forecast Transmission Running Costs for the transmission licensees (based on operational expenditure figures from the latest price control) that corresponds with the proportion of the transmission licensees' total connection assets as a function of their total business GAV. This cost factor is therefore expressed as a percentage of an asset's GAV and will be fixed for the entirety of the price control period. For 2010/11 this will be 1.45%.

14.3.20 To illustrate the calculation, the following example uses the average operating expenditure from the published price control and the connection assets of each transmission licensee expressed as a percentage of their total system GAV to arrive at a GB TRC of 1.45%:

Example:

Connection assets as a percentage of total system GAV for each TO:

Scottish Power Transmission Ltd	15.1%
Scottish Hydro Transmission Ltd	8.6%
National Grid	12.5%

Published current price control average annual operating expenditure (£m):

Scottish Power Transmission Ltd	29.1
Scottish Hydro Transmission Ltd	11.3
National Grid	295.2

Total GB Connection GAV = £2.12bn

GB TRC Factor = $(15.1\% \times £29.1m + 8.6\% \times £11.3m + 12.5\% \times £295.2m) / £2.12bn$

GB TRC Factor = 1.99%

Net GB TRC Factor = Gross GB TRC Factor – Site Specific Maintenance Factor*

Net GB TRC Factor = 1.99% - 0.54% = 1.45%

* Note – the Site Specific Maintenance Factor used to calculate the TRC Factor is that which applies for the first year of the price control period or in this example, is the 2007/8 Site Specific Maintenance Factor of 0.54%.

The Basic Annual Connection Charge Formula

14.3.21 The charge for each connection asset in year n can be derived from the general formula below. This is illustrated more fully by the examples in **Appendix 2: Examples of Connection Charge Calculations.**

$$\text{Annual Connection Charge}_n = D_n (GAV_n) + R_n (NAV_n) + SSF_n (RPIGAV_n) + TC_n (GAV_n)$$

Where:

For n = year to which charge relates within the Depreciation Period

n = year to which charge relates

GAV_n = GAV for year n re-valued by relevant indexation method

$RPIGAV_n$ = GAV for year n re-valued by RPI indexation

NAV_n = NAV for year n based on re-valued GAV_n

D_n = Depreciation rate as percentage (equal to $1/\text{Depreciation Period}$) (typically $1/40 = 2.5\%$ of GAV)

R_n = real rate of return for chosen indexation method (6% for RPI indexation, 7.5% for MEA Indexation)

SSF_n = Site Specific Factor for year n as a % (equal to the Site Specific Cost/Total Site GAV)

TC_n = Transmission Running Cost component for year n (other Transmission Owner Activity costs).

For n = year to which charge relates beyond the Depreciation Period

n = year to which charge relates

GAV_n = GAV for year n re-valued by relevant indexation method

$RPIGAV_n$ = GAV for year n re-valued by RPI indexation

NAV_n = 0

D_n = 0

R_n = real rate of return for chosen indexation method (6% for RPI indexation, 7.5% for MEA Indexation)

SSF_n = Site Specific Factor for year n as a % (equal to the Site Specific Cost/Total Site GAV)

TC_n = Transmission Running cost component for year n (other Transmission Owner Activity costs).

14.3.22 Note that, for the purposes of deriving asset specific charges for site-specific maintenance, the RPI re-valued GAV is used. This is to ensure that the exact site charges are recovered from the assets at the site. The site costs are apportioned to the assets on the basis of the ratio of the asset GAV to total Site GAV.

Adjustment for Capital Contributions

14.3.23 If a User chooses to make a 100% capital contribution (either pre-commissioning or post-commissioning) to The Company towards their allocation of a connection asset then no capital charges will be payable and hence the connection charges for that asset would be calculated as follows:

$$\text{Annual Connection Charge}_n = \text{SSF}_n (\text{RPIGAV}_n) + \text{TC}_n (\text{GAV}_n)$$

14.3.24 If a User chooses to make a partial capital contribution(s) (either pre-commissioning or post-commissioning) to The Company towards their allocation of a connection asset, for example PCCF = 50%, then the connection charges for that asset would be calculated as follows:

$$\text{Annual Connection Charge}_n = D_n (\text{GAV}_n * \text{PCCF}) + R_n (\text{NAV}_n * \text{PCCF}) + \text{SSF}_n (\text{RPIGAV}_n) + \text{TC}_n (\text{GAV}_n)$$

PCCF = Partial Capital Contribution Factor taking into account a capital contribution made pre-commissioning compared to the GAV (as outlined in 14.3.10), and any capital contributions made post-commissioning compared to the appropriate NAV (as outlined in 14.3.12) as appropriate.

Modification of Connection Assets

14.3.25 Where a modification to an existing connection occurs at the User's request or due to developments to the transmission system, their annual connection charges will reflect any additional connection assets that are necessary to meet the User's requirements. Charges will continue to be levied for existing assets that remain in service. Termination charges as described in **Chapter 5** below will be charged for any existing connection assets made redundant as a result of the modification.

14.4 Other Charges

14.4.1 In addition to the basic annual connection charges set out above, the User may pay The Company for certain other costs related to their connection. These will be set out in the Bilateral and Construction Agreements where appropriate and are described below.

One-off Works

14.4.2 To provide or modify a connection, the transmission licensee may be required to carry out works on the transmission system that, although directly attributable to the connection, may not give rise to additional connection assets. These works are defined as “one-offs”. Liability for one-off charges is established with reference to the principles laid out below:

- Where a cost cannot be capitalised into either a connection or infrastructure asset, typically a revenue cost
- Where a non-standard incremental cost is incurred as a result of a User's request, irrespective of whether the cost can be capitalised
- Termination Charges associated with the write-off of connection assets at the connection site.

Consistent with these principles and in accordance with Connection Charging Methodology modification GB ECM-01, which was implemented on 1 December 2005, a one-off charge will be levied for a **Category 1 Intertripping Scheme** or a **Category 3 Intertripping Scheme**. A one-off charge will not be levied for a **Category 2 Intertripping Scheme** or a **Category 4 Intertripping Scheme**.

14.4.3 The one-off charge is a charge equal to the cost of the works involved, together with a reasonable return, as shown in 14.4.4 below.

14.4.4 For information, the general formula for the calculation of the one-off charge for works is outlined below.

$$\text{One-off Charge} = (\text{Construction Costs} + \text{Engineering Charges}) \times (1 + \text{Return \%}) + \text{IDC} + \text{LD Premium}$$

Where: Engineering Charges = “Engineering Charge” x job hours
 Return % = 6%
 IDC = Interest During Construction
 LD Premium = The Company Liquidated Damages Premium (if applicable)

14.4.5 The calculation of the one-off charge for write-off of assets is outlined below:

$$\text{Write-off Charge} = 100\% \text{ of remaining NAV of redundant assets}$$

14.4.6 One-offs are normally paid on an agreed date, which is usually upon completion of the works. However, arrangements may be agreed between the transmission licensee and the User to pay the charge over a longer period. If a one-off is paid over a longer period it is termed a Transmission Charge. It is usually a depreciating finance charge or annuity based charge with a rate of return element and may include agreement on a schedule of termination payments if the agreement is terminated before the end of the

annuity period. The charge is usually inflated annually by the same RPI figure that is used to inflate GAVs, though Users can request alternative indexation methods.

- 14.4.7 Where an infrastructure asset has been subject to One-off Works, and a User has paid a relating charge calculated in accordance with paragraph 14.4.4, The Company may adjust the treatment of the assets within the TNUoS transport model as set out in paragraphs 14.15.15 to 14.15.22.

Miscellaneous Charges

- 14.4.8 Other contract specific charges may be payable by the User, these will be set out in the Bilateral and Construction Agreements where appropriate.

Rental sites

- 14.4.9 Where The Company owns a site that is embedded within a distribution network, the connection charge to the User is based on the capital costs and overheads but does not include maintenance charges.

Final Metering Scheme (FMS)/Energy Metering Systems

- 14.4.10 Charges for FMS metering are paid by the registrant of the FMS metering at the connection site. It is charged on a similar basis as other Connection Assets. The electronic components of the FMS metering have a replacement and depreciation period in line with those advised by the transmission licensees, whilst the non-electronic components normally retain a 40 year replacement and depreciation period (or a User specified depreciation period as appropriate).

14.5 Connection Agreements

Indicative Agreement

14.5.1 The standard connection agreement offered by The Company is an indicative price agreement. From the Charging Date as set out in the User's Bilateral Connection Agreement, the User's initial connection charge is based on a fair and reasonable estimate of the expected costs of the connection.

Outturning the Indicative Agreement

14.5.2 Once the works required to provide a new or modified connection are completed and the costs finalised, the connection scheme is "outturned". The Company reconciles the monies paid by the User on the indicative charge basis against the charges that would have been payable based on the actual costs incurred in delivering the project together with any relevant interest. This process involves agreeing a new charging GAV (The Base Amount) with the User in line with the elements stated in paragraph 14.3.3 and then calculating connection charges with this GAV.

14.5.3 In addition, for Users that have chosen MEA revaluation their MEA ratios are agreed at outturn and this ratio is used for MEA revaluation in subsequent years.

14.5.4 In the case of connection asset replacement where there is no initiating User, the outturn is agreed with the User at the site.

Firm Price Agreement

14.5.5 In addition to the options stated in paragraph 14.3.10 above, firm price agreements are also available. Typically with this option the charges to be incurred, and any indexation, are agreed between The Company and the User and connection charges are not recalculated once outturn costs are known. A typical example of a firm price agreement is:

- Capital Contribution
- Firm Price GAV
- Running Costs (based on a firm price GAV)
- Fixed Schedule of Termination Amounts

14.5.6 When a User selects a firm price agreement some or all of the above elements can be made firm. Any elements of the agreement that have not been made firm will be charged on an indicative basis in accordance with this statement.

14.5.7 Final Sums and Consents costs are never made firm in a Firm Price Agreement. Details of both are set out in the Construction Agreement.

Monthly Connection Charges

- 14.5.8 The connection charge is an annual charge payable monthly.
- 14.5.9 If the initial Charging Date does not fall within the current Financial Year being charged for and there are no revisions to charges during the year, the monthly connection charge will equal the annual connection charge divided by twelve.
- 14.5.10 For the Financial Year in which the Charging Date occurs (as set out in the User's Bilateral Agreement) or for any Financial Year in which a revision to charges has occurred during the Financial Year, for each complete calendar month from the Charging Date (or effective date of any charge revision) to the end of the Financial Year in which the Charging Date (or charge revision) occurs, the monthly connection charge shall be equal to the annual connection charge divided by twelve.
- 14.5.11 For each part of a calendar month, the charge will be calculated as one twelfth of the annual connection charge prorated by the ratio of the number of days from and including the Charging Date to the end of the month that the Charging Date falls in and the number of days in that month.
- 14.5.12 For example, say the annual connection charge for Financial Year 2010/11 is £1.2m and the Charging Date falls on the 15th November 2010, the monthly charges for the Financial Year 2010/11 would be as follows:
- | | | |
|--------------------------------------|---|---------------|
| • November = £1,200,000/12 * (16/30) | = | £53,333.33 |
| • Dec 10, Jan 11, Feb 11, Mar 11 | = | £1,200,000/12 |
| | = | £100,000.00 |
- 14.5.13 The above treatment does not apply to elements such as Miscellaneous Charges (as defined in 14.4.8) and Transmission Charges (annuitised one-offs, as defined in 14.4.6). If the Charging Date falls within a Financial Year, then the full annual charge will remain payable and will be spread evenly over the remaining months. This is because these payments are an annuitisation of charges that would normally be paid up-front as one-off payments.

14.6 Termination Charges

Charges Liabile

14.6.1 Where a User wholly or partially disconnects from the transmission system they will pay a termination charge. The termination charge will be calculated as follows:

- Where the connection assets are made redundant as a result of the termination or modification of a Bilateral Connection Agreement, the User will be liable to pay an amount equal to the NAV of such assets as at the end of the financial year in which termination or modification occurs, plus:
- The reasonable costs of removing such assets. These costs being inclusive of the costs of making good the condition of the connection site
- If a connection asset is terminated before the end of a Financial Year, the connection charge for the full year remains payable. Any remaining Use of System Charges (TNUoS and BSUoS) also remain payable
- For assets where it has been determined to replace upon the expiry of the relevant Replacement Period in accordance with the provisions set out in the CUSC and in respect of which a notice to Disconnect or terminate has been served in respect of the Connection Site at which the assets were located; and due to the timing of the replacement of such assets, no Connection Charges will have become payable in respect of such assets by the User by the date of termination; the termination charges will include the reasonable costs incurred by the transmission licensee in connection with the installation of such assets
- Previous capital contributions paid to The Company will be taken into account

14.6.2 The Calculation of Termination amounts for financial year n is as follows:

$$\text{Termination Charge}_n = \text{UoS}_n + C_n + \text{NAV}_{an} + R - \text{CC}$$

Where:

- UoS_n = Outstanding Use of System Charge for year (TNUoS and BSUoS)
- C_n = Outstanding Connection Charge for year
- NAV_{an} = NAV of Type A assets as at 31 March of financial year n
- R = Reasonable costs of removal of redundant assets and making good
- CC = An allowance for previously paid capital contributions

14.6.3 Examples of reasonable costs of removal for terminated assets and making good the condition of the site include the following:

- If a circuit breaker is terminated as a result of a User leaving a site, this may require modifications to the protection systems.
- If an asset were terminated and its associated civils had been removed to 1m below ground then the levels would have to be made up. This is a common condition of planning consent.

Repayment on Re-Use of Assets

- 14.6.4 If any assets in respect of which a termination charge was made to The Company are re-used at the same site or elsewhere on the system, including use as infrastructure assets, The Company will make a payment to the original terminating User to reflect the fact that the assets are being re-used.
- 14.6.5 The arrangements for such repayments for re-use of Assets are that The Company will pay the User a sum equal to the lower of:
- i.) the Termination Amount paid in respect of such Assets; or
 - ii.) the NAV attributed to such Assets for charging purposes upon their re-use
- less any reasonable costs incurred in respect of the storage of those assets.
- 14.6.6 The definition of re-use is set out in the CUSC. Where The Company decides to dispose of a terminated asset where it is capable of re-use, The Company shall pay the User an appropriate proportion of the sale proceeds received.

Valuation of Assets that are re-used as connection assets or existing infrastructure assets re-allocated to connection

- 14.6.7 If an asset is reused following termination or allocated to connection when it has previously been allocated to TNUoS, a value needs to be determined for the purposes of connection charges. In both instances the connection charge will be based on the standard formula set out in paragraph 14.3.20. The Gross Asset Value will be based on the original construction costs and indexed by RPI. Where original costs are not known a reasonable value will be agreed between The Company and the User based on similar types of asset in use. The Net Asset Value will be calculated as if the asset had been in continuous service as a connection asset from its original commissioning date taking into account the depreciation period.
- 14.6.8 Where an asset has been refurbished or updated to bring it back into service a new value and an appropriate replacement period will be agreed between The Company and the User. This will be based on the value of similar types of asset in service and the costs of the refurbishment.

14.7 Contestability

14.7.1 Some connection activities may be undertaken by the User. The activities are the provision, or construction, of connection assets, the financing of connection assets and the ongoing maintenance of those assets. While some Users have been keen to see contestability wherever possible, contestability should not prejudice system integrity, security and safety. These concerns have shaped the terms that are offered for contestability in construction and maintenance.

Contestability in Construction

14.7.2 Users have the option to provide (construct) connection assets if they wish. Formal arrangements for Users exercising this choice are available and further information on User choice in construction can be obtained from the **Customer Services Team** at:

National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Telephone 01926 654634

14.8 Asset Replacement

14.8.1 Appendix A of a User's Bilateral Connection Agreement specifies the age (number of complete charging years old), for charging purposes, of each of the NETS connection assets at the Connection Site for the corresponding Financial Year. Connection charges are calculated on the assumption that the assets will not need to be replaced until the charging age has reached the duration of the asset's Replacement Period.

If a connection asset is to be replaced, The Company will enter into an agreement for the replacement with the User. Where replacement occurs before the original asset's charging age has reached the duration of its Replacement Period, The Company will continue to charge for the original asset and make no charge to the existing User for the new asset until the original asset's charging age has reached the duration of its Replacement Period.

Where the replacement occurs after the original asset's charging age has reached the duration of its Replacement Period, The Company will charge on the basis of the original asset until replaced and on the basis of the new asset on completion of the works.

14.8.2 When the original asset's charging age has reached the duration of its Replacement Period the User's charge will be calculated on the then Net Asset Value of the new asset. The new asset begins depreciating for charging purposes upon completion of the asset replacement.

The Basic Annual Connection Charge Formulae are set out in **Chapter 2: The Basic Annual Connection Charge Formula.**

Asset Replacement that includes a change of Voltage

14.8.3 There are a number of situations where an asset replacement scheme may involve a change in the voltage level of a User's connection assets. These replacement schemes can take place over a number of years and may involve a long transitory period in which connection assets are operational at both voltage levels.

14.8.4 These situations are inevitably different from case to case and hence further charging principles will need to be developed over time as more experience is gained. Set out below, are some generic principles. This methodology will be updated as experience develops.

14.8.5 The general principles used to date are to ensure that, in the transitory period of an asset replacement scheme, the User does not pay for two full transmission voltage substations and that the charges levied reflect the Replacement Period of the original connection assets. In addition, in line with paragraph 14.8.1 above, charges will only be levied for the new assets once the original assets would have required replacement.

14.8.6 For example, a transmission licensee in investing to meet a future Security Standard need on the main transmission system, may require the asset replacement of an existing 275kV substation with a 400kV substation prior to the expiry of the original assets' Replacement Period. In this case, The Company will seek to recover the connection asset component via connection charges when the assets replaced were due for asset replacement. Prior to this, the User should not see an increase in charges and therefore the investment costs would be recovered through TNUoS charges.

In addition, if in the interim stage the User has, say, one transformer connected to the 275kV substation and one transformer connected to the 400kV substation, the charge will comprise an appropriate proportion of the HV assets at each site and not the full

costs of the two substations. Note that the treatment described above is only made for transitory asset replacement and not enduring configurations where a User has connection assets connected to two different voltage substations.

14.9 Data Requirements

- 14.9.1 Under the connection charging methodology no data is required from Users in order to calculate the connection charges payable by the User.

14.10 Applications

- 14.10.1 Application fees are payable in respect of applications for new connection agreements and modifications to existing agreements based on the reasonable costs transmission licensees incur in processing these applications. Users can opt to pay a fixed price application fee in respect of their application or pay the actual costs incurred. The fixed price fees for applications are detailed in the **Statement of Use of System Charges**.
- 14.10.2 If a User chooses not to pay the fixed fee, the application fee will be based on an advance of transmission licensees' Engineering and out-of pocket expenses and will vary according to the size of the scheme and the amount of work involved. Once the associated offer has been signed or lapses, a reconciliation will be undertaken. Where actual expenses exceed the advance, The Company will issue an invoice for the excess. Conversely, where The Company does not use the whole of the advance, the balance will be refunded.
- 14.10.3 The Company will refund the first application fee paid (the fixed fee or the amount post-reconciliation) made under the Construction Agreement for new or modified existing agreements. The refund shall be made either on commissioning or against the charges payable in the first three years of the new or modified agreement. The refund will be net of external costs.
- 14.10.4 The Company will not refund application fees for applications to modify a new agreement or modified existing agreement at the User's request before any charges become payable. For example, The Company will not refund an application fee to delay the provision of a new connection if this is made prior to charges becoming payable.

14.11 Illustrative Connection Charges

2010/11 First Year Connection Charges based on the RPI Method (6% rate of return)

14.11.1 The following table provides an indication of typical charges for new connection assets. Before using the table, it is important to read through the notes below as they explain the assumptions used in calculating the figures.

Calculation of Gross Asset Value (GAV)

14.11.2 The GAV figures in the following table were calculated using the following assumptions:

- Each asset is new
- The GAV includes estimated costs of construction, engineering, Interest During Construction and Liquidated Damages premiums

For details of the Calculation of the Gross Asset Value, see Chapter 2 of this Statement.

Calculation of first year connection charge

14.11.3 The first year connection charges in the following table were calculated using the following assumptions:

- The assets are new
- The assets are depreciated over 40 years
- The rate of return is assumed to be 6% for RPI indexation
- The connection charges include maintenance costs at a rate of 0.52% of the GAV
- The connection charges include Transmission Running Costs at a rate of 1.45% of the GAV

For details of the Basic Annual Connection Charge Formula, see Chapter 2 of this Statement.

Please note that the actual charges will depend on the specific assets at a site. Agreement specific NAVs and GAVs for each User will be made available on request.

Notes on Assets

The charges for Double and Single Busbar Bays include electrical and civil costs.

Transformer cable ratings are based on winter soil conditions.

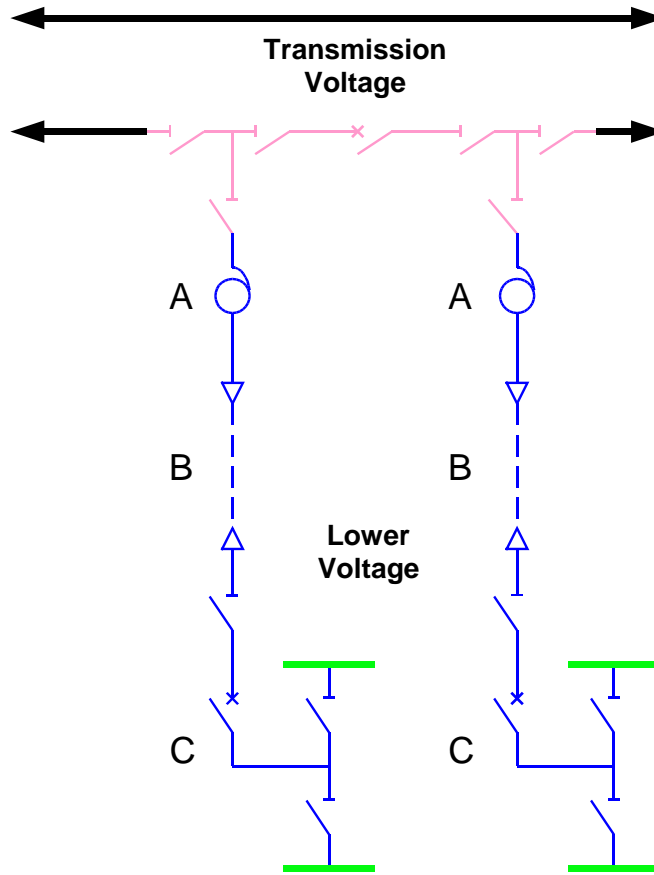
In this example, transformer charges include civil costs of plinth and noise enclosure and estimated transport costs, but not costs of oil dump tank and fire trap moat. Transport costs do not include hiring heavy load sea transportation or roll-on roll-off ships.

	£000's					
	400kV		275kV		132kV	
	GAV	Charge	GAV	Charge	GAV	Charge
Double Busbar Bay	2300	239	1890	197	630	65
Single Busbar Bay	1830	190			460	50
Transformer Cables 100m (incl. Cable sealing ends)						
120MVA			970	100	310	30
180MVA	1480	150	970	101	320	30
240MVA	1520	158	980	102	355	37
750MVA	1540	160	1135	118		
Transformers						
45MVA 132/66kV					1060	110
90MVA 132/33kV					1020	106
120MVA 275/33kV			2110	219		
180MVA 275/66kV			2560	266		
180MVA 275/132kV			2180	227		
240MVA 275/132kV			2630	273		
240MVA 400/132kV	3180	340				

Connection Examples

Example 1

**NEW SUPERGRID CONNECTION
SINGLE SWITCH MESH TYPE**



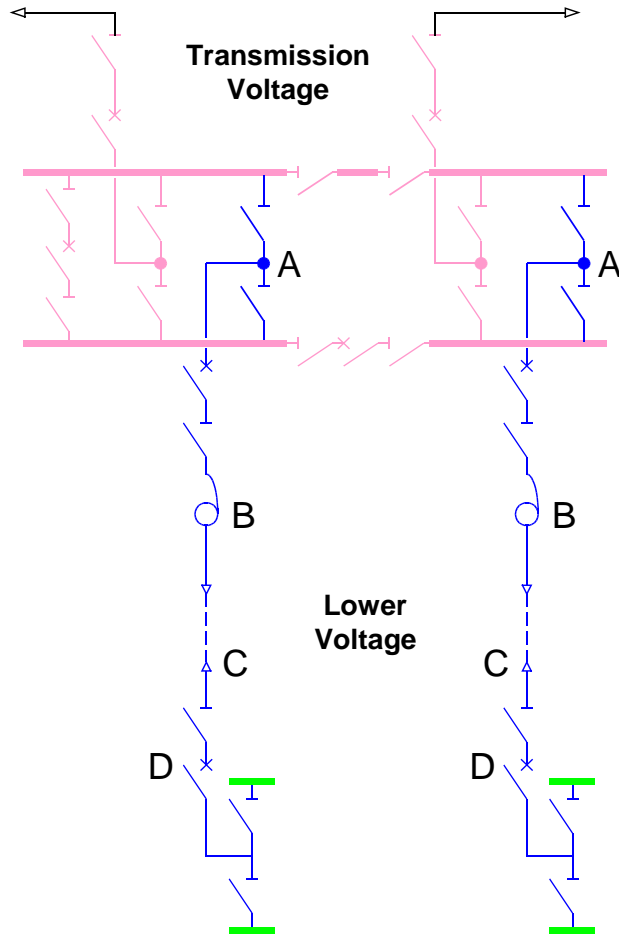
KEY:

- Existing Transmission Assets (infrastructure)
- New Transmission Assets (infrastructure)
- New connection assets wholly charged to customer
- Customer Assets

SCHEDULE FOR NEW CONNECTION				
Ref	132/33kV		400/132kV	
	Description	First Year Charges (£000s)	Description	First Year Charges (£000s)
A	2 x 90MVA Transformers	212	2 x 240MVA Transformers	680
B	2 x 100m 90MVA Cables	20	2 x 100m 240MVA Cables	72
C	2 x Double Busbar Transformer Bays	20	2 x Double Busbar Transformer Bays	130
	Total	252	Total	882

Example 2

NEW SUPERGRID CONNECTION DOUBLE BUSBAR TYPE



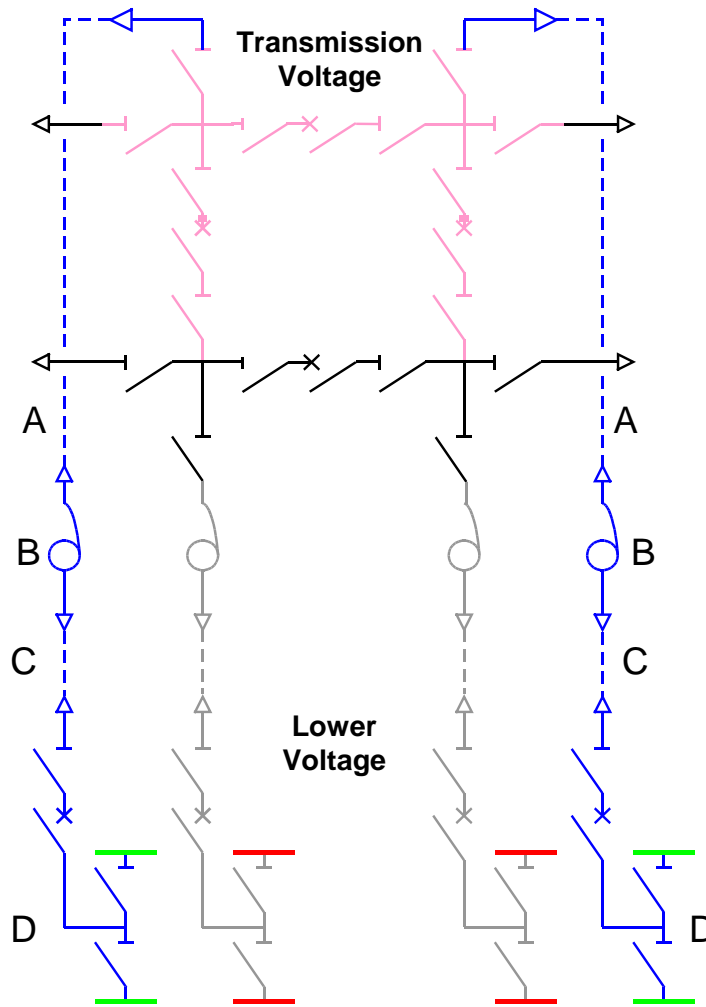
KEY:

- Existing Transmission Assets (infrastructure)
- New Transmission Assets (infrastructure)
- New connection assets wholly charged to customer
- Customer Assets

SCHEDULE FOR NEW CONNECTION				
Ref	132/33kV		400/132kV	
	Description	First Year Charges (£000s)	Description	First Year Charges (£000s)
A	2 x Double Busbar Transformer Bays	130	2 x Double Busbar Transformer Bays	478
B	2 x 90MVA Transformers	212	2 x 240MVA Transformers	680
C	2 x 100m 90MVA Cables	20	2 x 100m 240MVA Cables	74
D	2 x Double Busbar Transformer Bays	20	2 x Double Busbar Transformer Bays	130
Total		382	Total	
			1362	

Example 3

EXTENSION OF SINGLE SWITCH MESH TO FOUR SWITCH MESH (extension to single user site)



KEY:

- Existing Transmission Assets (infrastructure)
- New Transmission Assets (infrastructure)
- New connection assets wholly charged to customer
- Existing connection assets wholly charged to another user
- Customer Assets
- Other Users Assets

SCHEDULE FOR NEW CONNECTION				
Ref	132/33kV		400/132kV	
	Description	First Year Charges (£000s)	Description	First Year Charges (£000s)
A	2 x 100m 240MVA Cables	74	2 x 100m 240MVA Cables	316
B	2 x 90MVA Transformers	212	2 x 240MVA Transformers	680
C	2 x 100m 90MVA Cables	20	2 x 100m 240MVA Cables	74
D	2 x Double Busbar Transformer Bays	20	2 x Double Busbar Transformer Bays	130
Total		326	Total	1200

14.12 Examples of Connection Charge Calculations

The following examples of connection charge calculations are intended as general illustrations.

Example 1

14.12.1 This example illustrates the method of calculating the first year connection charge for a given asset value. This method of calculation is applicable to indicative price agreements for new connections, utilising the RPI method of charging, and assuming:

- i) the asset is commissioned on 1 April 2010
- ii) there is no inflation from year to year i.e. GAV remains constant
- iii) the site specific maintenance charge component remains constant throughout the 40 years at 0.52% of GAV
- iv) the Transmission Running Cost component remains constant throughout the 40 years at 1.45% of GAV
- v) the asset is depreciated over 40 years
- vi) the rate of return charge remains constant at 6% for the 40 year life of the asset
- vii) the asset is terminated at the end of its 40 year life

For the purpose of this example, the asset on which charges are based has a Gross Asset Value of £3,000,000 on 1 April 2010.

Charge	Calculation	
Site Specific Maintenance Charge (0.52% of GAV)	$3,000,000 \times 0.52\%$	£15,600
Transmission Running Cost (1.45% of GAV)	$3,000,000 \times 1.45\%$	£43,500
Capital charge (40 year depreciation 2.5% of GAV)	$3,000,000 \times 2.5\%$	£75,000
Return on mid-year NAV (6%)	$2,962,500 \times 6\%$	£177,750
TOTAL		£311,850

The first year charge of £311,850 would reduce in subsequent years as the NAV of the asset is reduced on a straight-line basis.

This gives the following annual charges over time (assuming no inflation):

Year	Charge
1	£311,850
2	£307,350
10	£271,350
40	£136,350

Based on this example, charges of this form would be payable until 31 March 2050.

Example 2

14.12.2 The previous example assumes that the asset is commissioned on 1 April 2010. If it is assumed that the asset is commissioned on 1 July 2010, the first year charge would equal 9/12th of the first year annual connection charge i.e. £233,887.50

This gives the following annual charges over time:

Year	Charge
1	£233,887.50 (connection charge for period July to March)
2	£307,350
10	£271,350
40	£136,350

Example 3

14.12.3 In the case of a firm price agreement, there will be two elements in the connection charge, a finance component and a running cost component. These encompass the four elements set out in the examples above. Using exactly the same assumptions as those in example 1 above, the total annual connection charges will be the same as those presented. These charges will not change as a result of the adoption of a different charging methodology by The Company, providing that the connection boundary does not change.

Example 4

14.12.4 If a User has chosen a 20-year depreciation period for their Post Vesting connection assets and subsequently remains connected at the site beyond the twentieth year their charges are calculated as follows.

For years 21-40 they will pay a connection charge based on the following formula:

$$\text{Annual Connection Charge}_n = \text{SSF}_n (\text{RPIGAV}_n) + \text{TC}_n (\text{GAV}_n)$$

The NAV will be zero and the asset will be fully depreciated so there will be no rate of return or depreciation element to the charge.

14.13 Nominally Over Equipped Connection Sites

14.13.1 This chapter outlines examples of ways in which a connection site can be considered as having connection assets that exceed the strict, theoretical needs of the individual Users at the connection site. These can be described as:

Historical

14.13.2 This is where the connection assets at the connection site were installed to meet a requirement of the Users for connection capacity that no longer exists. An example would be where a User, at one time, had a requirement for, say, 270 MW. This would allocate three 240 MVA 400/132kV transformers to the User. Due to reconfiguration of that User's network only 200 MW is now required from the connection site. The lower requirement would only allocate two transformers, but all the transformers are kept in service. The connection assets will continue to be assigned to the User's connection, and charged for as connection, until the User makes a Modification Application to reduce the historical requirement. In some cases the Modified requirement will mean that Termination Payments will have to be made on some connection assets.

Early Construction

14.13.3 If a User has a multi-phase project, it may be necessary to install connection assets for the latter phases at the time of the first phase. These connection assets could be charged from the first phase charging date.

Connection site Specific Technical or Economic Conditions

14.13.4 In circumstances where the transmission licensee has identified a wider requirement for development of the transmission system, it may elect to install connection assets of greater size and capacity than the practicable minimum scheme required for a particular connection. In these circumstances, however, connection charges for the party seeking connection will normally be based on the level of connection assets consistent with the practicable minimum scheme needed to meet the applicant's requirements.

14.13.5 There may be cases where there are specific conditions such that the practicable minimum scheme at a site has to be greater than the strict, theoretical interpretation of the standards. In these cases all assets will still be assigned to connection and connection charges levied.

14.13.6 A practicable minimum scheme is considered in terms of the system as a whole and may include a change in voltage level.

Part 2 - The Statement of the Use of System Charging Methodology

Section 1 – The Statement of the Transmission Use of System Charging Methodology

14.14 Principles

- 14.14.1 Transmission Network Use of System charges reflect the cost of installing, operating and maintaining the transmission system for the Transmission Owner (TO) Activity function of the Transmission Businesses of each Transmission Licensee. These activities are undertaken to the standards prescribed by the Transmission Licences, to provide the capability to allow the flow of bulk transfers of power between connection sites and to provide transmission system security.
- 14.14.2 A Maximum Allowed Revenue (MAR) defined for these activities and those associated with pre-vesting connections is set by the Authority at the time of the Transmission Owners' price control review for the succeeding price control period. Transmission Network Use of System Charges are set to recover the Maximum Allowed Revenue as set by the Price Control (where necessary, allowing for any K_t adjustment for under or over recovery in a previous year net of the income recovered through pre-vesting connection charges).
- 14.14.3 The basis of charging to recover the allowed revenue is the Investment Cost Related Pricing (ICRP) methodology, which was initially introduced by The Company in 1993/94 for England and Wales. The principles and methods underlying the ICRP methodology were set out in the The Company document **"Transmission Use of System Charges Review: Proposed Investment Cost Related Pricing for Use of System (30 June 1992)"**.
- 14.14.4 In December 2003, The Company published the Initial Thoughts consultation for a GB methodology using the England and Wales methodology as the basis for consultation. The Initial Methodologies consultation published by The Company in May 2004 proposed two options for a GB charging methodology with a Final Methodologies consultation published in August 2004 detailing The Company's response to the Industry with a recommendation for the GB charging methodology. In December 2004, The Company published a Revised Proposals consultation in response to the Authority's invitation for further review on certain areas in The Company's recommended GB charging methodology.
- 14.14.5 In April 2004 The Company introduced a DC Loadflow (DCLF) ICRP based transport model for the England and Wales charging methodology. The DCLF model has been extended to incorporate Scottish network data with existing England and Wales network data to form the GB network in the model. In April 2005, the GB charging methodology implemented the following proposals:
- i.) The application of multi-voltage circuit expansion factors with a forward-looking Expansion Constant that does not include substation costs in its derivation.
 - ii.) The application of locational security costs, by applying a multiplier to the Expansion Constant reflecting the difference in cost incurred on a secure network as opposed to an unsecured network.

- iii.) The application of a de-minimus level demand charge of £0/kW for Half Hourly and £0/kWh for Non Half Hourly metered demand to avoid the introduction of negative demand tariffs.
- iv.) The application of 132kV expansion factor on a Transmission Owner basis reflecting the regional variations in network upgrade plans.
- v.) The application of a Transmission Network Use of System Revenue split between generation and demand where the proportion of the total revenue paid by generation, for the purposes of tariff setting for a charging year n, is x times the total revenue, where x is:

1. Whilst European Commission Regulation 838/2010 Part B paragraph 3 (or any subsequent regulation specifying such a limit on annual average transmission charge payable by generation) is in effect (a “Limiting Regulation”) then:

$$x_n = \frac{(Cap_{EC} * (1 - y)) * GO}{MAR * ER}$$

Where;

- Cap_{EC} = Upper limit of the range specified a Limiting Regulation
- y = Error margin built in to adjust Cap_{EC} to account for difference in one year ahead forecast and outturn values for MAR and GO, based on previous years error at the time of calculating the error for charging year n
- GO = Forecast GB Generation Output for generation liable for Transmission charges (i.e. energy injected into the transmission network in MWh) for charging year n
- MAR = Forecast TO Maximum Allowed Revenue (£) for charging year n
- ER = OBR Spring Forecast €/£ Exchange Rate in charging year n-1

2. Where there is no Limiting Regulation, then x for charging year n is set as the value of x used in the last charging year for which there was a Limiting Regulation.

- vi.) The number of generation zones using the criteria outlined in paragraph 14.15.42 has been determined as 21.
- vii.) The number of demand zones has been determined as 14, corresponding to the 14 GSP groups.

14.14.6 The underlying rationale behind Transmission Network Use of System charges is that efficient economic signals are provided to Users when services are priced to reflect the incremental costs of supplying them. Therefore, charges should reflect the impact that Users of the transmission system at different locations would have on the Transmission Owner's costs, if they were to increase or decrease their use of the respective systems. These costs are primarily defined as the investment costs in the transmission system, maintenance of the transmission system and maintaining a system capable of providing a secure bulk supply of energy.

The Transmission Licence requires The Company to operate the National Electricity Transmission System to specified standards. In addition The Company with other transmission licensees are required to plan and develop the National Electricity Transmission System to meet these standards. These requirements mean that the system must conform to a particular Security Standard and capital investment requirements are largely driven by the need to conform to both the deterministic and supporting cost benefit analysis aspects of this standard. It is this obligation, which provides the underlying rationale for the ICRP approach, i.e. for any changes in generation and demand on the system, The Company must ensure that it satisfies the requirements of the Security Standard.

- 14.14.7 The Security Standard identifies requirements on the capacity of component sections of the system given the expected generation and demand at each node, such that demand can be met and generators' output over the course of a year (capped at their Transmission Entry Capacity, TEC) can be accommodated in the most economic and efficient manner. The derivation of the incremental investment costs at different points on the system is therefore determined against the requirements of the system both at the time of peak demand and across the remainder of the year. The Security Standard uses a Demand Security Criterion and an Economy Criterion to assess capacity requirements. The charging methodology therefore recognises both these elements in its rationale.
- 14.14.8 The Demand Security Criterion requires sufficient transmission system capacity such that peak demand can be met through generation sources as defined in the Security Standard, whilst the Economy Criterion requires sufficient transmission system capacity to accommodate all types of generation in order to meet varying levels of demand efficiently. The latter is achieved through a set of deterministic parameters that have been derived from a generic Cost Benefit Analysis (CBA) seeking to identify an appropriate balance between constraint costs and the costs of transmission reinforcements.
- 14.14.9 The TNUoS charging methodology seeks to reflect these arrangements through the use of dual backgrounds in the Transport Model, namely a Peak Security background representative of the Demand Security Criterion and a Year Round background representative of the Economy Criterion.
- 14.14.10 To recognise that various types of generation will have a different impact on incremental investment costs the charging methodology uses a generator's TEC, Peak Security flag, and Annual Load Factor (ALF) when determining Transmission Network Use of System charges relating to the Peak Security and Year Round backgrounds respectively. For the Year Round background the diversity of the plant mix (i.e the proportion of low carbon and carbon generation) in each charging zone is also taken into account.
- 14.14.11 In setting and reviewing these charges The Company has a number of further objectives. These are to:
- offer clarity of principles and transparency of the methodology;
 - inform existing Users and potential new entrants with accurate and stable cost messages;
 - charge on the basis of services provided and on the basis of incremental rather than average costs, and so promote the optimal use of and investment in the transmission system; and
 - be implementable within practical cost parameters and time-scales.

- 14.14.12 Condition C13 of The Company's Transmission Licence governs the adjustment to Use of System charges for small generators. Under the condition, The Company is required to reduce TNUoS charges paid by eligible small generators by a designated sum, which will be determined by the Authority. The licence condition describes an adjustment to generator charges for eligible plant, and a consequential change to demand charges to recover any shortfall in revenue. The mechanism for recovery will ensure revenue neutrality over the lifetime of its operation although it does allow for effective under or over recovery within any year. For the avoidance of doubt, Condition C13 does not form part of the Use of System Charging Methodology.
- 14.14.13 The Company will typically calculate TNUoS tariffs annually, publishing final tariffs in respect of a Financial Year by the end of the preceding January. However The Company may update the tariffs part way through a Financial Year.

14.15 Derivation of the Transmission Network Use of System Tariff

- 14.15.1 The Transmission Network Use of System (TNUoS) Tariff comprises two separate elements. Firstly, a locationally varying element derived from the DCLF ICRP transport model to reflect the costs of capital investment in, and the maintenance and operation of, a transmission system to provide bulk transport of power to and from different locations. Secondly, a non-locationally varying element related to the provision of residual revenue recovery. The combination of both these elements forms the TNUoS tariff.
- 14.15.2 For generation TNUoS tariffs the locational element itself is comprised of five separate components. Three wider components –
- Wider Peak Security Component
 - Wider Year Round Not-shared component
 - Wider Year Round component

These components reflect the costs of the wider network under the different generation backgrounds set out in the Demand Security Criterion (for Peak Security component) and Economy Criterion (for both Year Round components) of the Security Standard. The two Year Round components reflect the unshared and shared costs of the wider network based on the diversity of generation plant types.

Two local components –

- Local substation, and
- Local circuit

These components reflect the costs of the local network.

Accordingly, the wider tariff represents the combined effect of the three wider locational tariff components and the residual element; and the local tariff represents the combination of the two local locational tariff components.

- 14.15.3 The process for calculating the TNUoS tariff is described below.

The Transport Model

Model Inputs

- 14.15.4 The DCLF ICRP transport model calculates the marginal costs of investment in the transmission system which would be required as a consequence of an increase in demand or generation at each connection point or node on the transmission system, based on a study of peak demand conditions using both Peak Security and Year Round generation backgrounds on the transmission system. One measure of the investment costs is in terms of MWkm. This is the concept that ICRP uses to calculate marginal costs of investment. Hence, marginal costs are estimated initially in terms of increases or decreases in units of kilometres (km) of the transmission system for a 1 MW injection to the system.
- 14.15.5 The transport model requires a set of inputs representative of the Demand Security and Economy Criterion set out in the Security Standards. These

conditions on the transmission system are represented in the Peak Security and Year Round background respectively as follows:

- Nodal generation information per node (TEC, plant type and SQSS scaling factors)
 - Nodal demand information
 - Transmission circuits between these nodes
 - The associated lengths of these routes, the proportion of which is overhead line or cable and the respective voltage level
 - The cost ratio of each of 132kV overhead line, 132kV underground cable, 275kV overhead line, 275kV underground cable and 400kV underground cable to 400kV overhead line to give circuit expansion factors
 - The cost ratio of each separate sub-sea AC circuit and HVDC circuit to 400kV overhead line to give circuit expansion factors
 - 132kV overhead circuit capacity and single/double route construction information is used in the calculation of a generator's local charge.
 - Offshore transmission cost and circuit/substation data
- 14.15.6 For a given charging year "t", the nodal generation TEC figure and generation plant types at each node will be based on the Applicable Value for year "t" in the NETS Seven Year Statement in year "t-1" plus updates to the October of year "t-1". The contracted TECs and generation plant types in the NETS Seven Year Statement include all plant belonging to generators who have a Bilateral Agreement with the TOs. For example, for 2010/11 charges, the nodal generation data is based on the forecast for 2010/11 in the 2009 NETS Seven Year Statement plus any data included in the quarterly updates in October 2009.
- 14.15.7 Scaling factors for different generation plant types are applied on their aggregated capacity for both Peak Security and Year Round backgrounds. The scaling is either Fixed or Variable (depending on the total demand level) in line with the factors used in the Security Standard, for example as shown in the table below.

Generation Plant Type	Peak Security Background	Year Round Background
Intermittent	Fixed (0%)	Fixed (70%)
Nuclear & CCS	Variable	Fixed (85%)
Interconnectors	Fixed (0%)	Fixed (100%)
Hydro	Variable	Variable
Pumped Storage	Variable	Fixed (50%)
Peaking	Variable	Fixed (0%)
Other (Conventional)	Variable	Variable

These scaling factors and generation plant types are set out in the Security Standard. These may be reviewed from time to time. The latest version will be used in the calculation of TNUoS tariffs and is published in the Statement of Use of System Charges

- 14.15.8 National Grid will categorise plant based on the categorisations described in the Security Standard. Peaking plant will include oil and OCGT technologies and Other (Conv.) represents all remaining conventional plant not explicitly stated elsewhere in the table. In the event that a power station is made up of more than one technology type, the type of the higher Transmission Entry Capacity (TEC) would apply.

- 14.15.9 Nodal demand data for the transport model will be based upon the GSP demand that Users have forecast to occur at the time of National Grid Peak Average Cold Spell (ACS) Demand for year "t" in the April Seven Year Statement for year "t-1" plus updates to the October of year "t-1".
- 14.15.10 Subject to paragraphs 14.15.15 to 14.15.22, Transmission circuits for charging year "t" will be defined as those with existing wayleaves for the year "t" with the associated lengths based on the circuit lengths indicated for year "t" in the April NETS Seven Year Statement for year "t-1" plus updates to October of year "t-1". If certain circuit information is not explicitly contained in the NETS Seven Year Statement, The Company will use the best information available.
- 14.15.11 The circuit lengths included in the transport model are solely those, which relate to assets defined as 'Use of System' assets.
- 14.15.12 For HVDC circuits, the impedance will be calculated to provide flows based on a ratio of the capacity provided by the HVDC link relative to the capacities on all major transmission system boundaries that it parallels.
- 14.15.13 The transport model employs the use of circuit expansion factors to reflect the difference in cost between (i) AC Circuits and HVDC circuits, (ii) underground and sub-sea circuits, (iii) cabled circuits and overhead line circuits, (iv) 132kV and 275kV circuits, (v) 275kV circuits and 400kV circuits, and (vi) uses 400kV overhead line (i.e. the 400kV overhead line expansion factor is 1). As the transport model expresses cost as marginal km (irrespective of cables or overhead lines), some account needs to be made of the fact that investment in these other types of circuit (specifically HVDC and sub-sea cables of various voltages, 400kV underground cable, 275kV overhead line, 275kV underground cable, 132kV overhead line and 132kV underground cable) is more expensive than for 400kV overhead line. This is done by effectively 'expanding' these more expensive circuits by the relevant circuit expansion factor, thereby producing a larger marginal kilometre to reflect the additional cost of investing in these circuits compared to 400kV overhead line. When calculating the local circuit tariff for a generator, alternative 132kV and offshore expansion factors to those used in the remainder of the tariff calculation are applied to the generator's local circuits.
- 14.15.14 The circuit expansion factors for HVDC circuits and AC subsea cables are determined on a case by case basis using the costs which are specific to individual projects containing HVDC or AC subsea circuits.

Adjustments to Model Inputs associated with One-off Works

- 14.15.15 Where, following the implementation of CUSC Modification CMP203, a User has paid a One-Off Charge that related to One-off Works carried out on an onshore circuit, and such One-off Works would affect the value of a TNUoS tariff paid by the User, the transport model inputs associated with the onshore circuit shall be adjusted by The Company to reflect the asset value that would have been modelled if the works had been undertaken on the basis of the original asset design rather than the One-off Works.
- 14.15.16 Subject to paragraphs 14.15.17 to 14.15.19, where, prior to the implementation of CUSC Modification CMP203, a User has paid a One-Off Charge (or has paid a charge to the relevant TO prior to 1st April 2005 on the same principles as a One-Off Charge) that related to works equivalent to those described under

paragraph 14.15.15, an adjustment equivalent to that under paragraph 14.15.15 shall be made to the transport model inputs as follows.

- 14.15.17 Such adjustment shall be made following a User's request, which must be received by The Company no later than the second occurrence of 31st December following the implementation of CUSC Modification CMP203.
- 14.15.18 The Company shall only make an adjustment to the transport model inputs, under paragraph 14.15.16 where the charge was paid to the relevant TO prior to 1st April 2005 where evidence has been provided by the User that satisfies The Company that works equivalent to those under paragraph 14.15.15 were funded by the User.
- 14.15.19 Where a User has sufficient reason to believe that adjustments under paragraph 14.15.18 should be made in relation to specific assets that affect a TNUoS tariff that applies to one of its sites and outlines its reasoning to The Company, The Company shall (upon the User's request and subject to the User's payment of reasonable costs incurred by The Company in doing so) use its reasonable endeavours to assist the User in obtaining any evidence The Company or a TO may have to support its position.
- 14.15.20 Where a request is made under paragraph 14.15.16 on or prior to 31st December in a charging year, and The Company is satisfied based on the accompanying evidence provided to The Company under paragraph 14.15.17 that it is a valid request, the transport model inputs shall be adjusted accordingly and taken into account in the calculation of TNUoS tariffs effective from the year commencing on the 1st April following this and otherwise from the next subsequent 1st April.
- 14.15.21 The following table provides examples of works for which adjustments to transport model inputs would typically apply:

Ref	Description of works	Adjustments
1	Undergrounding - A User requests to underground an overhead line at a greater cost.	As the cable cost will be more expensive than the overhead line (OHL) equivalent, the circuit will be modelled as an OHL.
2	Substation Siting Decision - A User requests to move the existing or a planned substation location to a place that means that the works cannot be justified as economic by the TO.	As the revised substation location may result in circuits being extended. If this is the case, the originally designed circuit lengths (as per the originally designed substation location) would be used in the transport model.
3	Circuit Routing Decision - A User asks to move an existing or a planned circuit route in a way in which the works cannot be justified as economic by the TO.	As any circuit route changes that extend circuits are likely to result in a greater TNUoS tariff, the originally designed circuit lengths would be used in the transport model.

Ref	Description of works	Adjustments
4	Building circuits at lower voltages - A User requests lower tower height and therefore a different voltage.	As lower voltage circuits result in a higher expansion factor being used, the circuits would be modelled at the originally designed higher voltage.

14.15.22 The following table provides examples of works for which adjustments to transport model typically would not apply:

Ref	Description of works	Reasoning
1	Undergrounding - A User chooses to have a cable installed via a tunnel rather than buried.	Cable expansion factors are applied in the transport model regardless of whether a cable is tunnelled and buried, so there is no increased TNUoS cost.
2	Additional circuit route works - A User asks for screening to be provided around a new or existing circuit route.	Circuit expansion factors are applied in the transport model irrespective of these works, so there is no increased TNUoS cost.
3	Additional circuit route works - A User requests that a planned overhead line route is built using alternative transmission tower designs.	Circuit expansion factors are applied in the transport model irrespective of these works, so there is no increased TNUoS cost.
4	Additional substation works - A User asks for screening to be provided around a new or existing substation.	The additional substation works will not affect the User's TNUoS charge as there is no effect on power flows or circuit costs within the transport model.
5	Additional substation works - Changes to connection assets (e.g. HV-LV transformers and associated switchgear), metering, additional LV supplies, additional protection equipment, additional building works, etc.	The additional substation works will not affect the User's TNUoS charge as there is no effect on power flows or circuit costs within the transport model.
6	Diversion - A User asks to temporarily move an existing or a planned circuit route in a way in which the works cannot be justified as economic by the TO.	The temporary circuit changes will not be incorporated into the transport model.

7	Connection Entry Capacity (CEC) before Transmission Entry Capacity (TEC). A User asks for a connection in a year prior to the relating TEC; i.e. physical connection without capacity.	No additional works are being undertaken, works are simply being completed well in advance of the generator commissioning. The One-Off Charge reflects the depreciated value of the assets prior to commissioning (and any TNUoS being charged).
8	Early asset replacement - An asset is replaced prior to the end of its expected life.	As the asset is simply replaced, no data in the transport model is expected to change.
9	Additional Engineering/Mobilisation costs - A User requests changes to the planned works, that results in additional operational costs.	The data in the transport model is unaffected.
10	Offshore (Generator Build) - Any of the works described above or under paragraph 14.15.18.	The value of the works will not form part of the asset transfer value therefore will not be used as part of the offshore tariff calculation.
11	Offshore (Offshore Transmission Owner (OFTO) Build) - Any of the works described above or under paragraph 14.15.18.	As part of determining the TNUoS revenue associated with each asset, the value of the One-Off Works would be excluded when pro-rating the OFTO's allowed revenue against assets by asset value.

14.15.23 The Company shall publish any adjusted transport model inputs that it intends to use in the calculation of TNUoS tariffs effective from the year commencing on the following 1st April in the NETS Seven Year Statement October Update. Any further adjustments that The Company makes shall be published by The Company upon the publication of the final TNUoS tariffs for the year concerned.

Model Outputs

14.15.24 The transport model takes the inputs described above and carries out the following steps individually for Peak Security and Year Round backgrounds.

14.15.25 Depending on the background, the TEC of the relevant generation plant types are scaled by a percentage as described in 14.15.7, above. The TEC of the remaining generation plant types in each background are uniformly scaled such that total national generation (scaled sum of contracted TECs) equals total national ACS Demand.

14.15.26 For each background, the model then uses a DCLF ICRP transport algorithm to derive the resultant pattern of flows based on the network impedance required to meet the nodal demand using the scaled nodal generation, assuming every circuit has infinite capacity. Flows on individual transmission circuits are compared for both backgrounds and the background giving rise to

the highest flow is considered as the triggering criterion for future investment of that circuit for the purposes of the charging methodology. Therefore all circuits will be tagged as Peak Security or Year Round depending upon the background resulting in the highest flow. In the event that both backgrounds result in the same flow, the circuit will be tagged as Peak Security. Then it calculates the resultant total network Peak Security MWkm and Year Round MWkm, using the relevant circuit expansion factors as appropriate.

14.15.27 Using these baseline networks for Peak Security and Year Round backgrounds, the model then calculates for a given injection of 1MW of generation at each node, with a corresponding 1MW offtake (demand) distributed across all demand nodes in the network, the increase or decrease in total MWkm of the whole Peak Security and Year Round networks. The proportion of the 1MW offtake allocated to any given demand node will be based on total background nodal demand in the model. For example, with a total GB demand of 60GW in the model, a node with a demand of 600MW would contain 1% of the offtake i.e. 0.01MW.

14.15.28 Given the assumption of a 1MW injection, for simplicity the marginal costs are expressed solely in km. This gives a Peak Security marginal km cost and a Year Round marginal km cost for generation at each node (although not that used to calculate generation tariffs which considers local and wider cost components). The Peak Security and Year Round marginal km costs for demand at each node are equal and opposite to the Peak Security and Year Round nodal marginal km respectively for generation and this is used to calculate demand tariffs. Note the marginal km costs can be positive or negative depending on the impact the injection of 1MW of generation has on the total circuit km.

14.15.29 Using a similar methodology as described above in 14.15.27, the local and wider marginal km costs used to determine generation TNUoS tariffs are calculated by injecting 1MW of generation against the node(s) the generator is modelled at and increasing by 1MW the offtake across the distributed reference node. It should be noted that although the wider marginal km costs are calculated for both Peak Security and Year Round backgrounds, the local marginal km costs are calculated on the Year Round background.

14.15.30 In addition, any circuits in the model, identified as local assets to a node will have the local circuit expansion factors which are applied in calculating that particular node's marginal km. Any remaining circuits will have the TO specific wider circuit expansion factors applied.

14.15.31 An example is contained in 14.21 Transport Model Example.

Calculation of local nodal marginal km

14.15.32 In order to ensure assets local to generation are charged in a cost reflective manner, a generation local circuit tariff is calculated. The nodal specific charge provides a financial signal reflecting the security and construction of the infrastructure circuits that connect the node to the transmission system.

14.15.33 Main Interconnected Transmission System (MITS) nodes are defined as:

- Grid Supply Point connections with 2 or more transmission circuits connecting at the site; or
- connections with more than 4 transmission circuits connecting at the site.

- 14.15.34 Where a Grid Supply Point is defined as a point of supply from the National Electricity Transmission System to network operators or non-embedded customers excluding generator or interconnector load alone. For the avoidance of doubt, generator or interconnector load would be subject to the circuit component of its Local Charge. A transmission circuit is part of the National Electricity Transmission System between two or more circuit-breakers which includes transformers, cables and overhead lines but excludes busbars and generation circuits.
- 14.15.35 Generators directly connected to a MITS node will have a zero local circuit tariff.
- 14.15.36 Generators not connected to a MITS node will have a local circuit tariff derived from the local nodal marginal km for the generation node i.e. the increase or decrease in marginal km along the transmission circuits connecting it to all adjacent MITS nodes (local assets).

Calculation of zonal marginal km

- 14.15.37 Given the requirement for relatively stable cost messages through the ICRP methodology and administrative simplicity, nodes are assigned to zones. Typically, generation zones will be reviewed at the beginning of each price control period with another review only undertaken in exceptional circumstances. Any rezoning required during a price control period will be undertaken with the intention of minimal disruption to the established zonal boundaries. The full criteria for determining generation zones are outlined in paragraph 14.15.42. The number of generation zones set for 2010/11 is 20.
- 14.15.38 Demand zone boundaries have been fixed and relate to the GSP Groups used for energy market settlement purposes.
- 14.15.39 The nodal marginal km are amalgamated into zones by weighting them by their relevant generation or demand capacity.
- 14.15.40 Generators will have zonal tariffs derived from both, the wider Peak Security nodal marginal km; and the wider Year Round nodal marginal km for the generation node calculated as the increase or decrease in marginal km along all transmission circuits except those classified as local assets.

The zonal Peak Security marginal km for generation is calculated as:

$$WNMkm_{jPS} = \frac{NMkm_{jPS} * Gen_j}{\sum_{j \in Gi} Gen_j}$$

$$ZMkm_{GiPS} = \sum_{j \in Gi} WNMkm_{jPS}$$

Where

Gi	=	Generation zone
j	=	Node
NMkm _{PS}	=	Peak Security Wider nodal marginal km from transport model
WNMkm _{PS}	=	Peak Security Weighted nodal marginal km
ZMkm _{PS}	=	Peak Security Zonal Marginal km

Gen = Nodal Generation (scaled by the appropriate Peak Security Scaling factor) from the transport model

Similarly, the zonal Year Round marginal km for generation is calculated as

$$WNMkm_{jYR} = \frac{NMkm_{jYR} * Gen_j}{\sum_{j \in Gi} Gen_j}$$

$$ZMkm_{GiYR} = \sum_{j \in Gi} WNMkm_{jYR}$$

Where

NMkm_{YR} = Year Round Wider nodal marginal km from transport model

WNMkm_{YR} = Year Round Weighted nodal marginal km

ZMkm_{YR} = Year Round Zonal Marginal km

Gen = Nodal Generation (scaled by the appropriate Year Round Scaling factor) from the transport model

14.15.41 The zonal Peak Security marginal km for demand zones are calculated as follows:

$$WNMkm_{jPS} = \frac{-1 * NMkm_{jPS} * Dem_j}{\sum_{j \in Di} Dem_j}$$

$$ZMkm_{DiPS} = \sum_{j \in Di} WNMkm_{jPS}$$

Where:

Di = Demand zone

Dem = Nodal Demand from transport model

Similarly, the zonal Year Round marginal km for demand zones are calculated as follows:

$$WNMkm_{jYR} = \frac{-1 * NMkm_{jYR} * Dem_j}{\sum_{j \in Di} Dem_j}$$

$$ZMkm_{DiYR} = \sum_{j \in Di} WNMkm_{jYR}$$

14.15.42 A number of criteria are used to determine the definition of the generation zones. Whilst it is the intention of The Company that zones are fixed for the duration of a price control period, it may become necessary in exceptional circumstances to review the boundaries having been set. In both circumstances, the following criteria are used to determine the zonal boundaries:

- i.) Zoning is determined using the generation background with the most MWkm of circuits. Zones should contain relevant nodes whose total wider marginal costs

from the relevant generation background (as determined from the output from the transport model, the relevant expansion constant and the locational security factor, see below) are all within +/-£1.00/kW (nominal prices) across the zone. This means a maximum spread of £2.00/kW in nominal prices across the zone.

- ii.) The nodes within zones should be geographically and electrically proximate.
- iii.) Relevant nodes are considered to be those with generation connected to them as these are the only ones, which contribute to the calculation of the zonal generation tariff.

14.15.43 The process behind the criteria in 14.15.42 is driven by initially applying the nodal marginal costs from the relevant generation background within the DCLF Transport model onto the appropriate areas of a substation line diagram. Generation nodes are grouped into initial zones using the +/- £1.00/kW range. All nodes within each zone are then checked to ensure the geographically and electrically proximate criteria have been met using the substation line diagram. The established zones are inspected to ensure the least number of zones are used with minimal change from previously established zonal boundaries. The zonal boundaries are finally confirmed using the demand nodal costs from the relevant generation background for guidance.

14.15.44 The zoning criteria are applied to a reasonable range of DCLF ICRP transport model scenarios, the inputs to which are determined by The Company to create appropriate TNUoS generation zones. The minimum number of zones, which meet the stated criteria, are used. If there is more than one feasible zonal definition of a certain number of zones, The Company determines and uses the one that best reflects the physical system boundaries.

14.15.45 Zones will typically not be reviewed more frequently than once every price control period to provide some stability. However, in exceptional circumstances, it may be necessary to review zoning more frequently to maintain appropriate, cost reflective, locational cost signals. For example, if a new generator connecting to the transmission system would cause the creation of a new generation zone for that generator alone, it may not be appropriate from a cost reflective perspective to wait until the next price control period to undertake this rezoning. If any such rezoning is required, it will be undertaken against a background of minimal change to existing generation zones and in line with the notification process set out in the Transmission Licence and CUSC.

Accounting for Sharing of Transmission by Generators

14.15.46 A proportion of the marginal km costs for generation are shared incremental km reflecting the ability of differing generation technologies to share transmission investment. This is reflected in charges through the splitting of Year Round marginal km costs for generation into Year Round Shared marginal km costs and Year Round Not-Shared marginal km which are then used in the calculation of the wider £/kW generation tariff.

14.15.47 The sharing between different generation types is accounted for by (a) using transmission network boundaries between generation zones set by connectivity between generation charging zones, and (b) the proportion of Low Carbon and Carbon generation behind these boundaries.

14.15.48 The zonal incremental km for each generation charging zone is split into each boundary component by considering the difference between it and the neighbouring generation charging zone using the formula below;

$$BIkm_{ab} = ZIkm_b - ZIkm_a$$

Where;

BIkm_{ab} = boundary incremental km between generation charging zone A and generation charging zone B

ZIkm = generation charging zone incremental km.

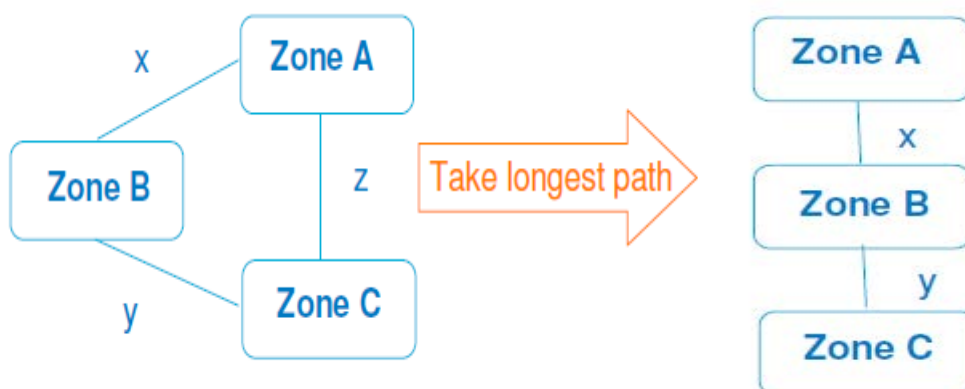
14.15.49 The table below shows the categorisation of Low Carbon and Carbon generation. This table will be updated by National Grid in the Statement of Use of System Charges as new generation technologies are developed.

Carbon	Low Carbon
Coal	Wind
Gas	Hydro (excl. Pumped Storage)
Biomass	Nuclear
Oil	Marine
Pumped Storage	Tidal
Interconnectors	

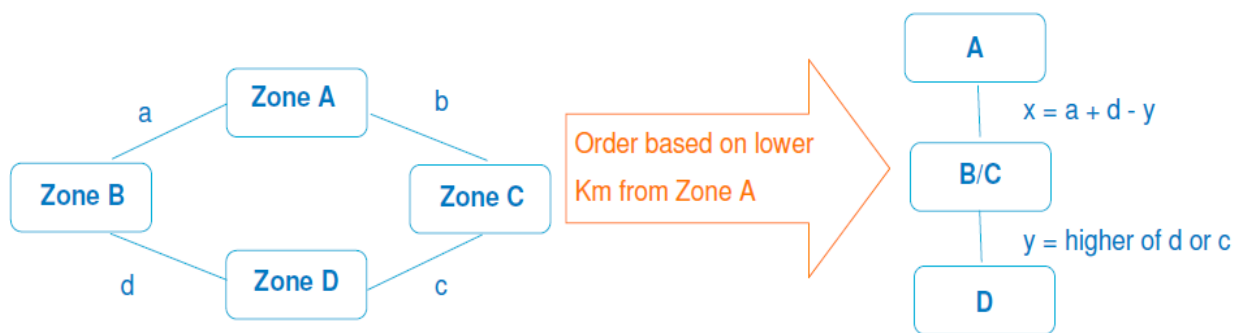
Determination of Connectivity

14.15.50 Connectivity is based on the existence of electrical circuits between TNUoS generation charging zones that are represented in the Transport model. Where such paths exist, generation charging zones will be effectively linked via an incremental km transmission boundary length. These paths will be simplified through in the case of;

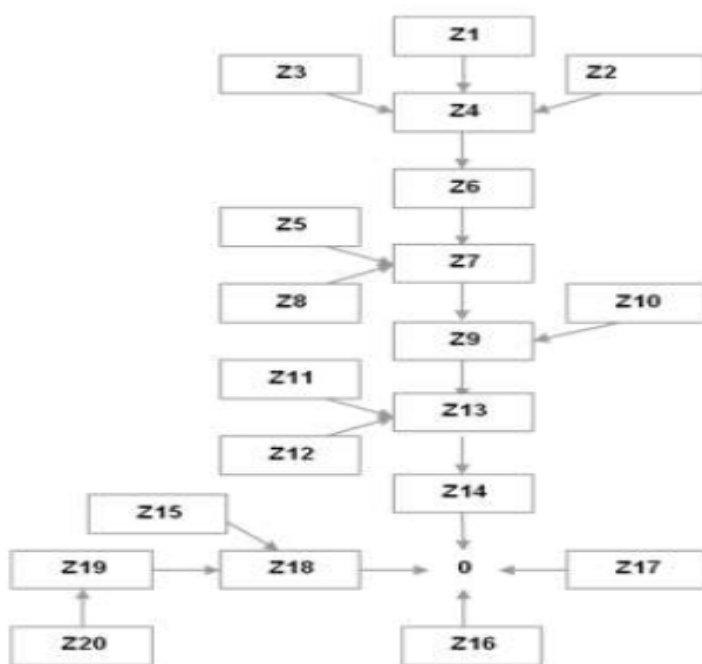
- Parallel paths – the longest path will be taken. An illustrative example is shown below with x, y and z representing the incremental km between zones.



- Parallel zones – parallel zones will be amalgamated with the incremental km immediately beyond the amalgamated zones being the greater of those existing prior to the amalgamation. An illustrative example is shown below with a, b, c, and d representing the the initial incremental km between zones, and x and y representing the final incremental km following zonal amalgamation.



14.15.51 An illustrative Connectivity diagram is shown below:



The arrows connecting generation charging zones and amalgamated generation charging zones represent the incremental km transmission boundary lengths towards the notional centre of the system. Generation located in charging zones behind arrows is considered to share based on the ratio of Low Carbon to Carbon cumulative generation TEC within those zones.

14.15.52 The Company will review Connectivity at the beginning of a new price control period, and under exceptional circumstances such as major system reconfigurations or generation rezoning. If any such reassessment is required, it will be undertaken against a background of minimal change to existing Connectivity and in line with the notification process set out in the Transmission Licence and the CUSC.

Calculation of Boundary Sharing Factors

14.15.53 Boundary sharing factors (BSFs) are derived from the comparison of the cumulative proportion of Low Carbon and Carbon generation TEC behind each of the incremental MWkm boundary lengths using the following formulae –

If $\frac{LC}{LC+C} \leq 0.5$, then all Year round marginal km costs are shared i.e. the BSF is 100%.

Where:

LC = Cumulative Low Carbon generation TEC behind the relevant transmission boundary

C = Cumulative Carbon generation TEC behind the relevant transmission boundary

If $\frac{LC}{LC+C} > 0.5$ then the BSF is calculated using the following formula: -

$$BSF = \left(-2 \times \left(\frac{LC}{LC+C} \right) \right) + 2$$

Where:

BSF = boundary sharing factor.

14.15.54 The shared incremental km for each boundary are derived from the multiplication of the boundary sharing factor by the incremental km for that boundary;

$$SBIkm_{ab} = BIIkm_{ab} \times BSF_{ab}$$

Where;

SBIkm_{ab} = shared boundary incremental km between generation charging zone A and generation charging zone B

BSF_{ab} = generation charging zone boundary sharing factor.

14.15.55 The shared incremental km is discounted from the incremental km for that boundary to establish the not-shared boundary incremental km. The not-shared boundary incremental km reflects the cost of transmission investment on that boundary accounting for the sharing of power stations behind that boundary.

$$NSBIkm_{ab} = BIIkm_{ab} - SBIkm_{ab}$$

Where;

NSBIkm_{ab} = not shared boundary incremental km between generation charging zone A and generation charging zone B.

14.15.56 The shared incremental km for a generation charging zone is the sum of the appropriate shared boundary incremental km for that generation charging zone as derived from the connectivity diagram.

$$\sum_a^n NSBIkm_{ab} = ZMkm_{nYRS}$$

Where;

ZMkm_{nYRS} = Year Round Shared Zonal Marginal km for generation charging zone n.

14.15.57 The not-shared incremental km for a generation charging zone is the sum of the appropriate not-shared boundary incremental km for that generation charging zone as derived from the connectivity diagram.

$$\sum_a^n NSBIkm_{ab} = ZMkm_{nYRNS}$$

Where;

ZMkm_{nYRNS} = Year Round Not-Shared Zonal Marginal km for generation zone n.

Deriving the Final Local £/kW Tariff and the Wider £/kW Tariff

14.15.58 The zonal marginal km (ZMkm_{Gi}) are converted into costs and hence a tariff by multiplying by the **Expansion Constant** and the **Locational Security Factor** (see below). The nodal local marginal km (NLMkm^L) are converted into costs and hence a tariff by multiplying by the **Expansion Constant** and a **Local Security Factor**.

The Expansion Constant

14.15.59 The expansion constant, expressed in £/MWkm, represents the annuitised value of the transmission infrastructure capital investment required to transport 1 MW over 1 km. Its magnitude is derived from the projected cost of 400kV overhead line, including an estimate of the cost of capital, to provide for future system expansion.

14.15.60 In the methodology, the expansion constant is used to convert the marginal km figure derived from the transport model into a £/MW signal. The tariff model performs this calculation, in accordance with 14.15.95 – 14.15.117, and also then calculates the residual element of the overall tariff (to ensure correct revenue recovery in accordance with the price control), in accordance with 14.15.133.

14.15.61 The transmission infrastructure capital costs used in the calculation of the expansion constant are provided via an externally audited process. They also include information provided from all onshore Transmission Owners (TOs). They are based on historic costs and tender valuations adjusted by a number of indices (e.g. global price of steel, labour, inflation, etc.). The objective of these adjustments is to make the costs reflect current prices, making the tariffs as forward looking as possible. This cost data represents The Company's best view; however it is considered as commercially sensitive and is therefore treated as confidential. The calculation of the expansion constant also relies on a significant amount of transmission asset information, much of which is provided in the Seven Year Statement.

14.15.62 For each circuit type and voltage used onshore, an individual calculation is carried out to establish a £/MWkm figure, normalised against the 400KV overhead line (OHL) figure, these provide the basis of the onshore circuit expansion factors discussed in 14.15.70 – 14.15.77. In order to simplify the calculation a unity power factor is assumed, converting £/MVAkm to £/MWkm. This reflects that the fact tariffs and charges are based on real power.

14.15.63 The table below shows the first stage in calculating the onshore expansion constant. A range of overhead line types is used and the types are weighted by recent usage on the transmission system. This is a simplified calculation for 400kV OHL using example data:

400kV OHL expansion constant calculation					
MW	Type	£(000)/k	Circuit km*	£/MWkm	Weight
A	B	C	D	E = C/A	F=E*D
6500	La	700	500	107.69	53846
6500	Lb	780	0	120.00	0
3500	La/b	600	200	171.43	34286
3600	Lc	400	300	111.11	33333
4000	Lc/a	450	1100	112.50	123750
5000	Ld	500	300	100.00	30000
5400	Ld/a	550	100	101.85	10185
Sum			2500 (G)		285400 (H)
				Weighted Average (J= H/G):	114.160 (J)

*These are circuit km of types that have been provided in the previous 10 years. If no information is available for a particular category the best forecast will be used.

- 14.15.64 The weighted average £/MWkm (J in the example above) is then converted in to an annual figure by multiplying it by an annuity factor. The formula used to calculate of the annuity factor is shown below:

$$Annuityfactor = \frac{1}{\left[\frac{1 - (1 + WACC)^{-AssetLife}}{WACC} \right]}$$

- 14.15.65 The Weighted Average Cost of Capital (WACC) and asset life are established at the start of a price control and remain constant throughout a price control period. The WACC used in the calculation of the annuity factor is the The Company regulated rate of return, this assumes that it will be reasonably representative of all licensees. The asset life used in the calculation is 50 years; the appropriateness of this is reviewed when the annuity factor is recalculated at the start of a price control period. These assumptions provide a current annuity factor of 0.066.

- 14.15.66 The final step in calculating the expansion constant is to add a share of the annual transmission overheads (maintenance, rates etc). This is done by multiplying the average weighted cost (J) by an 'overhead factor'. The 'overhead factor' represents the total business overhead in any year divided by the total Gross Asset Value (GAV) of the transmission system. This is recalculated at the start of each price control period. The overhead factor used in the calculation of the expansion constant for 2009/10 is 1.8%. The overhead and annuitised costs are then added to give the expansion constant.

- 14.15.67 Using the previous example, the final steps in establishing the expansion constant are demonstrated below:

400kV OHL expansion constant calculation	Ave £/MWkm
OHL	114.160

Annuited	7.535
Overhead	2.055
Final	9.589

14.15.68 This process is carried out for each voltage onshore, along with other adjustments to take account of upgrade options, see 14.15.73, and normalised against the 400kV overhead line cost (the expansion constant) the resulting ratios provide the basis of the onshore expansion factors. The process used to derive circuit expansion factors for Offshore Transmission Owner networks is described in 14.15.78.

14.15.69 This process of calculating the incremental cost of capacity for a 400kV OHL, along with calculating the onshore expansion factors is carried out for the first year of the price control and is increased by inflation, RPI, (May–October average increase, as defined in The Company's Transmission Licence) each subsequent year of the price control period. The expansion constant for 2010/11 is 10.633.

Onshore Wider Circuit Expansion Factors

14.15.70 Base onshore expansion factors are calculated by deriving individual expansion constants for the various types of circuit, following the same principles used to calculate the 400kV overhead line expansion constant. The factors are then derived by dividing the calculated expansion constant by the 400kV overhead line expansion constant. The factors will be fixed for each respective price control period.

14.15.71 In calculating the onshore underground cable factors, the forecast costs are weighted equally between urban and rural installation, and direct burial has been assumed. The operating costs for cable are aligned with those for overhead line. An allowance for overhead costs has also been included in the calculations.

14.15.72 The 132kV onshore circuit expansion factor is applied on a TO basis. This is to reflect the regional variation of plans to rebuild circuits at a lower voltage capacity to 400kV. The 132kV cable and line factor is calculated on the proportion of 132kV circuits likely to be uprated to 400kV. The 132kV expansion factor is then calculated by weighting the 132kV cable and overhead line costs with the relevant 400kV expansion factor, based on the proportion of 132kV circuitry to be uprated to 400kV. For example, in the TO areas of National Grid and Scottish Power where there are no plans to uprate any 132kV circuits, the full cable and overhead line costs of 132kV circuit are reflected in the 132kV expansion factor calculation.

14.15.73 The 275kV onshore circuit expansion factor is applied on a GB basis and includes a weighting of 83% of the relevant 400kV cable and overhead line factor. This is to reflect the averaged proportion of circuits across all three Transmission Licensees which are likely to be uprated from 275kV to 400kV across GB within a price control period.

14.15.74 The 400kV onshore circuit expansion factor is applied on a GB basis and reflects the full costs for 400kV cable and overhead lines.

14.15.75 AC sub-sea cable and HVDC circuit expansion factors are calculated on a case by case basis using actual project costs (Specific Circuit Expansion Factors).

14.15.76 For HVDC circuit expansion factors both the cost of the converters and the cost of the cable are included in the calculation.

14.15.77 The TO specific onshore circuit expansion factors calculated for 2008/9 (and rounded to 2 decimal places) are:

Scottish Hydro Region

400kV underground cable factor:	22.39
275kV underground cable factor:	22.39
132kV underground cable factor:	27.79
400kV line factor:	1.00
275kV line factor:	1.14
132kV line factor:	2.24

Scottish Power & National Grid Regions

400kV underground cable factor:	22.39
275kV underground cable factor:	22.39
132kV underground cable factor:	30.22
400kV line factor:	1.00
275kV line factor:	1.14
132kV line factor:	2.80

Onshore Local Circuit Expansion Factors

14.15.78 The local onshore circuit tariff is calculated using local onshore circuit expansion factors. These expansion factors are calculated using the same methodology as the onshore wider expansion factor but without taking into account the proportion of circuit kms that are planned to be updated.

14.15.79 In addition, the 132kV onshore overhead line circuit expansion factor is sub divided into four more specific expansion factors. This is based upon maximum (winter) circuit continuous rating (MVA) and route construction whether double or single circuit.

400kV underground cable factor:	22.39
275kV underground cable factor:	22.39
132kV underground cable factor:	30.22
400kV line factor:	1.00
275kV line factor:	1.14
132kV line factor (single; <200MVA):	10.00
132kV line factor (double; <200MVA):	8.32
132kV line factor (single; >=200MVA):	7.13
132kV line factor (double; >=200MVA):	4.42

Offshore Circuit Expansion Factors

14.15.80 Offshore expansion factors (£/MWkm) are derived from information provided by Offshore Transmission Owners for each offshore circuit. Offshore expansion factors are Offshore Transmission Owner and circuit specific. Each Offshore Transmission Owner will periodically provide, via the STC, information to derive an annual circuit revenue requirement. The offshore circuit revenue shall include revenues associated with the Offshore Transmission Owner's reactive compensation equipment, harmonic filtering equipment, asset spares and HVDC converter stations.

14.15.81 In the first year of connection, the offshore circuit expansion factor would be calculated as follows:

$$\frac{CRevOFTO1}{L \times CircRat} \div \text{Onshore 400kV OHL Expansion Constant}$$

Where:

CRevOFTO1	=	The offshore circuit revenue in £ for Year 1
L	=	The total circuit length in km of the offshore circuit
CircRat	=	The continuous rating of the offshore circuit

14.15.82 In all subsequent years, the offshore circuit expansion factor would be calculated as follows:

$$\frac{AvCRevOFTO}{L \times CircRat} \div \text{Onshore 400kV OHL Expansion Constant}$$

Where:

AvCRevOFTO	=	The annual offshore circuit revenue averaged over the remaining years of the onshore National Electricity Transmission System Operator (NETSO) price control
L	=	The total circuit length in km of the offshore circuit
CircRat	=	The continuous rating of the offshore circuit

14.15.83 For the avoidance of doubt, the offshore circuit revenue values, *CRevOFTO1* and *AvCRevOFTO* shall be determined using asset values after the removal of any One-Off Charges.

14.15.84 Prevailing OFFSHORE TRANSMISSION OWNER specific expansion factors will be published in this statement. These shall be recalculated at the start of each price control period using the formula in paragraph 14.15.71. For each subsequent year within the price control period, these expansion factors will be adjusted by the annual Offshore Transmission Owner specific indexation factor, *OFTOInd*, calculated as follows;

$$OFTOInd_{t,f} = \frac{OFTORevInd_{t,f}}{RPI_t}$$

where:

<i>OFTOInd_{t,f}</i>	=	the indexation factor for Offshore Transmission Owner <i>f</i> in respect of charging year <i>t</i> ,
<i>OFTORevInd_{t,f}</i>	=	the indexation rate applied to the revenue of Offshore Transmission Owner <i>f</i> under the terms of its Transmission Licence in respect of charging year <i>t</i> , and
<i>RPI_t</i>	=	the indexation rate applied to the expansion constant in respect of charging year <i>t</i> .

Offshore Interlinks

14.15.85 The revenue associated with an Offshore Interlink shall be divided entirely between those generators benefiting from the installation of that Offshore Interlink. Each of these Users will be responsible for their charge from their charging date, meaning that a proportion of the Offshore Interlink revenue may be socialised prior to all relevant Users being chargeable. The proportion associated with each User will be based on the Measure of Capacity to the MITS using the Offshore Interlink(s) in the event of a single circuit fault on the User's circuit from their offshore substation towards the shore, compared to the Measure of Capacity of the other Users.

Where:

An *Offshore Interlink* is a circuit which connects two offshore substations that are connected to a Single Common Substation. It is held in open standby until there is a transmission fault that limits the User's ability to export power to the Single Common Substation. In the Transport Model, they are to be modelled in open standby.

A *Single Common Substation* is a substation where:

- i. each substation that is connected by an Offshore Interlink is connected via at least one circuit without passing through another substation; and
- ii. all routes connecting each substation that is connected by an Offshore Interlink to the MITS pass through.

The Measure of Capacity to the MITS for each Offshore substation is the result of the following formula or zero whichever is larger. For the situation with only one interlink, all terms relating to C should be set to zero:

For Substation A:

$$\min \{ \text{Cap}_{IAB}, \text{ILF}_A \times \text{TEC}_A - \text{RCap}_A, \text{Cap}_B - \text{ILF}_B \times \text{TEC}_B + \min (\text{Cap}_{IBC}, \text{Cap}_C - \text{ILF}_C \times \text{TEC}_C) \}$$

For Substation B:

$$\min \{ \text{ILF}_B \times \text{TEC}_B - \text{RCap}_B, \min (\text{Cap}_{IAB}, \text{Cap}_A - \text{ILF}_A \times \text{TEC}_A) + \min (\text{Cap}_{IBC}, \text{Cap}_C - \text{ILF}_C \times \text{TEC}_C) \}$$

For Substation C:

$$\min \{ \text{Cap}_{IBC}, \text{ILF}_C \times \text{TEC}_C - \text{RCap}_C, \text{Cap}_B - \text{ILF}_B \times \text{TEC}_B + \min (\text{Cap}_{IAB}, \text{Cap}_A - \text{ILF}_A \times \text{TEC}_A) \}$$

and

Cap_{IAB} = total capacity of the Offshore Interlink between substations A and B

Cap_{IBC} = total capacity of the Offshore Interlink between substations B and C

Cap_X = total capacity of the circuit between offshore substation X and the Single Common Substation, where X is A, B or C.

RCap_X = remaining capacity of the circuit between offshore substation X and the Single Common Substation in the event of a single cable fault, where X is A, B or C.

TEC_X = the sum of the TEC for the Users connected, or contracted to connect, to offshore substation X, where X is A, B or C, where the value of TEC will be the maximum TEC that each User has held since the initial charging date, or is contracted to hold if prior to the initial charging date.

ILF_X = Offshore Interlink Load Factor, where X is A, B or C.
 The Offshore Interlink Load Factor (ILF) is based on the Annual Load Factor (ALF). Until all the Users connected to a Single Common Substation have a station specific Annual Load Factor based on five years of data, the generic ALF for the fuel type will be used as the ILF for all stations. When all Users have a station specific ALF, the value of the ALF in the first such year will be used as the ILF in the calculation for all subsequent charging years.

14.15.86 The apportionment of revenue associated with Offshore Interlink(s) in 14.15.85 applies in situations where the Offshore Interlink was included in the design phase, or if one or more User(s) has already financially committed or been commissioned then only where that User(s) agrees to the Offshore Interlink.

14.15.87 Alternatively to the formula specified in 14.15.85 the proportion of the OFTO revenue associated with the Offshore Interlink allocated to each generator benefiting from the installation of an Offshore Interlink may be agreed between these Users. In this event:

- a. All relevant Users shall notify The Company of its respective proportions three months prior the OTSDUW asset transfer in the case of a generator build, or the charging date of the first generator, in the case of an OFTO build.
- b. All relevant Users may agree to vary the proportions notified under (a) by each writing to The Company three months prior to the charges being set for a given charging year.
- c. Once a set of proportions of the OFTO revenue associated with the Offshore Interlink has been provided to The Company, these will apply for the next and future charging years unless and until The Company is informed otherwise in accordance with (b) by all of the relevant Users.
- d. If all relevant Users are unable to reach agreement on the proportioning of the OFTO revenue associated with the Offshore Interlink they can raise a dispute. Any dispute between two or more Users as to the proportioning of such revenue shall be managed in accordance with CUSC Section 7 Paragraph 7.4.1 but the reference to the 'Electricity Arbitration Association' shall instead be to the 'Authority' and the Authority's determination of such dispute shall, without prejudice to apply for judicial review of any determination, be final and binding on the Users.

The Locational Onshore Security Factor

14.15.88 The locational onshore security factor is derived by running a secure DCLF ICRP transport study based on the same market background as used for Zoning in the DCLF ICRP transport model. This calculates the nodal marginal costs where peak demand can be met despite the Security and Quality of Supply Standard contingencies (simulating single and double circuit faults) on the network. Essentially the calculation of secured nodal marginal costs is identical to the process outlined above except that the secure DCLF study additionally calculates a nodal marginal cost taking into account the requirement to be secure against a set of worse case contingencies in terms of maximum flow for each circuit.

14.15.89 The secured nodal cost differential is compared to that produced by the DCLF ICRP transport model and the resultant ratio of the two determines the locational security factor using the Least Squares Fit method. Further information may be obtained from the charging website¹.

14.15.90 The locational onshore security factor derived for 2010/11 is 1.8 and is based on an average from a number of studies conducted by The Company to account for future network developments. The security factor is reviewed for each price control period and fixed for the duration.

Local Security Factors

14.15.91 Local onshore security factors are generator specific and are applied to a generator's local onshore circuits. If the loss of any one of the local circuits prevents the export of power from the generator to the MITS then a local security factor of 1.0 is applied. For generation with circuit redundancy, a local security factor is applied that is equal to the locational security factor, currently 1.8.

14.15.92 Where a Transmission Owner has designed a local onshore circuit (or otherwise that circuit once built) to a capacity lower than the aggregated TEC of the generation using that circuit, then the local security factor of 1.0 will be multiplied by a Counter Correlation Factor (CCF) as described in the formula below;

$$CCF = \frac{D_{\min} + T_{cap}}{G_{cap}}$$

Where; D_{\min} = minimum annual net demand (MW) supplied via that circuit in the absence of that generation using the circuit

T_{cap} = transmission capacity built (MVA)

G_{cap} = aggregated TEC of generation using that circuit

CCF cannot be greater than 1.0.

14.15.93 A specific offshore local security factor (LocalSF) will be calculated for each offshore connection using the following methodology:

$$LocalSF = \frac{NetworkExportCapacity}{\sum_k Gen_k}$$

Where:

NetworkExportCapacity = the total export capacity of the network disregarding any Offshore Interlinks

k = the generation connected to the offshore network

¹ <http://www.nationalgrid.com/uk/Electricity/Charges/>

- 14.15.94 The offshore security factor for single circuits with a single cable will be 1.0 and for multiple circuit connections will be capped at the locational onshore security factor, derived as 1.8 for 2010/11.
- 14.15.95 The offshore local security factor for configurations with one or more Offshore Interlinks is updated so that the offshore circuit tariff will include the proportion of revenue associated with the Offshore Interlink(s). The specific offshore local security factor for configurations involving an Offshore Interlink, which may be greater than 1.8, will be calculated for each offshore connection using the following methodology:

$$LocalSF = \frac{IRevOFTO \times NetworkExportCapacity}{CRevOFTO \times \sum_k Gen_k} + LocalSF_{initial}$$

Where:

IRevOFTO = The appropriate proportion of the Offshore Interlink(s) revenue in £ associated with the offshore connection calculated in 14.15.85

CRevOFTO = The offshore circuit revenue in £ associated with the circuit(s) from the offshore substation to the Single Common Substation.

LocalSF_{initial} = Initial Local Security Factor calculated in 14.15.80 and 14.15.81
And other definitions as in 14.15.80.

Initial Transport Tariff

- 14.15.96 First an Initial Transport Tariff (ITT) must be calculated for both Peak Security and Year Round backgrounds. For Generation, the Peak Security zonal marginal km ($ZMkm_{PS}$), Year Round Not-Shared zonal marginal km ($ZMkm_{YRNS}$) and Year Round Shared zonal marginal km ($ZMkm_{YRS}$) are simply multiplied by the expansion constant and the locational security factor to give the Peak Security ITT, Year Round Not-Shared ITT and Year Round Shared ITT respectively:

$$ZMkm_{GiPS} \times EC \times LSF = ITT_{GiPS}$$

$$ZMkm_{GiYRNS} \times EC \times LSF = ITT_{GiYRNS}$$

$$ZMkm_{GiYRS} \times EC \times LSF = ITT_{GiYRS}$$

Where

$ZMkm_{GIPS}$ = Peak Security Zonal Marginal km for each generation zone

$ZMkm_{GiYRNS}$ = Year Round Not-Shared Zonal Marginal km for each generation charging zone

$ZMkm_{GiYRS}$ = Year Round Shared Zonal Marginal km for each generation charging zone

EC = Expansion Constant

LSF = Locational Security Factor

ITT_{GIPS} = Peak Security Initial Transport Tariff (£/MW) for each generation zone

ITT_{GiYRNS} = Year Round Not-Shared Initial Transport Tariff (£/MW) for each generation charging zone

ITT_{GiYRS} = Year Round Shared Initial Transport Tariff (£/MW) for each generation charging zone.

14.15.97 Similarly, for demand the Peak Security zonal marginal km ($ZMkm_{PS}$) and Year Round zonal marginal km ($ZMkm_{YR}$) are simply multiplied by the expansion constant and the locational security factor to give the Peak Security ITT and Year Round ITT respectively:

$$ZMkm_{DiPS} \times EC \times LSF = ITT_{DiPS}$$

$$ZMkm_{DiYR} \times EC \times LSF = ITT_{DiYR}$$

Where

$ZMkm_{DiPS}$ = Peak Security Zonal Marginal km for each demand zone

$ZMkm_{DiYR}$ = Year Round Zonal Marginal km for each demand zone

ITT_{DiPS} = Peak Security Initial Transport Tariff (£/MW) for each demand one

ITT_{DiYR} = Year Round Initial Transport Tariff (£/MW) for each demand zone

14.15.98 The next step is to multiply these ITTs by the expected metered triad demand and generation capacity to gain an estimate of the initial revenue recovery for both Peak Security and Year Round backgrounds. The metered triad demand and generation capacity are based on forecasts provided by Users and are confidential.

a.

Where

$ITRR_G$ = Initial Transport Revenue Recovery for generation

G_{Gi} = Total forecast Generation for each generation zone (based on confidential User forecasts)

$ITRR_D$ = Initial Transport Revenue Recovery for demand

D_{Di} = Total forecast Metered Triad Demand for each demand zone (based on confidential User forecasts)

In addition, the initial tariffs for generation are also multiplied by the **Peak Security flag** when calculating the initial revenue recovery component for the Peak Security background. Similarly, when calculating the initial revenue recovery for the Shared component of the Year Round background, the initial tariffs are multiplied by the **Annual Load Factor** (see below).

Peak Security (PS) Flag

14.15.99 The revenue from a specific generator due to the Peak Security locational tariff needs to be multiplied by the appropriate Peak Security (PS) flag. The PS flags indicate the extent to which a generation plant type contributes to the need for transmission network investment at peak demand conditions. The PS flag is derived from the contribution of differing generation sources to the demand security criterion as described in the Security Standard. In the event of a significant change to the demand security assumptions in the Security Standard, National Grid will review the use of the PS flag.

Generation Plant Type	PS flag
Intermittent	0

Other	1
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Annual Load Factor (ALF)

- 14.15.100 The ALF for each individual Power Station is calculated using the relevant TEC (MW) and corresponding output data. Where output data is not available for a Power Station, including for new Power Stations and emerging Power Station technologies, generic data for the appropriate generation plant type will be used.
- 14.15.101 For a given charging year “t” the Power Station ALF will be based on information from the previous five charging years, calculated for each charging year as set out below.

$$ALF = \frac{\sum_{p=1}^{17520} GMWh_p}{\sum_{p=1}^{17520} TEC_p \times 0.5}$$

Where:

GMWh_p is the maximum of FPN or actual metered output in a Settlement Period related to the power station TEC (MW); and
TEC_p is the TEC (MW) applicable to that Power Station for that Settlement Period including any STTEC and LDTEC, accounting for any trading of TEC.

- 14.15.102 The appropriate output (FPN or actual metered) figure is derived from **BM Unit** data available to National Grid and relates to the total TEC of the Power Station.
- 14.15.103 Once all five charging year ALFs have been calculated for the individual Power Station they are compared, and the highest and lowest figures are discarded. The final ALF, to be used for transmission charging purposes, is calculated as the average of the remaining three ALFs.
- 14.15.104 In the event that only four charging years of complete output (FPN or actual metered) data are available for an individual Power Station then the higher three charging years ALF would be used in the calculation of the final ALF. In the event that only three charging years of complete output (FPN or actual metered) data are available then these three charging years would be used.
- 14.15.105 Due to the aggregation of output (FPN or actual metered) data for dispersed generation (e.g. cascade hydro schemes), where a single generator BMU consists of geographically separated power stations, the ALF would be calculated based on the total output of the BMU and the overall TEC of those Power Stations.
- 14.15.106 In the event that there are not three full charging years of an individual power station’s output available, missing output (FPN or actual metered) data would be replaced by generic data for that generation plant type to ensure three charging years of information are available for the Power Station. The derivation of the generic data is described in paragraphs 14.15.111-14.15.114.
- 14.15.107 Users will receive draft ALFs before 25th December of the charging year (t-1) for the charging year (t) and will have a period of 15 working days from date of

publishing to notify the Company of any errors. Failure to agree changes relating to errors will be treated as a charging dispute under the CUSC.

- 14.15.108 The ALFs used in the setting of final tariffs will be published in the annual Statement of Use of System Charges. Changes to ALFs after this publication will not result in changes to published tariffs (e.g. following dispute resolution).

Derivation of Generic ALFs

- 14.15.109 The generic ALF is derived from the average annual output of the ten most recently commissioned GB generation of a particular generation plant type that have at least five charging years' data, using an identical methodology to that used for the Power Station specific calculation described above. Where less than ten GB generators of a particular generation plant type exist, then data from all existing generators of that particular generation plant type will be used. Example generation plant type categories are listed below;

Fuel Type
Biomass
Coal
Gas
Hydro
Nuclear (by reactor type)
Oil & OCGTs
Pumped Storage
Onshore Wind
Offshore Wind
CHP

- 14.15.110 The Company will keep these categories under review and update as necessary. Where within a category there is a significant locational difference consideration will be given to zonal generic factors. The factors used will be published in the Statement of Use of System Charges and will be reviewed annually.
- 14.15.111 If a User can demonstrate that the generation plant type of a Power Station has changed, consideration will be given to the use of relevant generic ALF information in the calculation of their charges until sufficient specific data is available.
- 14.15.112 For new and emerging generation plant types, where insufficient data is available to allow a generic ALF to be developed, The Company will use the best information available e.g. from manufacturers and data from use of similar technologies outside GB. The factor will be agreed with the relevant Generator. In the event of a disagreement the standard provisions for dispute in the CUSC will apply.

Initial Revenue Recovery

- 14.15.113 For the Peak Security background the initial tariff for generation is multiplied by the total forecast generation capacity and the PS flag to give the initial revenue recovery:

$$\sum_{Gi=1}^n (ITT_{GiPS} \times G_{Gi} \times F_{PS}) = ITRR_{GPS}$$

Where

$ITRR_{GPS}$	=	Peak Security Initial Transport Revenue Recovery for generation
G_{Gi}	=	Total forecast Generation for each generation zone (based on confidential User forecasts)
F_{PS}	=	Peak Security flag appropriate to that generator type
n	=	Number of generation zones

The initial revenue recovery for demand for the Peak Security background is calculated by multiplying the initial tariff by the total forecast metered triad demand:

$$\sum_{Di=1}^{14} (ITT_{DiPS} \times D_{Di}) = ITRR_{DPS}$$

Where:

$ITRR_{DPS}$	=	Peak Security Initial Transport Revenue Recovery for demand
D_{Di}	=	Total forecast Metered Triad Demand for each demand zone (based on confidential User forecasts)

14.15.114 For the Year Round background, the initial tariff for generation is multiplied by the total forecast generation capacity whilst calculating Initial Recovery for Not-Shared component whereas the initial tariff for Shared component is multiplied by both, the total forecast generation capacity and the ALF to give the initial revenue recovery:

$$\sum_{Gi=1}^n (ITT_{GiYRNS} \times G_{Gi}) = ITRR_{GYRNS}$$

$$\sum_{Gi=1}^n (ITT_{GiYRS} \times G_{Gi} \times ALF) = ITRR_{GYRS}$$

Where:

$ITRR_{GYRNS}$	=	Year Round Not-Shared Initial Transport Revenue Recovery for generation
$ITRR_{GYRS}$	=	Year Round Shared Initial Transport Revenue Recovery for generation
ALF	=	Annual Load Factor appropriate to that generator.

14.15.115 Similar to the Peak Security background, the initial revenue recovery for demand for the Year Round background is calculated by multiplying the initial tariff by the total forecast metered triad demand:

$$\sum_{Di=1}^{14} (ITT_{DiYR} \times D_{Di}) = ITRR_{DYR}$$

Where:

$ITRR_{D_{YR}}$ = Year Round Initial Transport Revenue Recovery for demand

Deriving the Final Local Tariff (£/kW)

Local Circuit Tariff

14.15.116 Generation with a local circuit tariff is calculated by multiplying the Year Round nodal marginal km along the local circuit by the expansion constant and the relevant local security factor (whether onshore or offshore) and summing across local circuits to give the local circuit tariff:

$$\sum_k \frac{NLMkm_{G_j}^L \times EC \times LocalSF_k}{1000} = CLT_{G_i}$$

Where

k = Local circuit k for generator

$NLMkm_{G_j}^L$ = Year Round Nodal marginal km along local circuit k using local circuit expansion factor.

EC = Expansion Constant

$LocalSF_k$ = Local Security Factor for circuit k

CLT_{G_i} = Circuit Local Tariff (£/kW)

Onshore Local Substation Tariff

14.15.117 All chargeable generation is subject to the local substation tariff component which is determined by assessing the generation substation type which is the substation at the connection charging boundary, against three cost determining factors:

- HV connection voltage – the voltage at the boundary between the User's connection assets and the transmission system;
- Sum of TEC at the generation substation – the combined TEC of all generation at the connecting substation; and
- The level of redundancy at the generation substation – single busbar / single switch mesh connections are examples of no redundancy connections, whereas examples of connections with redundancy include double busbar and mesh sub station designs.

14.15.118 Using the above factors, the corresponding £/kW tariffs (quoted to 3dp) that will be applied during 2010/11 are:

Substation Rating (b)	Connection Type (c)	Substation Voltage (a)		
		132kV	275kV	400kV
<1320MW	No redundancy	0.133	0.081	0.065
<1320MW	Redundancy	0.301	0.192	0.155
>=1320MW	No redundancy	n/a	0.257	0.208
>=1320MW	Redundancy	n/a	0.417	0.336

14.15.119 The process for calculating Local Substation Tariffs will be carried out for the first year of the price control and will subsequently be indexed by RPI for each subsequent year of the price control period.

14.15.120 The effective **Local Tariff** (£/kW) is calculated as the sum of the circuit and substation onshore and/or offshore components:

$$ELT_{Gi} = CLT_{Gi} + SLT_{Gi}$$

Where

ELT_{Gi} = Effective Local Tariff (£/kW)
 SLT_{Gi} = Substation Local Tariff (£/kW)

14.15.121 Where tariffs do not change mid way through a charging year, final local tariffs will be the same as the effective tariffs:

ELT_{Gi} = LT_{Gi}
 Where
 LT_{Gi} = Final Local Tariff (£/kW)

14.15.122 Where tariffs are changed part way through the year, the final tariffs will be calculated by scaling the effective tariffs to reflect that the tariffs are only applicable for part of the year and parties may have already incurred TNUoS liability.

$$LT_{Gi} = \frac{12 \times \left(ELT_{Gi} \times \sum_{Gi=1}^{21} G_{Gi} - FLL_{Gi} \right)}{b \times \sum_{Gi=1}^{21} G_{Gi}} \quad \text{and} \quad FT_{Di} = \frac{12 \times \left(ET_{Di} \times \sum_{Di=1}^{14} D_{Di} - FL_{Di} \right)}{b \times \sum_{Di=1}^{14} D_{Di}}$$

Where:

b = number of months the revised tariff is applicable for

FLL = Forecast local liability incurred over the period that the original tariff is applicable for

14.15.123 For the purposes of charge setting, the total local charge revenue is calculated by:

$$LCRR_G = \sum_{j=Gi} LT_{Gi} * G_j$$

Where

LCRR_G = Local Charge Revenue Recovery
 G_j = Forecast chargeable Generation or Transmission Entry Capacity in kW (as applicable) for each generator (based on confidential information received from Users)

Offshore substation local tariff

14.15.124 All offshore chargeable generation is subject to an offshore substation tariff. The offshore substation tariff shall be the sum of transformer, switchgear and platform components.

14.15.125 Each tariff component, expressed in £/kW, shall be the ratio of the Offshore Transmission Owner revenue (£) and rating associated with the transformers, switchgear or platform (kW) at each offshore substation. The Offshore Transmission Owner revenue of each tariff component shall include that

associated with asset spares. In the case of the platform component, the relevant rating shall be the lower of the transformer or switchgear ratings. As with the offshore circuit expansion factors, the Offshore Transmission Owner revenue associated with each tariff component shall be averaged over the remaining years of the NETSO price control.

14.15.126 Offshore Transmission Owner revenue associated with interest during construction and project development overheads will be attributed to the relevant asset category with which it is associated. If these or any other costs included in the Offshore Transmission Owner revenue are not readily attributable to a given asset category, they will be pro-rated across the various asset categories based on their relative cost.

14.15.127 For 2010/11 a discount of £0.345590/kW shall be provided to the offshore substation tariff to reflect the average cost of civil engineering for onshore substations. This will be inflated by RPI each year and reviewed every price control period.

14.15.128 Offshore substation tariffs shall be reviewed at the start of every onshore price control period. For each subsequent year within the price control period, these shall be inflated in the same manner as the associated Offshore Transmission Owner Revenue.

14.15.129 The revenue from the offshore substation local tariff is calculated by:

$$SLTR = \sum_{\substack{\text{All offshore} \\ \text{substations}}} \left(SLT_k \times \sum_k Gen_k \right)$$

Where:

SLT_k = the offshore substation tariff for substation k
 Gen_k = the generation connected to offshore substation k

The Residual Tariff

14.15.130 The total revenue to be recovered through TNUoS charges is determined each year with reference to the Transmission Licensees' Price Control formulas less the costs expected to be recovered through Pre-Vesting connection charges. Hence in any given year t, a target revenue figure for TNUoS charges (TRR_t) is set after adjusting for any under or over recovery for and including, the small generators discount is as follows:

$$TRR_t = R_t - PVC_t - SG_{t-1}$$

Where

TRR_t = TNUoS Revenue Recovery target for year t
 R_t = Forecast Revenue allowed under The Company's RPI-X Price Control Formula for year t (this term includes a number of adjustments, including for over/under recovery from the previous year). For further information, refer to Special Condition D2 of The Company's Transmission Licence.
 PVC_t = Forecast Revenue from Pre-Vesting connection charges for year t
 SG_{t-1} = The proportion of the under/over recovery included within R_t which relates to the operation of statement C13 of the The Company Transmission Licence. Should the operation of statement C13 result in an under recovery in year t – 1, the SG figure will be positive and vice versa for an over recovery.

14.15.131 In normal circumstances, the revenue forecast to be recovered from the initial transport tariffs will not equate to the total revenue target. This is due to a number of factors. For example, the transport model assumes, for simplicity, smooth incremental transmission investments can be made. In reality, transmission investment can only be made in discrete 'lumps'. The transmission system has been planned and developed over a long period of time. Forecasts and assessments used for planning purposes will not have been borne out precisely by events and therefore some distinction between an optimal system for one year and the actual system can be expected.

14.15.132 As a result of the factors above, in order to ensure adequate revenue recovery, a constant non-locational **Residual Tariff** for generation and demand is calculated, which includes infrastructure substation asset costs. It is added to the initial transport tariffs for both Peak Security and Year Round backgrounds so that the correct generation / demand revenue split is maintained and the total revenue recovery is achieved.

$$RT_D = \frac{(p \times TRR) - ITRR_{DPS} - ITRR_{DYS}}{\sum_{Di=1}^{14} D_{Di}}$$

$$RT_G = \frac{[(1-p) \times TRR] - ITRR_{GPS} - ITRR_{GYRNS} - ITRR_{GYRS} - LCRR_G}{\sum_{Gi=1}^n G_{Gi}}$$

Where

RT = Residual Tariff (£/MW)

p = Proportion of revenue to be recovered from demand

Final £/kW Tariff

14.15.133 The effective Transmission Network Use of System tariff (TNUoS) can now be calculated as the sum of the initial transport wider tariffs for Peak Security and Year Round backgrounds, the non-locational residual tariff and the local tariff:

$$ET_{Gi} = \frac{ITT_{GiPS} + ITT_{GiYRNS} + ITT_{GiYRS} + RT_G}{1000} + LT_{Gi} \quad \text{and}$$

$$ET_{Di} = \frac{ITT_{DiPS} + ITT_{DiYR} + RT_D}{1000}$$

Where

ET=Effective TNUoS Tariff expressed in £/kW (ET_{Gi} would only be applicable to a Power Station with a PS flag of 1 and ALF of 1; in all other circumstances ITT_{GiPS}, ITT_{GiYRNS} and ITT_{GiYRS} will be applied using Power Station specific data)

For the purposes of the annual Statement of Use of System Charges ET_{Gi} will be published as ITT_{GiPS}, ITT_{GiYRNS}, ITT_{GiYRS}, RT_G and LT_{Gi}

14.15.134 Where tariffs do not change mid way through a charging year, final demand and generation tariffs will be the same as the effective tariffs.

$$FT_{Gi} = ET_{Gi} \quad \text{and} \quad FT_{Di} = ET_{Di}$$

14.15.135 Where tariffs are changed part way through the year, the final tariffs will be calculated by scaling the effective tariffs to reflect that the tariffs are only applicable for part of the year and parties may have already incurred TNUoS liability.

$$FT_{Gi} = \frac{12 \times \left(ET_{Gi} \times \sum_{Gi=1}^{20} G_{Gi} - FL_{Gi} \right)}{b \times \sum_{Gi=1}^{27} G_{Gi}} \quad \text{and} \quad FT_{Di} = \frac{12 \times \left(ET_{Di} \times \sum_{Di=1}^{14} D_{Di} - FL_{Di} \right)}{b \times \sum_{Di=1}^{14} D_{Di}}$$

Where:

b = number of months the revised tariff is applicable for

FL = Forecast liability incurred over the period that the original tariff is applicable for

Note: The ET_{Gi} element used in the formula above will be based on an individual Power Stations PS flag and ALF for Power Station G_{Gi} , aggregated to ensure overall correct revenue recovery.

14.15.136 If the final demand TNUoS Tariff results in a negative number then this is collared to £0/kW with the resultant non-recovered revenue smeared over the remaining demand zones:

If $FT_{Di} < 0$, then $i = 1$ to z

$$\text{Therefore,} \quad NRRT_D = \frac{\sum_{i=1}^z (FT_{Di} \times D_{Di})}{\sum_{i=z+1}^{14} D_{Di}}$$

Therefore the revised Final Tariff for the demand zones with positive Final tariffs is given by:

$$\text{For } i = 1 \text{ to } z: \quad RFT_{Di} = 0$$

$$\text{For } i = z+1 \text{ to } 14: \quad RFT_{Di} = FT_{Di} + NRRT_D$$

Where

$NRRT_D$ = Non Recovered Revenue Tariff (£/kW)

RFT_{Di} = Revised Final Tariff (£/kW)

14.15.137 The tariffs applicable for any particular year are detailed in The Company's **Statement of Use of System Charges**, which is available from the **Charging website**. Archived tariff information may also be obtained from the Charging website.

14.15.138 The zonal maps referenced in The Company's **Statement of Use of System Charges** and available on the **Charging website** contain detailed information for the charging year in question of which Grid Supply Points fall into which TNUoS zones.

14.15.139 New Grid Supply Points will be classified into zones on the following basis:

- For demand zones, according to the GSP Group to which the Grid Supply Point is allocated for energy market settlement purposes.
 - For generation zones, with reference to the geographic proximity to existing zones and, where close to a boundary between existing zones, with reference to the marginal costs arising from transport model studies. The GSP will then be allocated to the zone, which contains the most similar marginal costs.
- 14.15.140 The Company has available, upon request, the DCLF ICRP transport model, tariff model template and data necessary to run the model, consisting of nodal values of generation and demand connection points to the NETS. The model and data will enable the basic nodal charges to be determined and will also allow sensitivity analysis concerning alternative developments of generation and demand to be undertaken. The model is available from the Charging Team and whilst it is free of charge, it is provided under licence to restrict its distribution and commercial use.
- 14.15.141 The Company will be pleased to run specific sensitivity studies for Users under a separate study contract in line with the fees set out in the **Statement of Use of System Charges**. Please contact the **Charging Team**.
- 14.15.142 The factors which will affect the level of TNUoS charges from year to year include-;
- the forecast level of peak demand on the system
 - the Price Control formula (including the effect of any under/over recovery from the previous year),
 - the expansion constant,
 - the locational security factor,
 - the PS flag
 - the ALF of a generator
 - changes in the transmission network
 - HVDC circuit impedance calculation
 - changes in the pattern of generation capacity and demand.
- 14.15.143 In accordance with Standard Licence Condition C13, generation directly connected to the NETS 132kV transmission network which would normally be subject to generation TNUoS charges but would not, on the basis of generating capacity, be liable for charges if it were connected to a licensed distribution network qualifies for a reduction in transmission charges by a designated sum, determined by the Authority. Any shortfall in recovery will result in a unit amount increase in demand charges to compensate for the deficit. Further information is provided in the Statement of the Use of System Charges.

Stability & Predictability of TNUoS tariffs

- 14.15.144 A number of provisions are included within the methodology to promote the stability and predictability of TNUoS tariffs. These are described in 14.29.

14.16 Derivation of the Transmission Network Use of System Energy Consumption Tariff and Short Term Capacity Tariffs

- 14.16.1 For the purposes of this section, Lead Parties of Balancing Mechanism (BM) Units that are liable for Transmission Network Use of System Demand Charges are termed Suppliers.
- 14.16.2 Following calculation of the Transmission Network Use of System £/kW Demand Tariff (as outlined in Chapter 2: Derivation of the TNUoS Tariff) for each GSP Group is calculated as follows:

$$p/\text{kWh Tariff} = \frac{(\text{NHHD}_F * \text{£/kW Tariff} - \text{FL}_G)}{\text{NHHC}_G} * 100$$

Where:

£/kW Tariff = The £/kW Effective Demand Tariff (£/kW), as calculated previously, for the GSP Group concerned.

NHHD_F = The Company's forecast of Suppliers' non-half-hourly metered Triad Demand (kW) for the GSP Group concerned. The forecast is based on historical data.

FL_G = Forecast Liability incurred for the GSP Group concerned.

NHHC_G = The Company's forecast of GSP Group non-half-hourly metered total energy consumption (kWh) for the period 16:00 hrs to 19:00hrs inclusive (i.e. settlement periods 33 to 38) inclusive over the period the tariff is applicable for the GSP Group concerned.

Short Term Transmission Entry Capacity (STTEC) Tariff

- 14.16.3 The Short Term Transmission Entry Capacity (STTEC) tariff for positive zones is derived from the Effective Tariff (ET_{Gi}) annual TNUoS £/kW tariffs (14.15.112). If multiple set of tariffs are applicable within a single charging year, the Final Tariff used in the STTEC calculation will be prorated in an identical manner to that used when calculating a generators annual liability. The periods over which the tariff would be prorated would be identical to the periods used when calculating the wider tariff (i.e. over the whole financial year, not just the period that the STTEC is applicable for). STTECs will not be reconciled following a mid year charge change. The premium associated with the flexible product is associated with the analysis that 90% of the annual charge is linked to the system peak. The system peak is likely to occur in the period of November to February inclusive (120 days, irrespective of leap years). The calculation for positive generation zones is as follows:

$$\frac{FT_{Gi} \times 0.9 \times \text{STTEC Period}}{120} = \text{STTEC tariff (£/kW/period)}$$

Where:

FT = Final annual TNUoS Tariff expressed in £/kW
 Gi = Generation zone
 STTEC Period = A period applied for in days as defined in the CUSC

- 14.16.4 For the avoidance of doubt, the charge calculated under 14.16.3 above will represent each single period application for STTEC. Requests for multiple /STTEC periods will result in each STTEC period being calculated and invoiced separately.
- 14.16.5 The STTEC tariff for generators with negative final tariffs is set to zero to prevent Users receiving greater than 100% of the annual TNUoS payment that would have been received for that capacity under a firm TEC.

Limited Duration Transmission Entry Capacity (LDTEC) Tariffs

- 14.16.6 The Limited Duration Transmission Entry Capacity (LDTEC) tariff for positive zones is derived from the equivalent zonal STTEC tariff for up to the initial 17 weeks of LDTEC in a given charging year (whether consecutive or not). For the remaining weeks of the year, the LDTEC tariff is set to collect the balance of the annual TNUoS liability over the maximum duration of LDTEC that can be granted in a single application. If multiple set of tariffs are applicable within a single charging year, the Final Tariff used in the LDTEC calculation will be prorated in an identical manner to that used when calculating a generators annual liability. The periods over which the tariff would be prorated would be identical to the periods used when calculating the wider tariff (ie over the whole financial year, not just the period that the STTEC is applicable for). LDTECs will not be reconciled following a mid year charge change:

Initial 17 weeks (high rate):

$$\text{LDTEC tariff (£/kW/week)} = \frac{FT_{G_i} \times 0.9 \times 7}{120}$$

Remaining weeks (low rate):

$$\text{LDTEC tariff (£/kW/week)} = \frac{FT_{G_i} \times 0.1075 \times 7}{316 - 120} \times (1 + P)$$

where FT is the final annual TNUoS tariff expressed in £/kW;
 G_i is the generation TNUoS zone; and
 P is the premium in % above the annual equivalent TNUoS charge as determined by The Company, which shall have the value 0.

- 14.16.7 The LDTEC tariff for generators with negative final tariffs is set to zero to prevent Users receiving greater than 100% of the annual TNUoS payment that would have been received for that capacity under a firm TEC.
- 14.16.8 The tariffs applicable for any particular year are detailed in The Company's **Statement of Use of System Charges** which is available from the **Charging website**. Historical tariffs are also available on the **Charging website**.

14.17 Demand Charges

Parties Liable for Demand Charges

14.17.1 The following parties shall be liable for demand charges:

- The Lead Party of a Supplier BM Unit;
- Power Stations with a Bilateral Connection Agreement;
- Parties with a Bilateral Embedded Generation Agreement

14.17.2 Classification of parties for charging purposes provides an illustration of how a party is classified in the context of Use of System charging and refers to the paragraphs most pertinent to each party.

Basis of Demand Charges

14.17.3 Demand charges are based on a de-minimus £0/kW charge for Half Hourly and £0/kWh for Non Half Hourly metered demand.

14.17.4 Chargeable Demand Capacity is the value of Triad demand (kW). Chargeable Energy Capacity is the energy consumption (kWh). The definition of both these terms is set out below.

14.17.5 If there is a single set of demand tariffs within a charging year, the Chargeable Demand Capacity is multiplied by the relevant demand tariff, for the calculation of demand charges.

14.17.6 If there is a single set of energy tariffs within a charging year, the Chargeable Energy Capacity is multiplied by the relevant energy consumption tariff for the calculation of energy charges..

14.17.7 If multiple sets of demand tariffs are applicable within a single charging year, demand charges will be calculated by multiplying the Chargeable Demand Capacity by the relevant tariffs pro rated across the months that they are applicable for, as below,

$$\text{Annual Liability}_{\text{Demand}} = \text{Chargeable Demand Capacity} \times \left(\frac{(a \times \text{Tariff 1}) + (b \times \text{Tariff 2})}{12} \right)$$

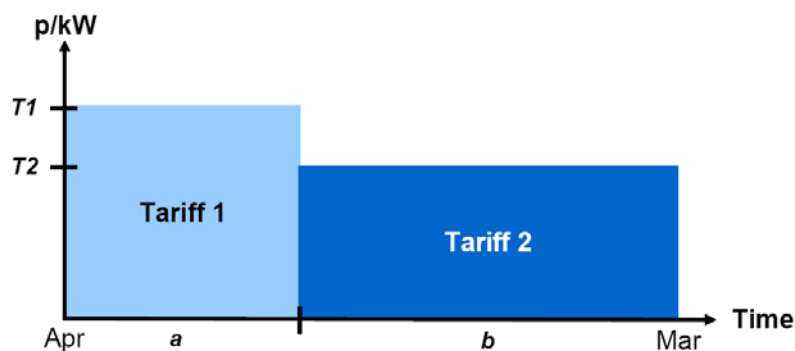
where:

Tariff 1 = Original tariff,

Tariff 2 = Revised tariff,

a = Number of months over which the original tariff is applicable,

b = Number of months over which the revised tariff is applicable.

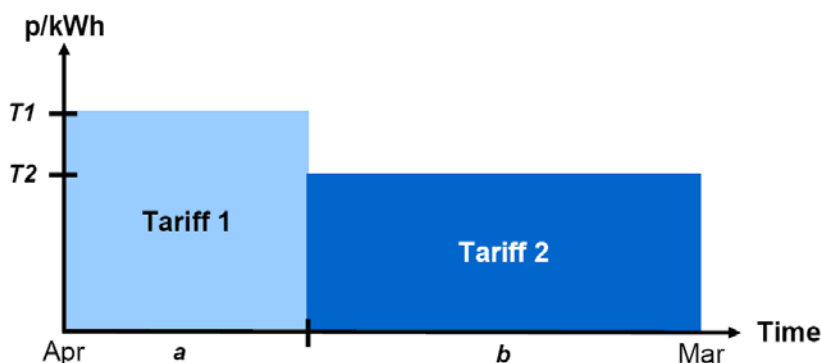


14.17.8 If multiple sets of energy tariffs are applicable within a single charging year, energy charges will be calculated by multiplying relevant Tariffs by the Chargeable Energy Capacity over the period that that the tariffs are applicable for and summing over the year.

$$Annual Liability_{Energy} = Tariff\ 1 \times \sum_{T1_s}^{T1_e} Chargeable\ Energy\ Capacity + Tariff\ 2 \times \sum_{T2_s}^{T2_e} Chargeable\ Energy\ Capacity$$

Where:

- T1_s = Start date for the period for which the original tariff is applicable,
- T1_e = End date for the period for which the original tariff is applicable,
- T2_s = Start date for the period for which the revised tariff is applicable,
- T2_e = End date for the period for which the revised tariff is applicable.



Supplier BM Unit

14.17.9 A Supplier BM Unit charges will be the sum of its energy and demand liabilities where::

- The Chargeable Demand Capacity will be the average of the Supplier BM Unit's half-hourly metered demand during the Triad (and the £/kW tariff), and
- The Chargeable Energy Capacity will be the Supplier BM Unit's non half-hourly metered energy consumption over the period 16:00 hrs to 19:00 hrs inclusive every day over the Financial Year (and the p/kWh tariff).

Power Stations with a Bilateral Connection Agreement and Licensable Generation with a Bilateral Embedded Generation Agreement

14.17.10 The Chargeable Demand Capacity for a Power Station with a Bilateral Connection Agreement or Licensable Generation with a Bilateral Embedded Generation Agreement will be based on the average of the net import over each Triad leg of the BM Units associated with the Power Station (in Appendix C of its Bilateral Connection Agreement or Bilateral Embedded Generation Agreement, including metered additional load) during the Triad.

Exemptible Generation and Derogated Distribution Interconnectors with a Bilateral Embedded Generation Agreement

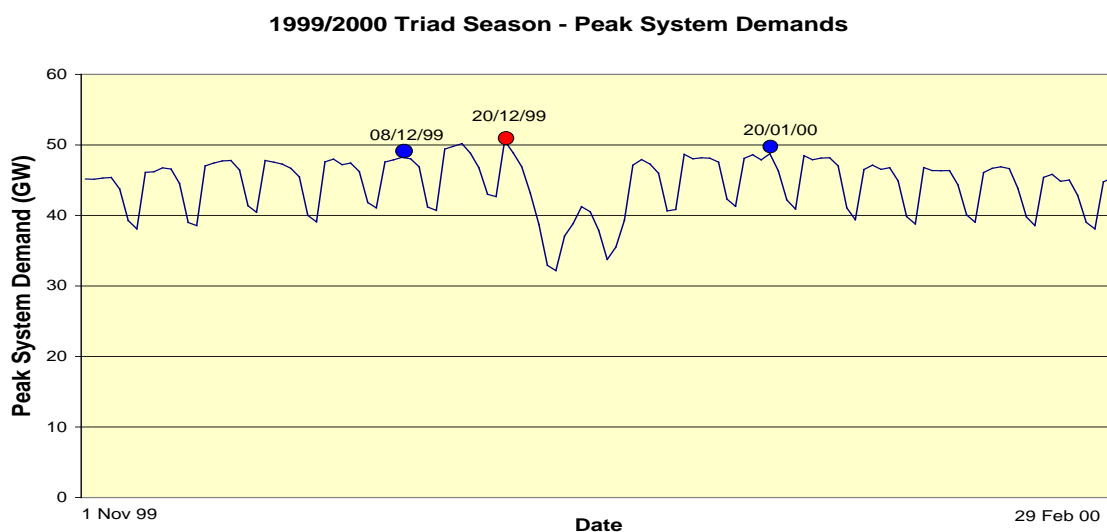
14.17.11 The Chargeable Demand Capacity for Exemptible Generation and Derogated Distribution Interconnectors with a Bilateral Embedded Generation Agreement will be based on the average of the metered volume of each BM Unit specified in Appendix C of the Bilateral Embedded Generation Agreement during the Triad.

Small Generators Tariffs

14.17.12 In accordance with Standard Licence Condition C13, any under recovery from the MAR arising from the small generators discount will result in a unit amount of increase to all GB demand tariffs.

The Triad

14.17.13 The Triad is used as a short hand way to describe the three settlement periods of highest transmission system demand within a Financial Year, namely the half hour settlement period of system peak demand and the two half hour settlement periods of next highest demand, which are separated from the system peak demand and from each other by at least 10 Clear Days, between November and February of the Financial Year inclusive. Exports on directly connected Interconnectors and Interconnectors capable of exporting more than 100MW to the Total System shall be excluded when determining the system peak demand. An illustration is shown below.



Half-hourly metered demand charges

14.17.14 For Supplier BMUs and BM Units associated with Exemptible Generation and Derogated Distribution Interconnectors with a Bilateral Embedded Generation Agreement, if the average half-hourly metered volume over the Triad results in an import, the Chargeable Demand Capacity will be positive resulting in the BMU being charged. If the average half-hourly metered volume over the Triad results in an export, the Chargeable Demand Capacity will be negative resulting in the BMU being paid. For the avoidance of doubt, parties with Bilateral Embedded Generation Agreements that are liable for Generation charges will not be eligible for a negative demand credit.

Netting off within a BM Unit

14.17.15 The output of generators and Distribution Interconnectors registered as part of a Supplier BM Unit will have already been accounted for in the Supplier BM Unit demand figures upon which The Company Transmission Network Use of System Demand charges are based.

Monthly Charges

14.17.16 Throughout the year Users' monthly demand charges will be based on their forecasts of:

- half-hourly metered demand to be supplied during the Triad for each BM Unit, multiplied by the relevant zonal £/kW tariff; and
- non-half hourly metered energy to be supplied over the period 16:00 hrs to 19:00 hrs inclusive every day over the Financial Year for each BM Unit, multiplied by the relevant zonal p/kWh tariff

Users' annual TNUoS demand charges are based on these forecasts and are split evenly over the 12 months of the year. Users have the opportunity to vary their demand forecasts on a quarterly basis over the course of the year, with the demand forecast requested in February relating to the next Financial Year. Users will be notified of the timescales and process for each of the quarterly updates. The Company will revise the monthly Transmission Network Use of System demand charges by calculating the annual charge based on the new forecast, subtracting the amount paid to date, and splitting the remainder evenly over the remaining months. For the avoidance of doubt, only positive demand forecasts (i.e. representing an import from the system) will be accepted.

14.17.17 Users should submit reasonable demand forecasts in accordance with the CUSC. The Company shall use the following methodology to derive a forecast to be used in determining whether a User's forecast is reasonable, in accordance with the CUSC, and this will be used as a replacement forecast if the User's total forecast is deemed unreasonable. The Company will, at all times, use the latest available Settlement data.

For existing Users:

- i) The User's Triad demand for the preceding Financial Year will be used where User settlement data is available and where The Company calculates its forecast before the Financial Year. Otherwise, the User's average weekday settlement period 35 half-hourly metered (HH) demand in the Financial Year to date is compared to the equivalent average demand for the corresponding days in the preceding year. The percentage difference is then applied to the User's HH demand at Triad

in the preceding Financial Year to derive a forecast of the User's HH demand at Triad for this Financial Year.

- ii) The User's non half-hourly metered (NHH) energy consumption over the period 16:00 hrs to 19:00 hrs every day in the Financial Year to date is compared to the equivalent energy consumption over the corresponding days in the preceding year. The percentage difference is then applied to the User's total NHH energy consumption in the preceding Financial Year to derive a forecast of the User's NHH energy consumption for this Financial Year.

For new Users who have completed a Use of System Supply Confirmation Notice in the current Financial Year:

- iii) The User's average weekday settlement period 35 half-hourly metered (HH) demand over the last complete month for which The Company has settlement data is calculated. Total system average HH demand for weekday settlement period 35 for the corresponding month in the previous year is compared to total system HH demand at Triad in that year and a percentage difference is calculated. This percentage is then applied to the User's average HH demand for weekday settlement period 35 over the last month to derive a forecast of the User's HH demand at Triad for this Financial Year.
- iv) The User's non half-hourly metered (NHH) energy consumption over the period 16:00 hrs to 19:00 hrs every day over the last complete month for which The Company has settlement data is noted. Total system NHH energy consumption over the corresponding month in the previous year is compared to total system NHH energy consumption over the remaining months of that Financial Year and a percentage difference is calculated. This percentage is then applied to the User's NHH energy consumption over the month described above, and all NHH energy consumption in previous months is added, in order to derive a forecast of the User's NHH metered energy consumption for this Financial Year.

14.17.18 14.28 Determination of The Company's Forecast for Demand Charge Purposes illustrates how the demand forecast will be calculated by The Company.

Reconciliation of Demand Charges

14.17.19 The reconciliation process is set out in the CUSC. The demand reconciliation process compares the monthly charges paid by Users against actual outturn charges. Due to the Settlements process, reconciliation of demand charges is carried out in two stages; initial reconciliation and final reconciliation.

Initial Reconciliation of demand charges

14.17.20 The initial reconciliation process compares Users' demand forecasts and corresponding monthly charges paid over the year against actual outturn data (using latest Settlement data available at the time) and corresponding charges. Initial reconciliation is carried out in two parts; Initial Reconciliation Part 1 deals with the reconciliation of half-hourly metered demand charges and Initial Reconciliation Part 2 deals with the reconciliation of non-half-hourly metered demand charges.

Initial Reconciliation Part 1– Half-hourly metered demand

14.17.21 The Company will identify the periods forming the Triad once it has received Central Volume Allocation data from the Settlement Administration Agent for all days up to and including the last day of February. Once The Company has notified Users of the periods forming the Triad they will not be changed even if disputes are subsequently resolved which would change the periods forming the Triad.

14.17.22 Initial outturn charges for half-hourly metered demand will be determined using the latest available data of actual average Triad demand (kW) multiplied by the zonal demand tariff(s) (£/kW) applicable to the months concerned for each zone for that Financial Year. These actual values are then reconciled against the monthly charges paid in respect of half-hourly demand.

Initial Reconciliation Part 2 – Non-half-hourly metered demand

14.17.23 Actual payments for non-half-hourly metered demand will be determined using the latest available actual energy consumption data (kWh) for the period 16:00 hrs to 19:00 hrs inclusive (i.e. settlement periods 33 to 38) over the year multiplied by the energy consumption tariff(s) (p/kWh) applicable to the months concerned for each zone. These actual values are then reconciled against the monthly charges paid in respect of non-half-hourly energy consumption.

Final Reconciliation of demand charges

14.17.24 The final reconciliation process compares Users' charges (as calculated during the initial reconciliation process using the latest available data) against final outturn demand charges (based on final settlement data).

14.17.25 Final actual charges will be determined using the final demand reconciliation data taken from the Final Reconciliation Settlement Run or the Final Reconciliation Volume Allocation Run.

Reconciliation of manifest errors

14.17.26 In the event that a manifest error, or multiple errors in the calculation of TNUoS tariffs results in a material discrepancy in a Users TNUoS tariff, the reconciliation process for all Users qualifying under Section 14.17.28 will be in accordance with Sections 14.17.20 to 14.17.25. The reconciliation process shall be carried out using recalculated TNUoS tariffs. Where such reconciliation is not practicable, a post-year reconciliation will be undertaken in the form of a one-off payment.

14.17.27 A manifest error shall be defined as any of the following:

- a) an error in the transfer of relevant data between the Transmission Licensees or Distribution Network Operators;
- b) an error in the population of the Transport Model with relevant data;
- c) an error in the function of the Transport Model; or
- d) an error in the inputs or function of the Tariff Model.

14.17.28 A manifest error shall be considered material in the event that such an error or, the net effect of multiple errors, has an impact of the lesser of either:

- a) an error in a User's TNUoS tariff of at least +/-£0.50/kW; or

- b) an error in a User's TNUoS tariff which results in an error in the annual TNUoS charge of a User in excess of +/-£250,000.

14.17.29 A manifest error shall only be reconciled if it has been identified within the charging year for which the error has an effect. Errors identified outside of this period will not be eligible for reconciliation retrospectively.

Implementation of P272

- 14.17.29.1 BSC modification P272 requires Suppliers to move Profile Classes 5-8 to Measurement Class E - G (i.e. moving from NHH to HH settlement) by April 2016. The majority of these meters are expected to transfer during the preceding Charging Years up until the implementation date of P272 and some meters will have been transferred before the start of 1ST April 2015. A change from NHH to HH within a Charging Year would normally result in Suppliers being liable for TNUoS for part of the year as NHH and also being subject to HH charging. This section describes how the Company will treat this situation in the transition to P272 implementation for the purposes of TNUoS charging; and the forecasts that Suppliers should provide to the Company.
- 14.17.29.2 Notwithstanding 14.17.9, for each Charging Year which begins after 31 March 2015 and prior to implementation of BSC Modification P272, all demand associated with meters that are in NHH Profile Classes 5 to 8 at the start of that charging year as well as all meters in Measurement Classes E G will be treated as Chargeable Energy Capacity (NHH) for the purposes of TNUoS charging for the full Charging Year unless 14.17.29.3 applies.
- 14.17.29.3 Where prior to 1st April 2015 a Profile Class meter has already transferred to Measurement Class settlement (HH) the associated Supplier may opt to treat the demand volume as Chargeable Demand Capacity (HH) for the purposes of TNUoS charging up until implementation of P272, subject to meeting conditions in 14.17.29.6. If the associated Supplier does not opt to treat the demand volume as Demand Capacity (HH) it will be treated by default as Chargeable Energy Capacity (NHH) for each full Charging Year up until implementation of P272.
- 14.17.29.4 The Company will calculate the Chargeable Energy Capacity associated with meters that have transferred to HH settlement but are still treated as NHH for the purposes of TNUoS charging from Settlement data provided directly from Elexon i.e. Suppliers need not Supply any additional information if they accept this default position.
- 14.17.29.5 The forecasts that Suppliers submit to the Company under CUSC 3.10, 3.11 and 3.12 for the purpose of TNUoS monthly billing referred to in 14.17.16 and 14.17.17 for both Chargeable Demand Capacity and Chargeable Energy Capacity should reflect this position i.e. volumes associated those Metering Systems that have transferred from a Profile Class to a Measurement Class in the BSC (NHH to HH settlement) but are to be treated as NHH for the purposes of TNUoS charging should be included in the forecast of Chargeable Energy Capacity and not Chargeable Demand Capacity, unless 14.17.29.3 applies.
- 14.17.29.6 Where a Supplier wishes for Metering Systems that have transferred from Profile Class to Measurement Class in the BSC (NHH to HH settlement) prior to 1st April 2015, to be treated as Chargeable Demand Capacity (HH/

Measurement Class settled) it must inform the Company prior to October 2015. The Company will treat these as Chargeable Demand Capacity (HH / Measurement Class settled) for the purposes of calculating the actual annual liability for the Charging Years up until implementation of P272. For these cases only, the Supplier should notify the Company of the Meter Point Administration Number(s) (MPAN). For these notified meters the Supplier shall provide the Company with verified metered demand data for the hours between 4pm and 7pm of each day of each Charging Year up to implementation of P272 and for each Triad half hour as notified by the Company prior to May of the following Charging Year up until two years after the implementation of P272 to allow reconciliation (e.g. May 2017 and May 2018 for the Charging Year 2016/17). Where the Supplier fails to provide the data or the data is incomplete for a Charging Year TNUoS charges for that MPAN will be reconciled as part of the Supplier's NHH BMU (Chargeable Energy Capacity). Where a Supplier opts, if eligible, for TNUoS liability to be calculated on Chargeable Demand Capacity it shall submit the forecasts referred to in 14.17.29.5 taking account of this.

- 14.17.29.7 The Company will maintain a list of all MPANs that Suppliers have elected to be treated as HH. This list will be updated monthly and will be provided to registered Suppliers upon request.

HH Elective Metering from 1st April 2017. The following section describes how meters migrating to, or already within, Measurement Classes E,F and G will be charged in terms of TNUoS after 31st March 2017.

- 14.17.29.8 A change from NHH to HH within a Charging Year would normally result in Suppliers being liable for TNUoS for part of the year as NHH and also being subject to HH charging. This section describes how the Company will treat this situation for Non-Half Hourly (NHH) meters migrating to Measurement Classes E, F & G for the charging year which begins after 31 March 2017.
- 14.17.29.9 Notwithstanding 14.17.9, for each Charging Year which begins after 31 March 2017 demand associated with Measurement Classes F and G will be treated as Chargeable Energy Capacity (NHH) for the purposes of TNUoS charging for the full Charging Year up until the Charging Year which begins after 31st March 2020. Demand associated with Measurement Class E will continue to be treated as Chargeable Demand Capacity (HH).
- 14.17.29.10 The Company will calculate the Chargeable Energy Capacity associated with meters that have transferred to HH settlement but are still treated as NHH for the purposes of TNUoS charging from Settlement data provided directly from ELEXON i.e. Suppliers need not Supply any additional information.
- 14.17.29.11 The forecasts that Suppliers submit to the Company under CUSC 3.10, 3.11 and 3.12 for the purpose of TNUoS monthly billing referred to in 14.17.16 and 14.17.17 for both Chargeable Demand Capacity and Chargeable Energy Capacity should reflect the basis on which demand will be charged for TNUoS i.e. volumes associated with those Metering Systems that have transferred to Measurement Class F & G in the BSC (NHH to HH settlement) but are to be treated as NHH for the purposes of TNUoS charging should be included in the forecast of Chargeable Energy Capacity and not Chargeable Demand Capacity.

Further Information

- 14.17.30 14.25 Reconciliation of Demand Related Transmission Network Use of System Charges of this statement illustrates how the monthly charges are reconciled against the actual values for demand and consumption for half-hourly and non-half-hourly metered demand respectively.
- 14.17.31 **The Statement of Use of System Charges** contains the £/kW zonal demand tariffs, and the p/kWh energy consumption tariffs for the current Financial Year.
- 14.17.32 14.27 Transmission Network Use of System Charging Flowcharts of this statement contains flowcharts demonstrating the calculation of these charges for those parties liable.

14.18 Generation charges

Parties Liable for Generation Charges

- 14.18.1 The following CUSC parties shall be liable for generation charges:
- i) Parties of Generators that have a Bilateral Connection Agreement with The Company.
 - ii) Parties of Licensable Generation that have a Bilateral Embedded Generation Agreement with The Company.
- 14.18.2 14.26 Classification of parties for charging purposes provides an illustration of how a party is classified in the context of Use of System charging and refers to the relevant paragraphs most pertinent to each party.

Structure of Generation Charges

- 14.18.3 Generation Tariffs are comprised of Wider and Local Tariffs. The Wider Tariff is comprised of (i) a Peak Security element, (ii) a Year Round Not-Shared element, (iii) Year Round Shared element and (iv) a residual element. The Peak Security element of the Wider Tariff is not applicable for intermittent generators as the PS flag is set to zero.
- 14.18.4 The Local Tariff contains a substation element and may also contain a circuit element. Specifically, all transmission connected generation will be liable to pay a local substation charge, with some of these also being liable to pay a local circuit charge. For the avoidance of doubt, embedded generation has a zero local tariff.
- 14.18.5 The intention of the charging rules is to charge the same physical entity only once.
- 14.18.6 The basis of the generation charge for Power Stations is the Chargeable Capacity and the short-term chargeable capacity (as defined below for positive and negative charging zones).
- 14.18.7 If there is a single set of Wider and Local generation tariffs within a charging year, the Chargeable Capacity is multiplied by the relevant generation tariff to calculate the annual liability of a generator.

$$\text{Local Annual Liability} = \text{Chargeable Capacity} \times \text{Local Tariff}$$

The Wider Tariff is broken down into four components as described in 14.18.3. The breakdown of the Wider Charge for Conventional and Intermittent Power Stations are given below:

Conventional -

$$\text{Wider Annual Liability} = \text{Chargeable Capacity} \times (\text{PS Tariff} + \text{YRNS Tariff} + (\text{YRS Tariff} \times \text{ALF}))$$

Intermittent -

$$\text{Wider Annual Liability} = \text{Chargeable Capacity} \times (\text{YRNS Tariff} + (\text{YRS Tariff} \times \text{ALF})) + \text{Residual Tariff}$$

Where:

PS Tariff = Wider Peak Security Tariff

YRNS Tariff = Wider Year Round Not-Shared Tariff
 YRS Tariff = Wider Year Round Shared Tariff

14.18.8 If multiple sets of Wider and Local generation tariffs are applicable within a single charging year, the Chargeable Capacity is multiplied by the relevant tariffs pro rated over the entire charging year, across the months that they are applicable for.

$$Annual\ Liability = Chargeable\ Capacity \times \left(\frac{a \times Tariff\ 1 + b \times Tariff\ 2}{12} \right)$$

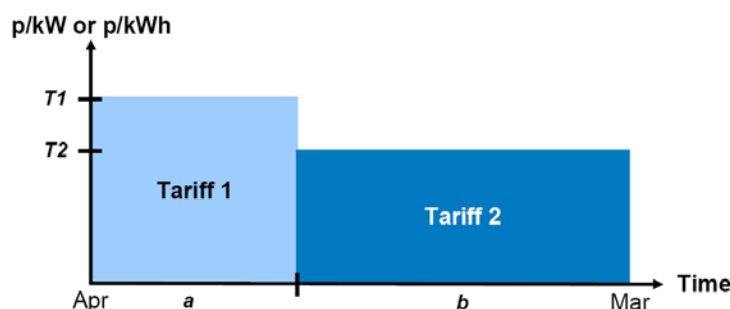
where:

Liability 1 = Original annual liability,

Liability 2 = Revised annual liability,

a = Number of months over which the original liability is applicable,

b = Number of months over which the revised liability is applicable.



14.18.9 For the avoidance of doubt if there are multiple sets of Wider and Local generation tariffs applicable within a single charging year and a tariff changes from being positive to negative or vice versa, the Chargeable Capacity for the entire charging year will be determined based on the net position of the pro rated tariffs for each affected generator.

Basis of Wider Generation Charges

Generation with positive wider tariffs

14.18.10 The Chargeable Capacity for Power Stations with positive wider generation tariffs is the highest Transmission Entry Capacity (TEC) applicable to that Power Station for that Financial Year. A Power Station should not exceed its TEC as to do so would be in breach of the CUSC, except where it is entitled to do so under the specific circumstances laid out in the CUSC (e.g. where a User has been granted Short Term Transmission Entry Capacity, STTEC). For the avoidance of doubt, TNUoS Charges will be determined on the TEC held by a User as specified within a relevant bilateral agreement regardless of whether or not it enters into a temporary TEC Exchange (as defined in the CUSC).

14.18.11 The short-term chargeable capacity for Power Stations situated with positive generation tariffs is any approved STTEC or LDTEC applicable to that Power Station during a valid STTEC Period or LDTEC Period, as appropriate.

14.18.12 For Power Stations, the short term chargeable capacity for LDTEC with positive generation tariffs referred to in Paragraph 14.18.11 will be the capacity purchased either on a profiled firm² or indicative³ basis and shall be assessed according to the capacity purchased on a weekly basis. The short-term chargeable capacity for LDTEC in any week may comprise of a number of increments, which shall be determined by considering LDTEC purchased previously in the Financial Year (whether or not in the same LDTEC Period). For example, if in a given week the LDTEC is 200MW but in a previous week the LDTEC had been 150MW, the short-term chargeable capacity in the latter week would comprise of two increments: one of 150MW and a second of 50MW. Further examples are provided in 14.16.6.

Generation with negative wider tariffs

14.18.13 The Chargeable Capacity for Power Stations with negative wider generation tariffs is the average of the capped metered volumes during the three settlement periods described in 14.18.14 below, for the Power Station (i.e. the sum of the metered volume of each BM Unit associated with Power Station in Appendix C of its Bilateral Agreement). A Power Station should not exceed its TEC as to do so would be in breach of the CUSC, except where it is entitled to do so under the specific circumstances laid out in the CUSC (e.g. where a User has been granted Short Term Transmission Entry Capacity). If TEC is exceeded, the metered volumes would each be capped by the TEC for the Power Station applicable for that Financial Year. For the avoidance of doubt, TNUoS Charges will be determined on the TEC held by a User as specified within a relevant bilateral agreement regardless of whether or not it enters into a temporary TEC Exchange (as defined in the CUSC).

14.18.14 The three settlement periods are those of the highest metered volumes for the Power Station and the two half hour settlement periods of the next highest metered volumes which are separated from the highest metered volumes and each other by at least 10 Clear Days, between November and February of the relevant Financial Year inclusive. These settlement periods do not have to coincide with the Triad.

Example

If the highest TEC for a Power Station were **250MW** and the highest metered volumes and resulting capped metered volumes were as follows:

Date	19/11/08	13/12/08	06/02/09
Highest Metered Volume in month (MW)	245.5	250.3	251.4
Capped Metered Volume (MW)	245.5	250.0	250.0

Then, the chargeable Capacity for the Power Station would be:

² where an LDTEC Block Offer has been accepted (Profiled Block LDTEC) and a firm profile of capacity has been purchased.

³ where an LDTEC Indicative Block Offer has been accepted (Indicative Profiled Block LDTEC) and a right to future additional capacity up to a requested level has been purchased, the availability of which will be notified on a weekly basis in accordance with the CUSC.

$$\left(\frac{245.5 + 250 + 250}{3} \right) = 248.5 \text{ MW}$$

Note that in the example above, the Generator has exceeded its TEC on 13 December 2007 and 6 February 2008 and would therefore be in breach of the CUSC unless the generator had an approved STTEC or LDTEC value. (The STTEC and LDTEC charge for negative zones is currently set at zero).

- 14.18.15 The short-term chargeable capacity for Power Stations with negative generation tariffs is any approved STTEC or LDTEC applicable to that Power Station during a valid STTEC Period or LDTEC Period, as applicable.
- 14.18.16 For Power Stations with negative generation tariffs, the short-term chargeable capacity for LDTEC referred to in Paragraph 14.18.15 will be the capacity purchased either on a profiled firm or indicative basis and shall be assessed according to the capacity purchased on a weekly basis. The short-term chargeable capacity for LDTEC in any week may comprise of a number of increments, which shall be determined by considering LDTEC purchased previously in the Financial Year (whether or not in the same LDTEC Period). For example, if in a given week the LDTEC is 200MW but in a previous week the LDTEC had been 150MW, the short-term chargeable capacity in the latter week would comprise of two increments: one of 150MW and a second at 50MW.
- 14.18.17 As noted above, a negative LDTEC tariff in negative generation charging zones is set to zero. Accordingly no payments will be made for use of LDTEC (in any of its forms) in these zones.

Basis of Local Generation Charges

- 14.18.18 The Chargeable Capacity for Power Stations will be the same as that used for wider generation charges, except that each component of the local tariff shall be considered separately as to whether it is a positive or negative tariff component. This means that where a local circuit tariff is negative, the final charging liability for this element will be based on actual metered output as described in Paragraph 14.18.12.

Small Generators Charges

- 14.18.19 Eligible small generators' tariffs are subject to a discount of a designated sum defined by Licence Condition C13 as 25% of the combined residual charge for generation and demand. The calculation for small generators charges is not part of the methodology however, for information the designated sum is included in **The Statement of Use of System Charges**.

Monthly Charges

- 14.18.20 Initial Transmission Network Use of System Generation Charges for each Financial Year will be based on the Power Station Transmission Entry Capacity (TEC) for each User as set out in their Bilateral Agreement. The charge is calculated as above. This annual TNUoS generation charge is split evenly over the months remaining in the year. For positive final generation tariffs, if TEC increases during the charging year, the party will be liable for the additional charge incurred for the **full** year, which will be recovered uniformly across the remaining chargeable months in the relevant charging year (subject to Paragraph 14.18.21 below). An increase in monthly charges reflecting an

increase in TEC during the charging year will result in interest being charged on the differential sum of the increased and previous TEC charge. The months liable for interest will be those preceding the TEC increase from April in year t. For negative final generation tariff, any increase in TEC during the year will lead to a recalculation of the monthly charges for the remaining chargeable months of the relevant charging year. However, as TEC decreases do not become effective until the start of the financial year following approval, no recalculation is necessary in these cases. As a result, if TEC increases, monthly payments to the generator will increase accordingly.

14.18.21 The provisions described above for increases in TEC during the charging year shall not apply where the LDTEC (in any of its forms) has been approved for use before the TEC is available, which will typically mean the LDTEC has been approved after the TEC increase has been approved. In such instances, the party shall commence payments for TEC during the LDTEC Period for LDTEC purchased up to the future level of TEC and LDTEC Charges will only apply to LDTEC that is incremental to the TEC increase. For the avoidance of doubt, where TEC has been approved after LDTEC in a given year, these provisions shall not apply and the LDTEC shall be considered additional to the TEC and charged accordingly.

Ad hoc Charges

14.18.22 For each STTEC period successfully applied for, a charge will be calculated by multiplying the STTEC by the tariff calculated in accordance with Paragraph 14.16.3. The Company will invoice Users for the STTEC charge once the application for STTEC is approved.

14.18.23 For Power Stations utilising LDTEC (in any of its forms) the LDTEC Charge for each LDTEC Period is the sum of the charging liabilities associated with each incremental level of short term chargeable capacity provided by LDTEC within the LDTEC Period (assessed on a weekly basis). The charging liability for a given incremental level of short term chargeable capacity is the sum of:

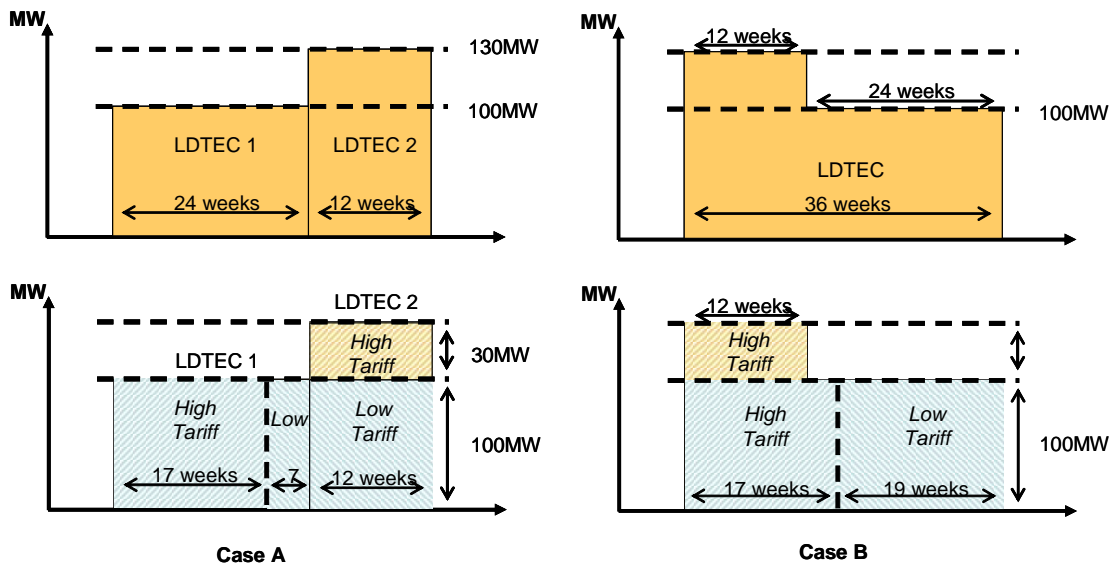
- i) the product of the higher tariff rate (calculated in accordance with Paragraph 14.16.6) and capacity purchased at this increment for the first 17 weeks in a Financial Year (whether consecutive or not); and
- ii) the product of the lower tariff rate (calculated in accordance with Paragraph 14.16.6) and capacity purchased at this increment in any additional weeks within the same Financial Year (whether consecutive or not).

14.18.24 For each LDTEC Period successfully applied for, the LDTEC Charge will be split evenly over the relevant LDTEC Period and charged on a monthly basis. LDTEC charges will apply to both LDTEC (in any of its forms) and Temporary Received TEC held by a User. For the avoidance of doubt, the charging methodology will not differentiate between access rights provided to a generator by LDTEC or through Temporary Received TEC obtained through a Temporary TEC Exchange (as defined in the CUSC).

Example

The diagrams below show two cases where LDTEC has been purchased: in Case A, two LDTEC Periods have been purchased; and in Case B one LDTEC Period has been purchased. The total capacity purchased in both cases is the same. The top diagrams illustrate the capacity purchased, while lower

diagrams illustrate the incremental levels of short term chargeable capacities of LDTEC and the tariff rate that would apply to that capacity.



In both cases, the total amount charged for the LDTEC would be the same:

- Capacity charges at the higher tariff rate:
 - 17 weeks at the 100MW increment
 - 12 weeks at the 30MW increment
- Capacity charges at the lower tariff rate:
 - 19 weeks at the 100MW increment
 -

Embedded Transmission Use of System Charges “ETUoS”

14.18.25 The ETUoS charges are a component of Use of System charges levied on offshore generators whose offshore transmission connection is embedded in an onshore distribution network. The charge relates to the provision and use of the onshore distribution network.

14.18.26 The main purpose of ETUoS charges is to pass through the charges that are levied by the DNO on the NETSO to the offshore generator(s). This charge reflects the charges levied by the DNO for the costs of any works on and use of the DNO network in accordance with the DNO’s charging statements and will include, but is not limited to, upfront charges and capital contributions in respect of any works as well as the ongoing and annual Use of System charges for generation connected to the distribution network.

14.18.27 In the case of some relevant transitional offshore generation projects, ETUoS will also be used to pass through historic DNO capital contributions forming part of the Offshore Transmission Owner tender revenue stream.

14.18.28 The specific nature of the ETUoS charge and the payment profile for these will depend upon the charging arrangements of the relevant DNO and reference should be made to the relevant DNO’s charging statement. In terms of applicable transitional offshore generation projects the ETUoS payment profile will be consistent with the recovery of the Offshore Transmission Owner revenue stream.

14.18.29 Where a DNO’s charge relates to more than one offshore generator, the related ETUoS charge will represent a straight pass through of the distribution charge specific to each relevant offshore generator. Where specific

information is not available, charges will be pro-rated based on the TEC of the relevant offshore generators connected to that offshore network.

14.18.30 Invoices for ETUoS charges shall be levied by the NETSO on the offshore generator as soon as reasonably practicable after invoices have been received by the NETSO for payment such that the NETSO can meet its payment obligations to the DNO. The initial payments and payment dates will be outlined in a User's Construction Agreement and/or Bilateral Agreement.

14.18.31 As the ETUoS charges reflect the DNO charges to the NETSO, such charges will be subject to variation when varied by the DNO. Where the User disputes regarding the ETUoS charge please note that this will result in a dispute between the NETSO and DNO under the DCUSA.

Reconciliation of Generation Charges

14.18.32 The reconciliation process is set out in the CUSC and in line with the principles set out above.

14.18.33 In the event of a manifest error in the calculation of TNUoS charges which results in a material discrepancy in a User's TNUoS charge as defined in Sections 14.17.27 to 14.17.29, the generation charges of Users qualifying under Section 14.17.28 will be reconciled in line with 14.18.20 and 14.18.25 using the recalculated tariffs.

Further Information

14.18.34 **The Statement of Use of System Charges** contains the £/kW generation zonal tariffs for the current Financial Year.

14.19 Data Requirements

Data Required for Charge Setting

- 14.19.1 Users who are Generators or Interconnector Asset Owners provide to The Company a forecast for the following Financial Year of the highest Transmission Entry Capacity (TEC) applicable to each Power Station or Interconnector for that Financial Year. For Financial Year 2008/9 Scottish Generators or Interconnector Asset Owners provide to The Company a forecast of the equivalent highest 'export' capacity figure. This data is required by The Company as the basis for setting TNUoS tariffs. The Company may request these forecasts in the November prior to the Financial Year to which they relate, in accordance with the CUSC. Additionally users who are Generators provide to The Company details of their generation plant type.
- 14.19.2 Users who are owners or operators of a User System (e.g. Distribution companies) provide a forecast for the following Financial Year of the Natural Demand attributable to each Grid Supply Point equal to the forecasts of Natural Demand under both Annual Average Cold Spell (ACS) Conditions and a forecast of the average metered Demand attributable to such Grid Supply Point for the National Grid Triad. This data is published in table 2.4 of the Seven Year Statement and is compiled from week 24 data submitted in accordance with the Grid Code.
- 14.19.3 For the following Financial Year, The Company shall use these forecasts as the basis of Transmission Network Use of System charges for such Financial Year. A description of how this data is incorporated is included in 14.15 Derivation of the Transmission Network Use of System Tariff.
- 14.19.4 If no data is received from the User, then The Company will use the best information available for the purposes of calculation of the TNUoS tariffs. This will normally be the forecasts provided for the previous Financial Year.

Data Required for Calculating Users' Charges

- 14.19.5 In order for The Company to calculate Users' TNUoS charges, Users who are Suppliers shall provide to The Company forecasts of half-hourly and non-half-hourly demand in accordance with paragraph 14.17.14 and 14.17.15 and in accordance with the CUSC.

14.20 Applications

14.20.1 Application fees are payable in respect of applications for new Use of System agreements; modifications to existing agreements; and applications for short-term access products or services. These are based on the reasonable costs that transmission licensees incur in processing these applications.

Applications for short-term access

14.20.2 Application fees for short-term access products or services are fixed and detailed in the **Statement of Use of System Charges**. These are non-refundable except for the following limited instances:

- Where a User (or Users) withdraw their application in accordance with any interactivity provisions that may be contained within the CUSC; or
- Where the application fee covers ongoing assessment work that is contingent on the acceptance of the offer.

14.20.3 In either case, the refunded amount will be proportional to the remaining assessment time available.

14.20.4 To ensure that application fees for short-term access are cost reflective, fees may be comprised of a number of components. For instance, the LDTEC Request Fee is comprised of a number of components and the total fee payable is the sum of those components that apply to the type(s) of LDTEC Offer(s) requested. For example:

- The LDTEC Request Fee for an LDTEC Block Offer is the basic request fee.
- The LDTEC Request Fee for an LDTEC Indicative Block Offer is the sum of the basic request fee and the additional rolling assessment fee.
- The LDTEC Request Fee payable for a combined LDTEC Block Offer and LDTEC Indicative Block Offer is the sum of the basic request fee, the additional rolling assessment fee, and the additional combined application fee.

Applications for new or modified existing Use of System Agreements

14.20.5 Users can opt to pay a fixed price application fee in respect of their application or pay the actual costs incurred. The fixed price fees for applications are detailed in the **Statement of Use of System Charges**.

14.20.6 If a User chooses not to pay the fixed fee, the application fee will be based on an advance of transmission licensees' Engineering and out-of pocket expenses and will vary according to the size of the scheme and the amount of work involved. Once the associated offer has been signed or lapsed, a reconciliation will be undertaken. Where actual expenses exceed the advance, The Company will issue an invoice for the excess. Conversely, where The Company does not use the whole of the advance, the balance will be returned to the User.

14.20.7 The Company will refund the first application fee paid (the fixed fee or the amount post-reconciliation) and consent payments made under the

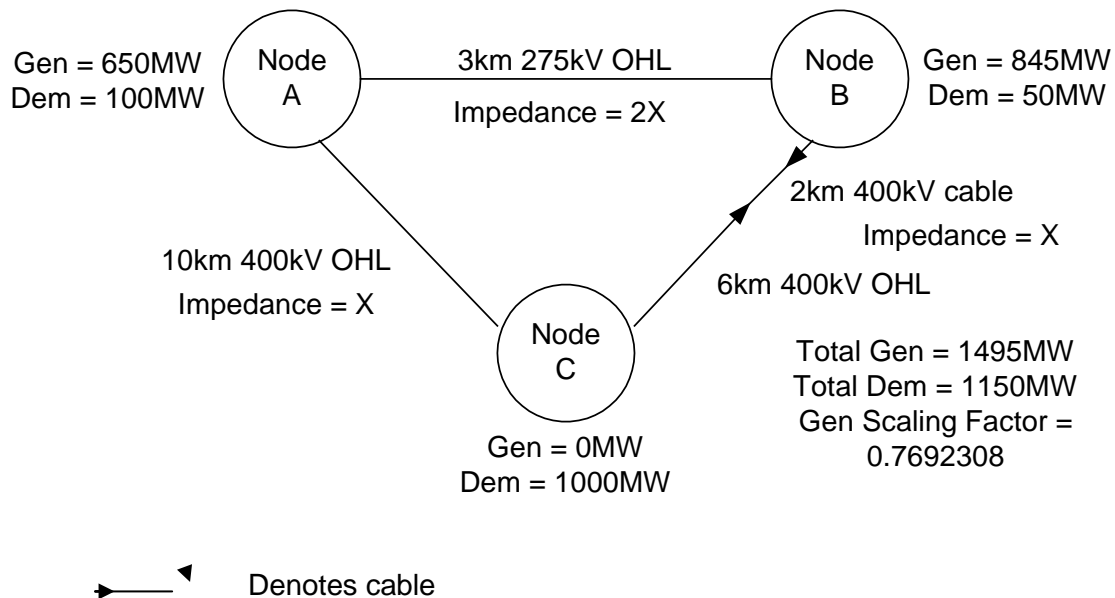
Construction Agreement for new or modified existing agreements. The refund shall be made either on commissioning or against the charges payable in the first three years of the new or modified agreement. The refund will be net of external costs.

- 14.20.8 The Company will not refund application fees for applications to modify a new agreement or modified existing agreement at the User's request before any charges become payable. For example, The Company will not refund an application fee to delay the provision of a new connection if this is made prior to charges becoming payable.

14.21 Transport Model Example

For the purposes of the DCLF Transport algorithm, it has been assumed that the value of circuit impedance is equal to the value of circuit reactance.

Consider the following 3-node network, where generation at node A is intermittent and generation at node B is conventional:



For both Peak Security and Year Round generation backgrounds, the nodal generation is scaled according to the relevant Scaling Factors as set out in the Security Standard, such that total system generation equals total system demand.

Peak Security background:

A fixed scaling factor of 0% is applied to intermittent generation at node A and a variable scaling factor is applied to the conventional generation at node B so that the total generation is equal to the total demand.

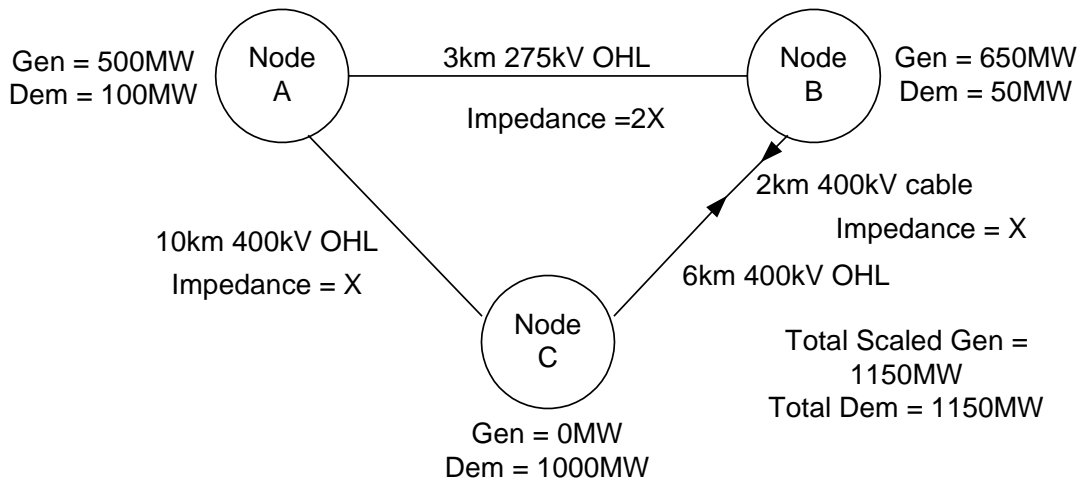
Node A Generation =

$$0 * 643\text{MW} = 0\text{MW}$$

Node B Generation = 1150/

$$1500 * 1500\text{MW} = 1150\text{MW}$$

This gives the following balanced system, where the actual generation after the application of scaling factors is shown:

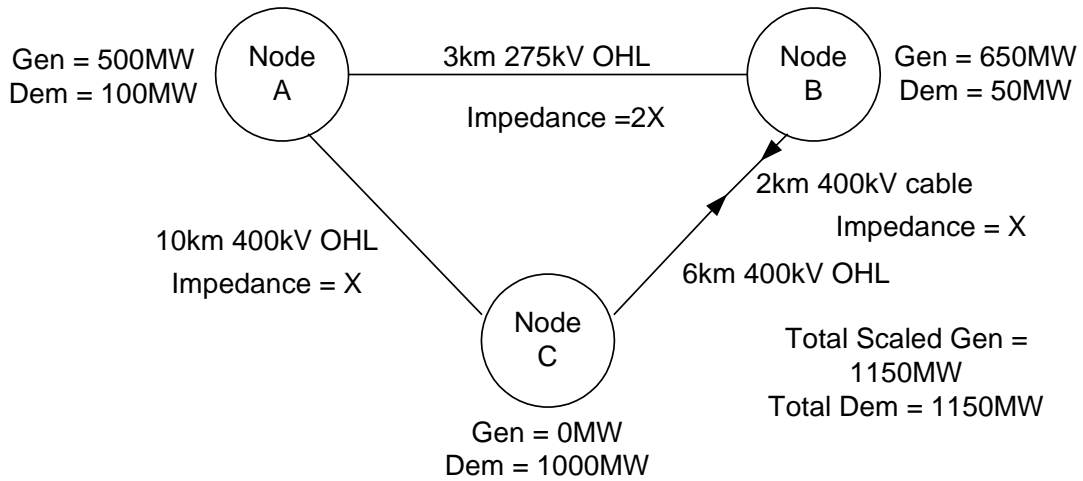


Assuming Node A is the reference node[†], each 400kV circuit has impedance X, the 275kV circuit has impedance 2X, the 400kV cable circuit expansion factor is 10 and the 275kV overhead line circuit expansion factor is 2, the DCLF transport algorithm calculates the base case power flows for Peak Security background as follows:

Node B exports, whilst Nodes A and C import. Hence the DCLF algorithm derives flows to deliver export power from Node B to meet import needs at Nodes A and C.

Step 1: Net export from Node B to Node A is 100MW; both routes BA and BC-CA have impedance 2X; hence 50MW would flow down both routes.

[†] For simplicity, fixed reference node has been used instead of a distributed reference node.



Step 2: Net export from Node B to Node C is 1000MW; route BC has impedance X and route BA-AC has impedance 3X; hence 750MW would flow down BC and 250MW along BA-AC

Step 3: Using super-position to add the flows derived in Steps 1 and 2 derives the following;

Flow AC	=	-50MW + 250MW	=	200MW
Flow AB	=	-50MW - 250MW	=	-300MW
Flow BC	=	50MW + 750MW	=	800MW

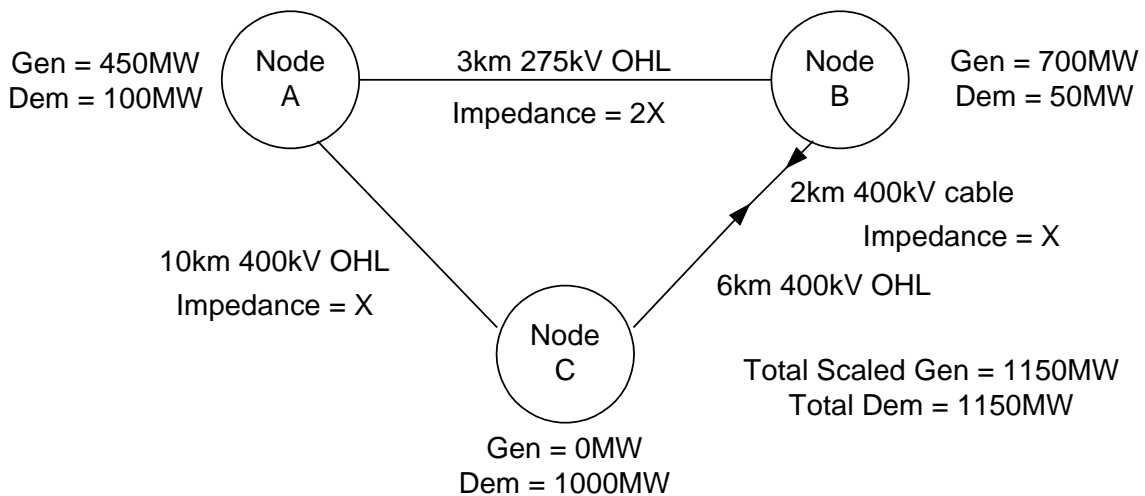
Year Round background:

A fixed scaling factor of 70% is applied to intermittent generation at node A and a variable scaling factor is applied to the conventional generation at node B so that the total generation is equal to the total demand.

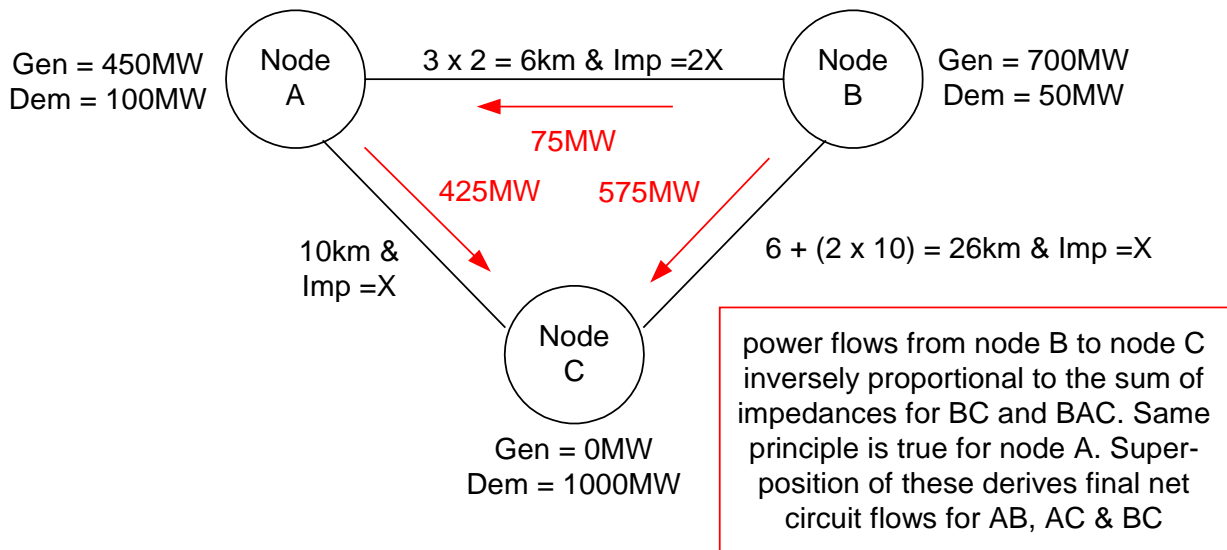
Node A Generation = 70% * 643MW = 450MW

Node B Generation = (1150-450)/1500 * 1500MW = 700MW

This gives the following balanced system, where the actual generation after the application of scaling factors is shown:



Assuming the same circuit impedances and expansion factors as used above in the Peak Security background, the DCLF transport algorithm calculates the base case power flows for Year Round background as follows:



Nodes A and B export, whilst Node C imports. Hence the DCLF algorithm derives flows to deliver export power from Nodes A and B to meet import needs at Node C.

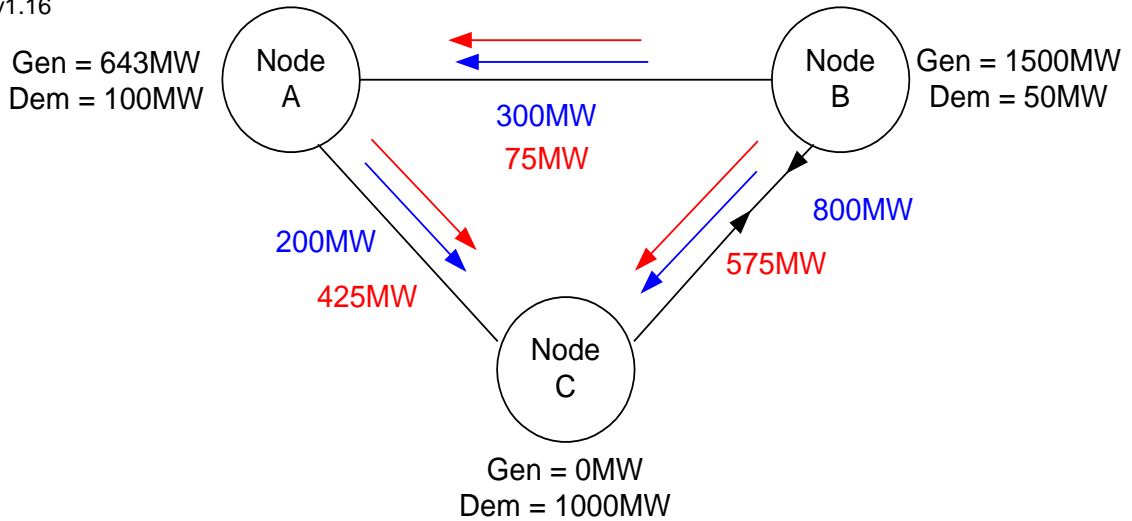
Step 1: Net export from Node A is 350MW; route AC has impedance X and route AB-BC has impedance 3X; hence 262.5MW would flow down AC and 87.5MW along AB-BC

Step 2: Net export from Node B is 650MW; route BC has impedance X and route BA-AC has impedance 3X; hence 487.5MW would flow down BC and 162.5MW along BA-AC

Step 3: Using super-position to add the flows derived in Steps 1 and 2 derives the following;

Flow AC	=	262.5MW + 162.5MW	=	425MW
Flow AB	=	87.5MW - 162.5MW	=	-75MW
Flow BC	=	87.5MW + 487.5MW	=	575MW

Then, based on the background giving rise to highest flow, each circuit is tagged as either Peak Security or Year Round.

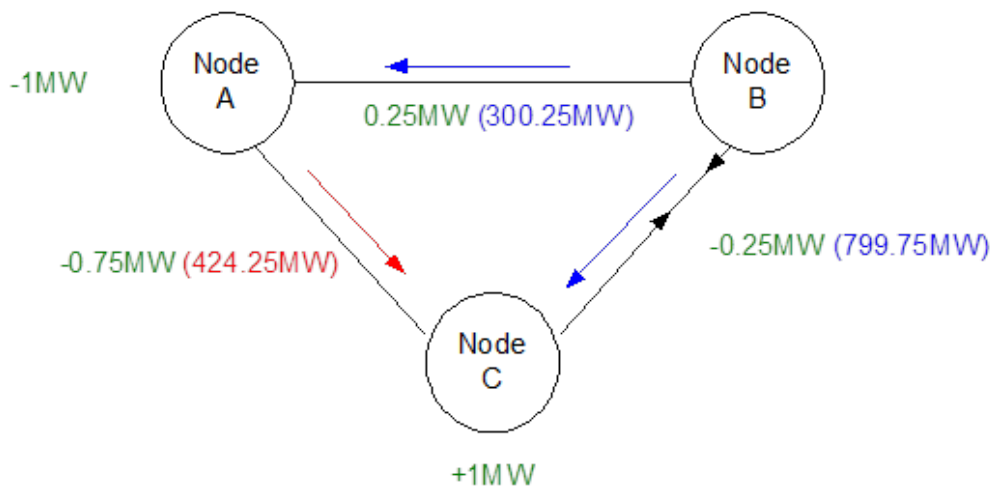


Therefore, circuits AB and BC are tagged as Peak Security and AC is tagged as Year Round.

Total Peak Security cost = $(300 \times 6) + (800 \times 26) = 22,600 \text{ MWkm}$
(base case)

Total Year Round cost = $425 \times 10 = 4,250 \text{ MWkm}$
(base case)

We then ‘inject’ 1MW of generation at each node with a corresponding 1MW offtake (demand) at the reference node and recalculate the total Peak Security MWkm cost and Year Round MWkm cost (noting that each circuit is only in one background). The difference from the base case for Peak Security and Year Round costs is the marginal km or shadow cost for Peak Security and Year Round networks respectively. The size and direction of the incremental MW is shown below along with the resultant when superimposed on the relevant base case flow (i.e. higher of the Peak Security and Year Round) depicted in brackets:.



To calculate relevant Peak Security and Year Round the marginal km for node C:

$$\text{Total Peak Security Cost} = (300.25 \times 6) + (799.75 \times 26) = 22,595$$

$$\text{Total Year Round Cost} = 424.25 \times 10 = 4,242.5 \text{ MWkm}$$

$$\begin{aligned} \text{Marginal Peak Security cost} &= \text{Incremental total Peak Security cost} - \text{Base case total Peak Security cost} \\ &= 22595 - 22600 = -5 \text{ MWkm} \end{aligned}$$

$$\begin{aligned} \text{Marginal Year Round cost} &= \text{Incremental total Year Round cost} - \text{Base case total Year Round cost} \\ &= 4242.5 - 4250 = -7.5 \text{ MWkm} \end{aligned}$$

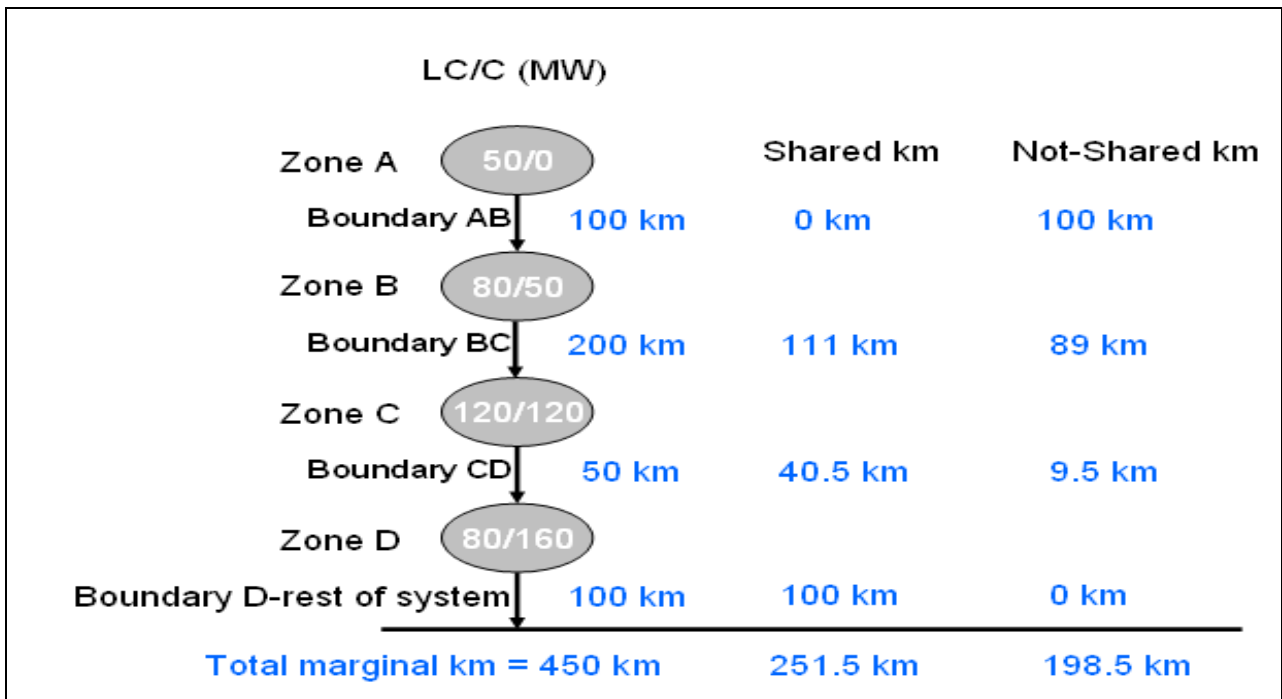
Thus the overall cost has reduced by .5 for Peak Security (i.e. the marginal km = 5) and by 7.5 for Year Round (i.e the Year Round marginal km = -7.5)

14.22 Illustrative Calculation of Boundary Sharing Factors (BSFs) and Shared / Not-Shared incremental km

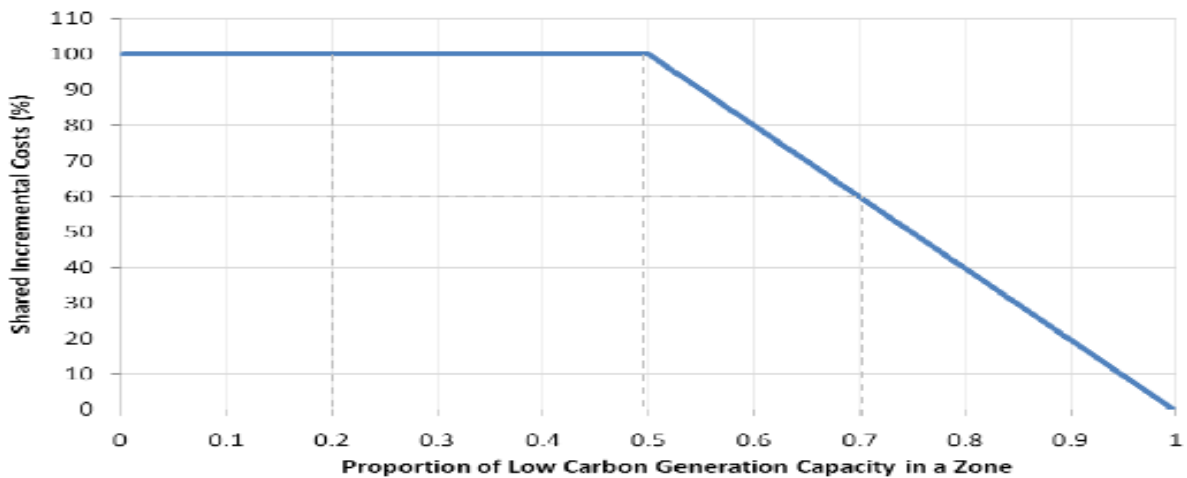
The following illustrative example shows how the boundary sharing factors and shared / not-shared incremental km are calculated for the transmission system described in the table below.

Generation Charging Zone	A	B	C	D
Zonal MWkm	450	350	150	100

The diagram below shows the expanded connectivity of this transmission system.



up



The above figure illustrates how the Year Round marginal km are split into Shared and Not-Shared.

(a) For Boundary AB (where 50MW of the generation is Low Carbon (LC) and 0MW of the generation is Carbon (C) and Year Round boundary marginal km = 100km) -

$$\frac{LC}{(LC+C)} = \frac{50}{50+0} = 1 \quad \text{which is greater than 0.5, therefore the following formula will be}$$

used to calculate the Boundary Sharing Factor (BSF) –

$$BSF = -2 \times \left(\frac{LC}{LC+C} \right) + 2 = -2 \times \left(\frac{50}{50+0} \right) + 2 = 0 \quad (0\%)$$

Year Round Shared marginal km = 0.0 * 100km = 0 km

Year Round Not-Shared marginal km = (100 – 0)km = 100 km

(b) For Boundary BC (where 130MW of generation is Low Carbon (LC) and 50MW of generation is Carbon (C) and Year Round boundary marginal km = 200km) –

$$\frac{LC}{(LC+C)} = \frac{(50+80)}{(50+80)+(0+50)} = 0.722 \quad \text{which is greater than 0.5, therefore the following}$$

formula will be used to the BSF –

$$BSF = -2 \times \left(\frac{LC}{LC+C} \right) + 2 = -2 \times \left(\frac{130}{130+50} \right) + 2 = 0.556 \quad (55.6\%)$$

Year Round Shared marginal km = 0.556 * 200km = 111 km

Year Round Not-Shared marginal km = (200 – 111)km = 89 km

(c) For Boundary CD (where 250MW of generation is Low Carbon (LC) and 170MW of generation is Carbon (C) and Year Round boundary marginal km = 50km) –

$$\frac{LC}{(LC+C)} = \frac{(50+80+120)}{(50+80+120)+(0+50+120)} = 0.595 \quad \text{which is greater than 0.5, therefore the}$$

following formula will be used to calculate the BSF –

$$BSF = -2 \times \left(\frac{LC}{LC+C} \right) + 2 = -2 \times \left(\frac{250}{250+170} \right) + 2 = 0.810 \quad (81\%)$$

Year Round Shared marginal km = 0.81 * 50km = 40.5 km

Year Round Not-Shared marginal km = (50 – 40.5)km = 9.5 km

(d) For Doundary D-rest of system (where 330MW of generation is Low Carbon (LC) and 330MW of generation is Carbon (C) and Year Round boundary marginal km = 100km) –

$$\frac{LC}{(LC+C)} = \frac{(50+80+120+80)}{(50+80+120+80)+(0+50+120+160)} = 0.5 \quad \text{therefore it is at the threshold at}$$

which maximum sharing occurs between LC and C generation. Therefore 100% of the Year Round zonal marginal km will be shared. (i.e. BSF=1.0);

Year Round Shared marginal km = 1.0 * 100 = 100 km

Year Round Not-Shared marginal km = (100 – 100)km = 0 km

The shared zonal marginal km for each generation charging zone will be the sum of the relevant shared boundary marginal km as shown in the table below (assuming the node below D is the

centre of the system i.e. zonal MWkm of 0). These not-shared zonal incremental km are then use to calculate wider £/kW generation tariffs.

Boundary/Zone	A	B	C	D
A-B	0			
B-C	111	111		
C-D	40.5	40.5	40.5	
D-rest of system	100	100	100	100
Shared Zonal MWkm	251.5	251.5	140.5	100
Total Zonal MWkm	450	350	150	100

The not-shared zonal marginal km for each generation charging zone will be the sum of the relevant not-shared boundary marginal km as shown in the table below (assuming the node below D is the centre of the system i.e. zonal MWkm of 0). These not-shared zonal incremental km are then use to calculate wider £/kW generation tariffs.

Boundary/Zone	A	B	C	D
A-B	100			
B-C	89	89		
C-D	9.5	9.5	9.5	
D-rest of system	0	0	0	0
Not-Shared Zonal MWkm	198.5	98.5	9.5	0
Total Zonal MWkm	450	350	150	100

14.23 Example: Calculation of Zonal Generation Tariff

Wider

Let us consider all nodes in a generation zone in this example.

The table below shows a sample output of the transport model comprising the node, the Peak Security wider nodal marginal km and Year Round wider nodal marginal km (observed on non-local assets) of an injection at the node with a consequent withdrawal across distributed reference node, the generation sited at the node, scaled to ensure total national generation equals total national demand, for both Peak Security and Year Round generation backgrounds..

Gen Zone	Node	Wider Nodal Marginal km (Peak Security)	Scaled Generation (Peak Security)	Wider Nodal Marginal km (Year Round)	Scaled Generation (Year Round)
4	ABNE10	5.73	0.00	459.90	0.00
4	CLAY1S	239.67	0.00	306.47	0.00
4	CLUN1S	46.41	22.90	502.16	18.76
4	COUA10	45.39	0.00	423.30	0.00
4	DYCE1Q	162.70	0.00	357.81	0.00
4	ERRO10	46.82	56.13	534.03	45.99
4	FIDD1B	91.88	0.00	220.59	0.00
4	FINL1Q	79.69	12.35	495.63	10.12
4	GRIF1S	33.31	0.00	521.16	71.40
4	KIIN10	79.69	0.00	495.63	0.00
4	LOCH10	79.69	35.18	495.63	28.82
4	MILC10	117.69	0.00	328.86	0.00
4	PERS20	266.00	0.00	384.05	0.00
4	TUMB1Q	46.82	0.00	536.27	0.00
	Totals		126.56		175.09

In order to calculate the generation tariff we would carry out the following steps.

- (i) calculate the generation weighted wider nodal shadow costs.

For this example zone this would be as follows:

Gen Zone	Node	Wider Nodal Marginal km (Peak Security)	Scaled Generation (Peak Security) (MW)	Gen Weighted Wider Nodal Marginal km (Peak Security)	Wider Nodal Marginal km (Year Round)	Scaled Generation (Year Round) (MW)	Gen Weighted Wider Nodal Marginal km (Year Round)
4	CLUN1S	46.41	22.90	8.39	502.16	18.76	5
4	ERRO10	46.82	56.13	20.76	534.03	45.99	14
4	FINL1Q	79.69	12.35	7.77	495.63	10.12	2
4	GRIF1S	N/A	N/A	N/A	521.16	71.40	21
4	LOCH10	79.69	35.18	22.15	495.63	28.82	8
Totals			126.56			175.09	

i.e. 79.69×35.18
126.56

- (ii) sum the generation weighted wider nodal shadow costs to give Peak Security and Year Round zonal figures

For this example zone this would be:

.Peak Security: $(8.39 + 20.76 + 7.77 + 22.15) \text{ km} = \mathbf{59.07 \text{ km}}$

Year Round: $(53.80 + 140.27 + 28.65 + 212.52 + 81.58) = \mathbf{516.82 \text{ km}}$

- (iii) In this example we have assumed that accounting for sharing in the Year Round background gives:

Year Round Shared marginal km = 344.56km

Year Round Not-Shared marginal km = 172.26km

)

- (iv) calculate the initial Peak Security wider transport tariff, Year Round Shared wider transport tariff and Year Round Not-Shared wider transport tariff by multiplying the figure in (iii) above by the expansion constant (& dividing by 1000 to put into units of £/kW).

For zone 4 and assuming an expansion constant of £10.07/MWkm and a locational security factor of 1.8:

(a) Initial Peak Security wider tariff - $\frac{59.07 \text{ km} * £10.07/\text{MWkm} * 1.8}{1000} = \mathbf{£1.071/\text{kW}}$

b) Initial Year Round Shared wider tariff -

$\frac{344.56 \text{ km} * £10.07/\text{MWkm} * 1.8}{1000} = \mathbf{£6.245/\text{kW}}$

- c) Initial Year Round Not-Shared wider tariff -

$$\frac{172.26 \text{ km} * \text{£}10.07/\text{MWkm} * 1.8}{1000} = \text{£}1.309/\text{kW}$$

Local

- (v) If we assume (for the sake of this example) that the generator connecting at CLUN1S is a thermal plant with a Peak Security flag of 1 and an Annual Load Factor (ALF) of 60%, which connects via 10km of 132kV 100MVA rated single circuit overhead line from the nearest MITS node, with no redundancy, the substation is rated at less than 1320MW, and there is no other generation or demand connecting to this circuit, then:
- referencing the table in paragraph 14.15.118, the local substation tariff will be £0.133/kW; and
 - running the transport model with a local circuit expansion factor of 10.0 applied to the 10km of overhead line connecting CLUN1S to the nearest MITS node and the wider circuit expansion factors applied to all other circuits, gives a local nodal marginal cost of 100MWkm. This is the additional MWkm costs associated with the node's local assets. Applying the expansion constant of £10.07/MWkm and local security factor of 1.0 and dividing by 1000 gives a local circuit tariff of £1.007/kW.

Residual

- (vi) We now need to calculate the residual tariff. This is calculated by taking the total revenue to be recovered from generation (calculated as c.27% of total The Company TNUoS target revenue for the year) less the revenue which would be recovered through the generation transport tariffs divided by total expected generation.

Assuming the total revenue to be recovered from TNUoS is £1067m, the total recovery from generation would be (27% x £1067m) = £288m. Assuming the total recovery from both wider generation transport tariffs (i.e. wider Peak Security tariff, wider Year Round Shared tariff and wider Year Round Not-Shared tariff) and local generation tariffs (i.e. local substation tariff and local circuit tariff) is £70m and total forecast chargeable generation capacity is 67000MW, the Generation residual tariff would be as follows:

$$\frac{\text{£}288 - \text{£}70\text{m}}{65000\text{MW}} = \text{£}3.35/\text{kW}$$

- (vii) Therefore the charges for thermal plant with a TEC of 100MW and an ALF of 60%, connecting at CLUN1S is:
- = Wider Peak Security Tariff * PS Flag * TEC
 - = Wider Year Round Shared Tariff * ALF * TEC
 - = Wider Year Round Not-Shared Tariff * TEC
 - = Local substation Tariff * TEC
 - = Local circuit Tariff * TEC
 - = Residual Tariff * TEC

For this example
, the above changes are -

$$= 1.071 * 1 * 100,000$$

CUSC v1.16

$$\begin{aligned} &= 1.309 * 100,000 \\ &= 0.133 * 100,000 \\ &= 1.007 * \underline{100,000} \end{aligned}$$

$$= 3.35 * 100,000$$

(effectively, £10.617/kW * 100,000kW = £1,061,700)

(viii) Alternatively, if we assume that the generator connecting at CLUN1S is an intermittent wind generation plant (instead of a thermal plant) with a TEC of 100MW, PS Flag of 0 and an ALF of 30%, then the charges payable will be –

$$\begin{aligned} &= 1.071 * 0 * 100,000 \\ &= 6.245 * 0.3 * 100,000 \\ &= 1.309 * 100,000 \\ &= 0.133 * 100,000 \\ &= 1.007 * 100,000 \\ &= 3.35 * 100,000 \end{aligned}$$

(effectively, £7.673/kW * 100,000kW = £767,300)

14.24 Example: Calculation of Zonal Demand Tariff

Let us consider all nodes in a demand zone in this example

The table below shows a sample output of the transport model comprising the node, the Peak Security and Year Round marginal km of an injection at the node with a consequent withdrawal at the distributed reference node, the generation sited at the node, scaled to ensure total national generation = total national demand and the demand sited at the node.

Demand Zone	Node	Peak Security Nodal Marginal km	Year Round Nodal Marginal km	Demand (MW)
14	ABHA4A	-77.25	-230.25	127
14	ABHA4B	-77.27	-230.12	127
14	ALVE4A	-82.28	-197.18	100
14	ALVE4B	-82.28	-197.15	100
14	AXMI40_SWEB	-125.58	-176.19	97
14	BRWA2A	-46.55	-182.68	96
14	BRWA2B	-46.55	-181.12	96
14	EXET40	-87.69	-164.42	340
14	HINP20	-46.55	-147.14	0
14	HINP40	-46.55	-147.14	0
14	INDQ40	-102.02	-262.50	444
14	IROA20_SWEB	-109.05	-141.92	462
14	LAND40	-62.54	-246.16	262
14	MELK40_SWEB	18.67	-140.75	83
14	SEAB40	65.33	-140.97	304
14	TAUN4A	-66.65	-149.11	55
14	TAUN4B	-66.66	-149.11	55
	Totals			2748

In order to calculate the demand tariff we would carry out the following steps:

- (i) calculate the demand weighted nodal shadow costs

For this example zone this would be as follows:

Demand zone	Node	Peak Security Nodal Marginal km	Year Round Nodal Marginal km	Demand (MW)	Peak Security Demand Weighted Nodal Marginal km	Year Round Demand Weighted Nodal Marginal km
14	ABHA4A	-77.25	-230.25	127	-3.57	-10.64
14	ABHA4B	-77.27	-230.12	127	-3.57	-10.64
14	ALVE4A	-82.28	-197.18	100	-2.99	-7.17
14	ALVE4B	-82.28	-197.15	100	-2.99	-7.17
14	AXMI40_SWEB	-125.58	-176.19	97	-4.43	-6.22
14	BRWA2A	-46.55	-182.68	96	-1.63	-6.38
14	BRWA2B	-46.55	-181.12	96	-1.63	-6.33
14	EXET40	-87.69	-164.42	340	-10.85	-20.34
14	INDQ40	-102.02	-262.50	444	-16.48	-42.41
14	IROA20_SWEB	-109.05	-141.92	462	-18.33	-23.86
14	LAND40	-62.54	-246.16	262	-5.96	-23.47
14	MELK40_SWEB	18.67	-140.75	83	0.56	-4.25
14	SEAB40	65.33	-140.97	304	7.23	-15.59
14	TAUN4A	-66.65	-149.11	55	-1.33	-2.98
14	TAUN4B	-66.66	-149.11	55	-1.33	-2.98
	Totals			2748	-49.19	-190.43

- (ii) sum the Peak Security and Year Round demand weighted nodal shadow costs to give zonal figures. For this example zone this is shown in the above table and is 49.19km for Peak Security background and 190.43km for Year Round background.
- (iii) calculate the transport tariffs by multiplying the figures in (ii) above by the expansion constant (& dividing by 1000 to put into units of £/kW):

For this example zone, assuming an expansion constant of £10.07/MWkm and a locational security factor of 1.80:

$$\text{a) Peak Security tariff} - \frac{49.19\text{km} * \text{£}10.07/\text{MWkm} * 1.8}{1000} = \text{£}0.89/\text{kW}$$

$$\text{b) Year Round tariff -} \\ \frac{190.43\text{km} * \text{£}10.07/\text{MWkm} * 1.8}{1000} = \underline{\underline{\text{£}3.45/\text{kW}}}$$

- (iv) We now need to calculate the residual tariff. This is calculated by taking the total revenue to be recovered from demand (calculated as c.73% of total The Company TNUoS target revenue for the year) less the revenue which would be recovered through the demand transport tariffs divided by total expected demand.

Assuming the total revenue to be recovered from TNUoS is £1067m, the total recovery from demand would be (73% x £1067m) = £779m. Assuming the total recovery from demand transport tariffs is £130m and total forecast chargeable demand capacity is 50000MW, the demand residual tariff would be as follows:

$$\frac{\text{£}779\text{m} - \text{£}130\text{m}}{50000\text{MW}} = \underline{\underline{\text{£}12.98/\text{kW}}}$$

- (v) to get to the final tariff, we simply add on the demand residual tariff calculated in (v) to the zonal transport tariffs calculated in (iii(a)) and (iii(b))

For zone 14:

$$\text{£}0.89/\text{kW} + \text{£}3.45/\text{kW} + \text{£}12.98/\text{kW} = \underline{\underline{\text{£}17.32/\text{kW}}}$$

To summarise, in order to calculate the demand tariffs, we evaluate a demand weighted zonal marginal km cost multiply by the expansion constant and locational security factor then we add a constant (termed the residual cost) to give the overall tariff.

- (vii) The final demand tariff is subject to further adjustment to allow for the minimum £0/kW demand charge. The application of a discount for small generators pursuant to Licence Condition C13 will also affect the final demand tariff.

14.25 Reconciliation of Demand Related Transmission Network Use of System Charges

This appendix illustrates the methodology used by The Company in the reconciliation of Transmission Network Use of System charges for demand. The example highlights the different stages of the calculations from the monthly invoiced amounts, right through to Final Reconciliation.

Monthly Charges

Suppliers provide half-hourly (HH) and non-half-hourly (NHH) demand forecasts by BM Unit every quarter. An example of such forecasts and the corresponding monthly invoiced amounts, based on tariffs of £10.00/kW and 1.20p/kWh, is as follows:

	Forecast HH Triad Demand $HHD_F(kW)$	HH Monthly Invoiced Amount (£)	Forecast NHH Energy Consumption $NHHC_F(kWh)$	NHH Monthly Invoiced Amount (£)	Net Monthly Invoiced Amount (£)
Apr	12,000	10,000	15,000,000	15,000	25,000
May	12,000	10,000	15,000,000	15,000	25,000
Jun	12,000	10,000	15,000,000	15,000	25,000
Jul	12,000	10,000	18,000,000	19,000	29,000
Aug	12,000	10,000	18,000,000	19,000	29,000
Sep	12,000	10,000	18,000,000	19,000	29,000
Oct	12,000	10,000	18,000,000	19,000	29,000
Nov	12,000	10,000	18,000,000	19,000	29,000
Dec	12,000	10,000	18,000,000	19,000	29,000
Jan	7,200	(6,000)	18,000,000	19,000	13,000
Feb	7,200	(6,000)	18,000,000	19,000	13,000
Mar	7,200	(6,000)	18,000,000	19,000	13,000
Total		72,000		216,000	288,000

As shown, for the first nine months the Supplier provided a 12,000kW HH triad demand forecast, and hence paid HH monthly charges of £10,000 $((12,000kW \times £10.00/kW)/12)$ for that BM Unit. In January the Supplier provided a revised forecast of 7,200kW, implying a forecast annual charge reduced to £72,000 $(7,200kW \times £10.00/kW)$. The Supplier had already paid £90,000, so the excess of £18,000 was credited back to the supplier in three £6,000 instalments over the last three months of the year.

The Supplier also initially provided a 15,000,000kWh NHH energy consumption forecast, and hence paid NHH monthly charges of £15,000 $((15,000,000kWh \times 1.2p/kWh)/12)$ for that BM Unit. In July the Supplier provided a revised forecast of 18,000,000kWh, implying a forecast annual charge increased to £216,000 $(18,000,000kWh \times 1.2p/kWh)$. The Supplier had already paid £45,000, so the remaining £171,000 was split into payments of £19,000 for the last nine months of the year.

The right hand column shows the net monthly charges for the BM Unit.

Initial Reconciliation (Part 1)

The Supplier's outturn HH triad demand, based on initial settlement data (and therefore subject to change in subsequent settlement runs), was 9,000kW. The HH triad demand reconciliation charge is therefore calculated as follows:

$$\begin{aligned}
 \text{HHD Reconciliation Charge} &= (\text{HHD}_A - \text{HHD}_F) \times \text{£/kW Tariff} \\
 &= (9,000\text{kW} - 7,200\text{kW}) \times \text{£}10.00/\text{kW} \\
 &= 1,800\text{kW} \times \text{£}10.00/\text{kW} \\
 &= \text{£}18,000
 \end{aligned}$$

To calculate monthly interest charges, the outturn HHD charge is split equally over the 12-month period. The monthly reconciliation amount is the monthly outturn HHD charge less the HH monthly invoiced amount. Interest payments are calculated based on these monthly reconciliation amounts using Barclays Base Rate.

Please note that payments made to BM Units with a net export over the Triad, based on initial settlement data, will also be reconciled at this stage.

As monthly payments will not be made on the basis of a negative forecast, the HHD Reconciliation Charge for an exporting BM Unit will represent the full actual payment owed to that BM Unit (subject to adjustment by subsequent settlement runs). Interest will be calculated as described above.

Initial Reconciliation (Part 2)

The Supplier's outturn NHH energy consumption, based on initial settlement data, was 17,000,000kWh. The NHH energy consumption reconciliation charge is therefore calculated as follows:

$$\begin{aligned}
 \text{NHH Reconciliation Charge} &= \frac{(\text{NHH}_A - \text{NHH}_F) \times \text{p/kWh Tariff}}{100} \\
 &= \frac{(17,000,000\text{kWh} - 18,000,000\text{kWh}) \times 1.20\text{p/kWh}}{100} \\
 &= \frac{-1,000,000\text{kWh} \times 1.20\text{p/kWh}}{100} \\
 &= \text{£}12,000
 \end{aligned}$$

[worked example 4.xls - Initial!J104](#)

The monthly reconciliation amount is equal to the outturn energy consumption charge for that month less the NHH monthly invoiced amount. Interest payments are calculated based on the monthly reconciliation amounts using Barclays Base Rate.

The net initial TNUoS demand reconciliation charge is therefore £6,000 (£18,000 - £12,000).

Final Reconciliation

Finally, let us now suppose that after all final Settlement data has been received (up to 14 months after the relevant dates), the outturn HH triad demand and NHH energy consumption values were 9,500kW and 16,500,000kWh, respectively.

$$\begin{aligned} \text{Final HH Reconciliation Charge} &= (9,500\text{kW} - 9,000\text{kW}) \times \text{£}10.00/\text{kW} \\ &= \text{£}5,000 \end{aligned}$$

$$\begin{aligned} \text{Final NHH Reconciliation Charge} &= \frac{(16,700,000\text{kWh} - 17,000,000\text{kWh}) \times 1.20\text{p}/\text{kWh}}{100} \\ &= -\text{£}3,600 \end{aligned}$$

Consequently, the net final TNUoS demand reconciliation charge will be £1,400.

Interest payments are calculated based on the monthly reconciliation amounts using Barclays Base Rate.

Outturn data for BM Units with a net export over the Triad will be received at this stage and final reconciliation will be carried out, as required. Interest will be calculated as described above.

Terminology:

HHD_A = The Supplier's outturn half-hourly metered Triad Demand (kW) for the demand zone concerned.

HHD_F = The Supplier's forecast half-hourly metered Triad Demand (kW) for the demand zone concerned.

NHHC_A = The Supplier's outturn non-half-hourly metered daily Energy Consumption (kWh) for the period 16:00 hrs to 19:00 hrs inclusive (i.e. settlement periods 33 to 38) from April 1st to March 31st, for the demand zone concerned.

NHHC_F = The Supplier's forecast non-half-hourly metered daily Energy Consumption (kWh) for the period 16:00 hrs to 19:00 hrs inclusive (i.e. settlement periods 33 to 38) from April 1st to March 31st, for the demand zone concerned.

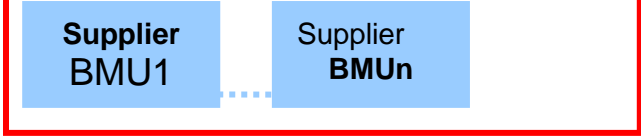
£/kW Tariff = The £/kW Demand Tariff as shown in Schedule 1 of **The Statement of Use of System Charges** for the demand zone concerned.

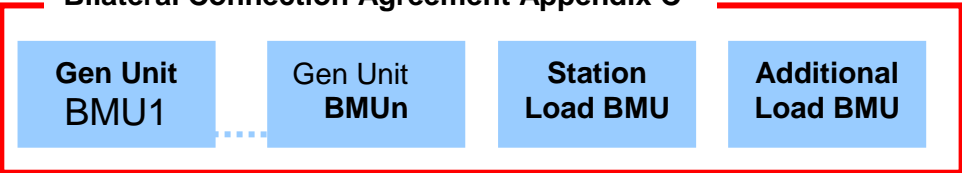
p/kWh Tariff = The Energy Consumption Tariff shown in Schedule 1 of **The Statement of Use of System Charges** for the demand zone concerned.

14.26 Classification of parties for charging purposes

In the event of any conflict between this Appendix and the main text within this Statement, the main text within the Statement shall take precedence.

In the following diagrams, the parties liable for Transmission Network Use of System charges are outlined in red.

SUPPLIER	
<p style="text-align: center;">Supplier Use of System Agreement</p> 	
<p>Demand Charges See 14.17.9 and 14.17.14.</p>	<p>Generation Charges None.</p>

POWER STATION WITH A BILATERAL CONNECTION AGREEMENT	
<p style="text-align: center;">Bilateral Connection Agreement Appendix C</p> 	
<p>Demand Charges See 14.17.10.</p>	<p>Generation Charges See 14.18.1 i) and 14.18.3 to 14.18.9 and 14.18.18. For generators in positive zones, see 14.18.10 to 14.18.12. For generators in negative zones, see 14.18.13 to 14.18.17.</p>

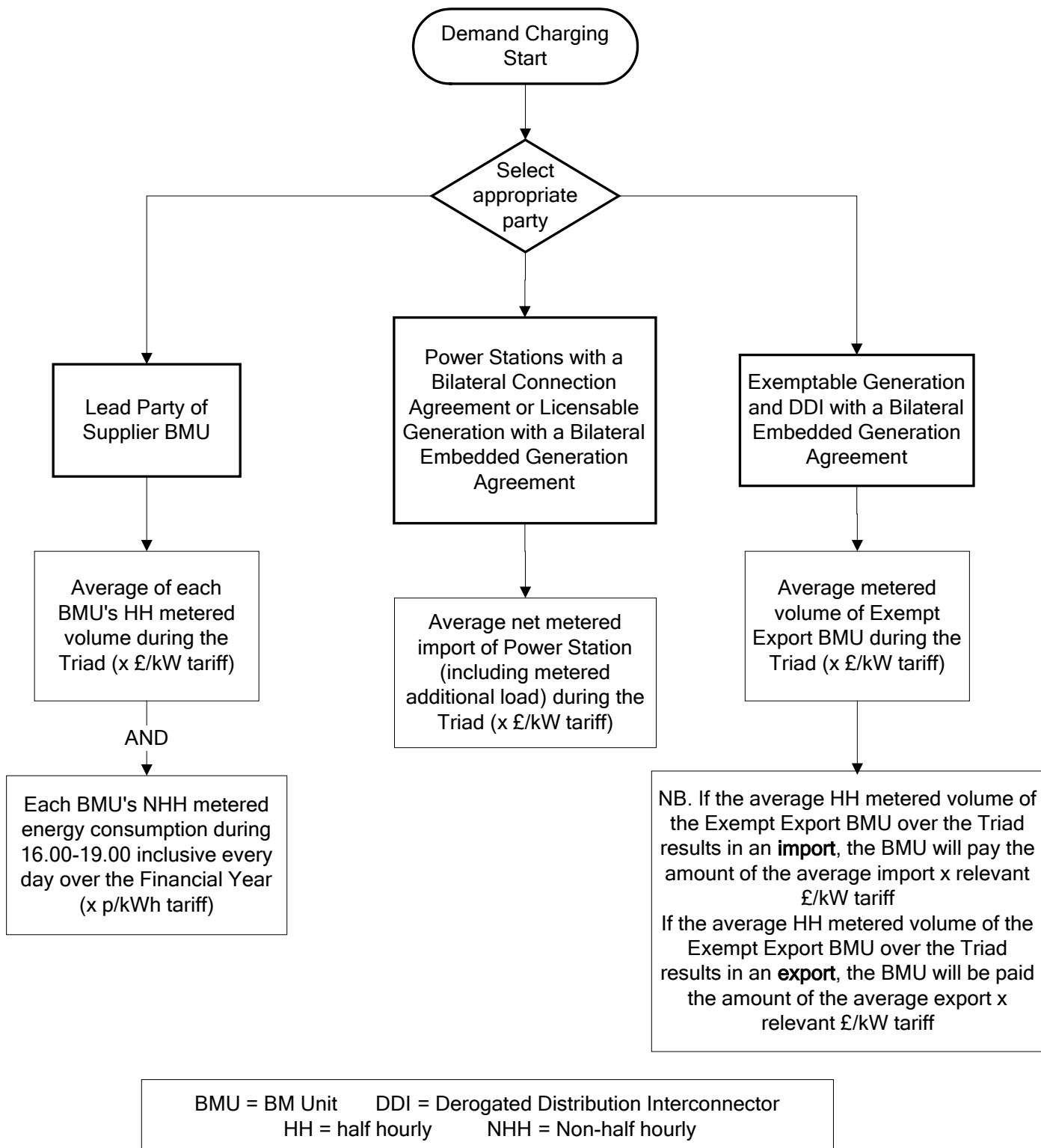
PARTY WITH A BILATERAL EMBEDDED GENERATION AGREEMENT	
<p>Bilateral Embedded Generation Agreement Appendix C</p>	
<p>Demand Charges See 14.17.10, 14.17.11 and 14.17.14.</p>	<p>Generation Charges See 14.18.1 ii). For generators in positive zones, see 14.18.3 to 14.18.12 and 14.18.18. For generators in negative zones, see 14.18.3 to 14.18.9 and 14.18.13 to 14.18.18.</p>

14.27 Transmission Network Use of System Charging Flowcharts

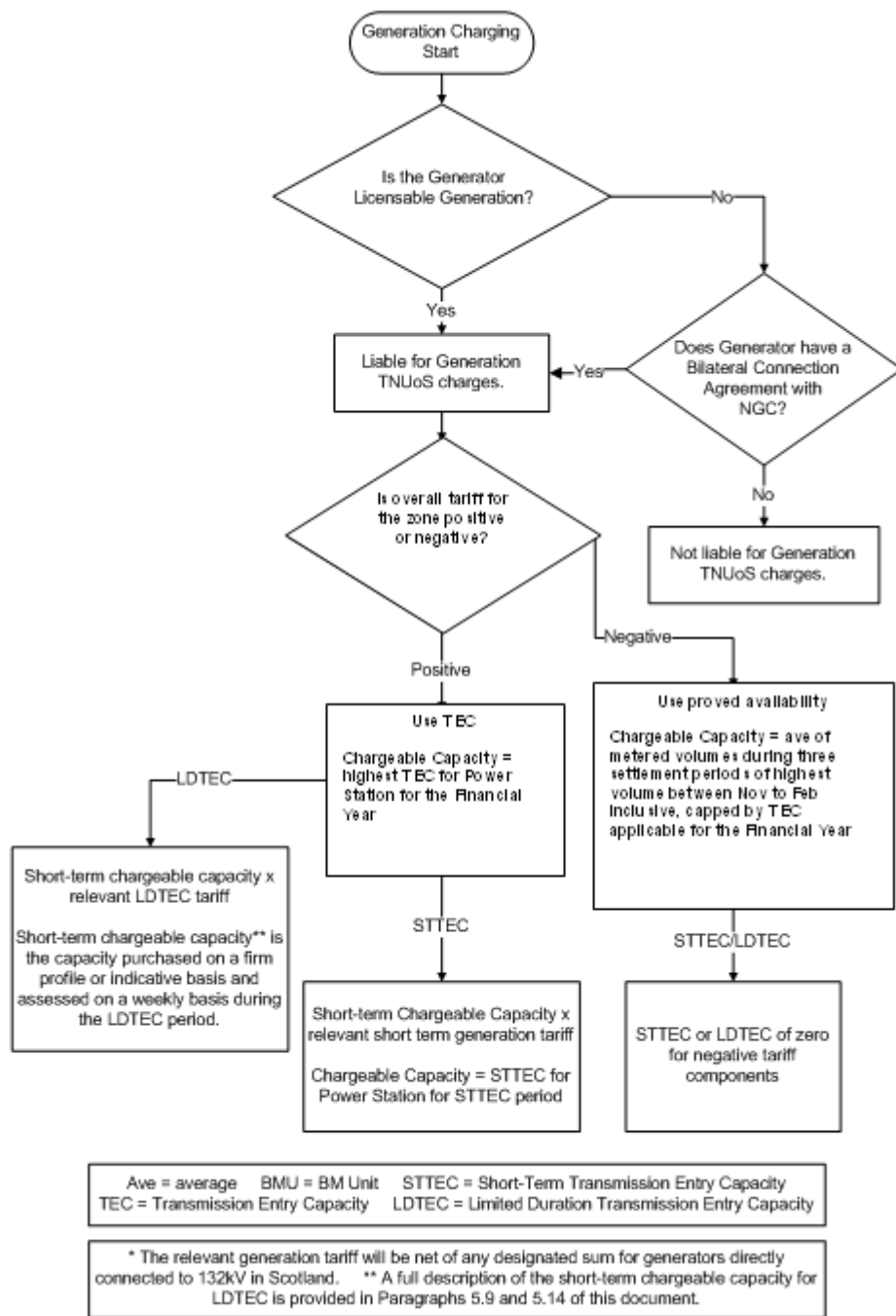
The following flowcharts illustrate the parties liable for Demand and Generation TNUoS charges and the calculation of those charges.

In the event of any conflict between this Appendix and the main text within this Statement, the main text within the Statement shall take precedence.

Demand Charges



Generation Charges



14.28 Example: Determination of The Company's Forecast for Demand Charge Purposes

The Company will use the latest available settlement data for calculation of HH demand and NHH energy consumption forecasts for the Financial Year.

The Financial Year runs from 1st April to 31st March inclusive and for the purpose of these examples the year April 2005 to March 2006 is used.

Where the preceding year's settlement data is not available at the time that The Company needs to calculate its forecast, The Company will use settlement data from the corresponding period in Financial Year minus two unless indicated otherwise.

All values used with the examples are purely for illustrative purposes only.

i) Half-Hourly (HH) Metered Demand Forecast – Existing User

At the time of calculation of a HH demand forecast before the relevant Financial Year (approximately 10th March), The Company will be aware at a system level which dates will be used for the determination of Triad. However, The Company may not have settlement data at a User level if the Triad dates were to span a period that includes the latter half of February.

When undertaking forecasting before the relevant Financial Year, The Company will use the User's Triad demand for the previous year for its forecast providing it holds User settlement data for this period, thus:

$$F = T$$

where:

F = Forecast of User's HH demand at Triad for the Financial Year

T = User's HH demand at Triad in Financial Year minus one

Where The Company determines its forecast within a Financial Year:

$$F = T * D/P$$

where:

F = Forecast of User's HH demand at Triad for the Financial Year

T = User's HH demand at Triad in the preceding Financial Year

D = User's average half hourly metered demand in settlement period 35 in the Financial Year to date

P = User's average half hourly metered demand in settlement period 35 for the period corresponding to D in the preceding Financial Year

Where The Company determines its forecast before the relevant Financial Year and User settlement data for the Triad period is not available, The Company shall apply the formula immediately above (within year forecast) but substitute the following definitions for the values T, D, and P:

T = User's HH demand at Triad in the Financial Year minus two

D = User's average half hourly metered demand in settlement period 35 in the Financial Year minus one, to date

P = User's average half hourly metered demand in settlement period 35 for the period corresponding to D in the Financial Year minus two

Example (where User settlement data is not yet available for the Triad period):

The Company calculates a HH demand forecast on the above methodology at 10th March 2005 for the period 1st April 2005 to 31st March 2006.

$$F = 10,000 * 13,200 / 12,000$$

$$F = 11,000 \text{ kWh}$$

where:

T = 10,000 kWh (period November 2003 to February 2004)

D = 13,200 kWh (period 1st April 2004 to 15th February 2005#)

P = 12,000 kWh (period 1st April 2003 to 15th February 2004)

Latest date for which settlement data is available.

ii) **Non Half-Hourly (NHH) Metered Energy Consumption Forecast – Existing User**

$$F = E * D/P$$

where:

F = Forecast of User's NHH metered energy consumption for the Financial Year

E = User's summed NHH energy consumption over the hours 16:00 to 19:00 for each day in the preceding Financial Year

D = User's summed NHH energy consumption for the hours 16:00 to 19:00 for each day for the Financial Year to date

P = User's summed NHH energy consumption for the hours 16:00 to 19:00 for each day for the period corresponding to D in the preceding Financial Year

Example:

The Company calculates a NHH energy consumption forecast on the above methodology at 10th June 2005 for the period 1st April 2005 to 31st March 2006.

$$F = 50,000,000 * 4,400,000 / 4,000,000$$

$$F = 55,000,000 \text{ kWh}$$

where:

E = 50,000,000 kWh (period 1st April 2004 to 31st March 2005)

D = 4,400,000 kWh (period 1st April 2005 to 15th May 2005#)

P = 4,000,000 kWh (period 1st April 2004 to 15th May 2004)

Latest date for which settlement data is available

Where forecasting before the relevant Financial Year concerned, The Company would in the above example use values for E and P from Financial Year 2003/04 and D from Financial Year 2004/05.

iii) Half-Hourly (HH) Metered Demand Forecast – New User

$$F = M * T/W$$

where:

F = Forecast of User's HH metered demand at Triad for the Financial Year

M = User's HH average weekday period 35 demand for the last complete month for which settlement data is available

T = Total system HH demand at Triad in the preceding Financial Year

W = Total system HH average weekday settlement period 35 metered demand for the corresponding period to M for the preceding year

Example:

The Company calculates a HH demand forecast on the above methodology at 10th September 2005 for a new User registered from 10th June 2005 for the period 10th June 2004 to 31st March 2006.

$$F = 1,000 * 17,000,000 / 18,888,888$$

$$F = 900 \text{ kWh}$$

where:

M = 1,000 kWh (period 1st July 2005 to 31st July 2005)

T = 17,000,000 kWh (period November 2004 to February 2005)

W = 18,888,888 kWh (period 1st July 2004 to 31st July 2004)

iv) Non Half Hourly (NHH) Metered Energy Consumption Forecast – New User

$$F = J + (M * R/W)$$

where:

- F = Forecast of User's NHH metered energy consumption for the Financial Year
- J = Residual part month summed NHH metered energy consumption for the hours 16:00 to 19:00 for each day where new User registration takes place other than on the first of a month
- M = User's summed NHH metered energy consumption for the hours 16:00 to 19:00 for each day for the last complete month for which settlement data is available
- R = Total system summed NHH metered energy consumption for the hours 16:00 to 19:00 for each day for the period from the start of that defined under M but for the preceding year and until the end of that preceding Financial Year
- W = Total system summed NHH metered energy consumption for the hours 16:00 to 19:00 for each day for the period identified in M but for the preceding Financial Year

Example:

The Company calculates a NHH energy consumption forecast on the above methodology at 10th September 2005 for a new User registered from 10th June 2005 for the period 10th June 2005 to 31st March 2006.

$$F = 500 + (1,000 * 20,000,000,000 / 2,000,000,000)$$

$$F = 10,500 \text{ kWh}$$

where:

$$J = 500 \text{ kWh (period 10}^{\text{th}} \text{ June 2005 to 30}^{\text{th}} \text{ June 2005)}$$

$$M = 1,000 \text{ kWh (period 1}^{\text{st}} \text{ July 2005 to 31}^{\text{st}} \text{ July 2005)}$$

$$R = 20,000,000,000 \text{ kWh (period 1}^{\text{st}} \text{ July 2004 to 31}^{\text{st}} \text{ March 2005)}$$

$$W = 2,000,000,000 \text{ kWh (period 1}^{\text{st}} \text{ July 2004 to 31}^{\text{st}} \text{ July 2004)}$$

14.29 Stability & Predictability of TNUoS tariffs

Stability of tariffs

The Transmission Network Use of System Charging Methodology has a number of elements to enhance the stability of the tariffs, which is an important aspect of facilitating competition in the generation and supply of electricity. This appendix seeks to highlight those elements.

Each node of the transmission network is assigned to a zone. The result of this is to dampen fluctuations that would otherwise be observed at a given node caused by changes in generation, demand, and network parameters. The criteria used to establish generation zones are part of the methodology and are described in Paragraph 14.15.42.

These zones are themselves fixed for the duration of the price control period. The methodology does, however, allow these to be revisited in exceptional circumstances to ensure that the charges remain reasonably cost reflective or to accommodate changes to the network. In rare circumstances where such a re-zoning exercise is required, this will be undertaken in such a way that minimises the adverse impact on Users. This is described in Paragraph 14.15.45.

In addition to fixing zones, other key parameters within the methodology are also fixed for the duration of the price control period or annual changes restricted in some way. Specifically:

- the expansion constant, which reflects the annuitised value of capital investment required to transport 1MW over 1km by a 400kV over-head line, changes annually according to RPI. The other elements used to derive the expansion constant are only reviewed at the beginning of a price control period to ensure that it remains cost-reflective. This review will consider those components outlined in Paragraph 14.15.59 to Paragraph 14.15.69.
- the expansion factors, which are set on the same basis of the expansion constant and used to reflect the relative investment costs in each TO region of circuits at different transmission voltages and types, are fixed for the duration price control. These factors are reviewed at the beginning of a price control period and will take account of the same factors considered in the review of the expansion constant.
- the locational security factor, which reflects the transmission security provided under the NETS Security and Quality of Supply Standard, is fixed for the duration of the price control period and reviewed at the beginning of a price control period.

Predictability of tariffs

The Company revises TNUoS tariffs each year to ensure that these remain cost-reflective and take into account changes to allowable income under the price control and RPI. There are a number of provisions within The Company's Transmission Licence and the CUSC designed to promote the predictability of annually varying charges. Specifically, The Company is required to give the Authority 150 days notice of its intention to change use of system charges together with a reasonable assessment of the proposals on those charges; and to give Users 2 months written notice of any revised charges. The Company typically provides an additional months notice of revised charges through the publication of "indicative" tariffs. Shorter notice periods are permitted by the framework but only following consent from the Authority.

These features require formal proposals to change the Transmission Use of System Charging Methodology to be initiated in October to provide sufficient time for a formal consultation and the Authority's veto period before charges are indicated to Users.

More fundamentally, The Company also provides Users with the tool used by The Company to calculate tariffs. This allows Users to make their own predictions on how future changes in the generation and supply sectors will influence tariffs. Along with the price control information, the data from the Seven Year Statement, and Users own prediction of market activity, Users are able to make a reasonable estimate of future tariffs and perform sensitivity analysis.

To supplement this, The Company also prepares an annual information paper that provides an indication of the future path of the locational element of tariffs over the next five years.⁴ This analysis is based on data included within the Seven Year Statement. This report typically includes:

- an explanation of the events that have caused tariffs to change;
- sensitivity analysis to indicate how generation and demand tariffs would change as a result of changes in generation and demand at certain points on the network that are not included within the SYS;
- an assessment of the compliance with the zoning criteria throughout the five year period to indicate how generation zones might need to change in the future, with a view to minimising such changes and giving as much notice of the need, or potential need, to change generation zones; and
- a complete dataset for the DCLF Transport Model developed for each future year, to allow Users to undertake their own sensitivity analysis for specific scenarios that they may wish to model.

The first year of tariffs forecasted in the annual information paper are updated twice throughout the proceeding financial year as the various Transport and Tariff model inputs are received or amended. These updates are in addition to the Authority 150 days notice and publication of “indicative” tariffs.

The parameters used in the calculation of generation cap (in paragraph 14.15.5 v.)) will be published along with the forecast and confirmed values in the Tariff Information Paper which is produced in compliance with Condition 5 (of the NGC’s proposed GB electricity transmission use of system charging methodology - the Authority’s decisions document March 2005 80/5).

In addition, The Company will, when revising generation charging zones prior to a new price control period, undertake a zoning consultation that uses data from the latest information paper. The purpose of this consultation will be to ensure tariff zones are robust to contracted changes in generation and supply, which could be expected to reduce the need for re-zoning exercises within a price control period.

⁴ <http://www.nationalgrid.com/uk/Electricity/Charges/gbchargingapprovalconditions/5/>

Section 2 – The Statement of the Balancing Services Use of System Charging Methodology

14.29 Principles

- 14.29.1 The Transmission Licence allows The Company to derive revenue in respect of the Balancing Services Activity through the Balancing Services Use of System (BSUoS) charges. This statement explains the methodology used in order to calculate the BSUoS charges.
- 14.29.2 The Balancing Services Activity is defined in the Transmission Licence as the activity undertaken by The Company as part of the Transmission Business including the operation of the transmission system and the procuring and using of Balancing Services for the purpose of balancing the transmission system.
- 14.29.3 The Company in its role as System Operator keeps the electricity system in balance (energy balancing) and maintains the quality and security of supply (system balancing). The Company is incentivised on the procurement and utilisation of services to maintain the energy and system balance and other costs associated with operating the system. Users pay for the cost of these services and any incentivised payment/receipts through the BSUoS charge.
- 14.29.4 All CUSC Parties acting as Generators and Suppliers (for the avoidance of doubt excluding all BMUs and Trading Units associated with Interconnectors) are liable for Balancing Services Use of System charges based on their energy taken from or supplied to the National Grid system in each half-hour Settlement Period.
- 14.29.5 BSUoS charges comprise the following costs:
- (i) The Total Costs of the Balancing Mechanism
 - (ii) Total Balancing Services Contract costs
 - (iii) Payments/Receipts from National Grid incentive schemes
 - (iv) Internal costs of operating the System
 - (v) Costs associated with contracting for and developing Balancing Services
 - (vi) Adjustments
 - (vii) Costs invoiced to The Company associated with Manifest Errors and Special Provisions.
 - (viii) BETTA implementation costs

14.30 Calculation of the Daily Balancing Services Use of System charge

Calculation of the Daily Balancing Services Use of System charge

14.30.1 The BSUoS charge payable by customer *c*, on Settlement Day *d*, will be calculated in accordance with the following formula:

$$BSUoS_{TOT}_{cd} = \sum_{i \in c} \sum_{j \in d} BSUoS_{TOT}_{ij}$$

Where:

- i* - refers to the individual BM Unit
- j* - refers to an individual Settlement Period
- $\sum_{i \in c} \sum_{j \in d}$ - refers to the sum over all BM units '*i*', for which customer '*c*' is the Lead Party* summed over all Settlement Periods '*j*' on a Settlement Day '*d*'

14.30.2 A customer's charge is based on their proportion of BM Unit Metered Volume for each Settlement Period relative to the total BM Unit Metered Volume for each Settlement Period, adjusted for transmission losses by the application of the relevant Transmission Losses Multiplier.

For all liable importing and exporting BM Units in delivering Trading Units in a Settlement Period:

$$BSUoS_{TOT}_{ij} = \frac{BSUoS_{TOT}_j * QMBSUoS_{ij} * TLM_{ij}}{\left\{ \sum^+ (QMBSUoS_{ij} * TLM_{ij}) \right\} + \left\{ \sum^- (QMBSUoS_{ij} * TLM_{ij}) \right\}}$$

For all liable importing and exporting BM Units in offtaking Trading Units in a Settlement Period:

$$BSUoS_{TOT}_{ij} = \frac{-1 * BSUoS_{TOT}_j * QMBSUoS_{ij} * TLM_{ij}}{\left\{ \sum^+ (QMBSUoS_{ij} * TLM_{ij}) \right\} + \left\{ \sum^- (QMBSUoS_{ij} * TLM_{ij}) \right\}}$$

Where:

$BSUoS_{TOT}_j$	Total BSUoS Charge applicable for Settlement Period <i>j</i>
$QMBSUoS_{ij}$	BM Unit Metered Volume (QM_{ij})** for BSUoS Liable BM Units
TLM_{ij}	Transmission Loss Multiplier **

\sum^+ - refers to the sum over all BM Units that are in delivering Trading Units in Settlement Period '*j*'

\sum^- - refers to the sum over all BM Units that are in offtaking Trading Units in Settlement Period '*j*'

'delivering' and 'offtaking' in relation to Trading Units have the meaning set out in the Balancing and Settlement Code (excluding all Interconnector BMUs and Trading Units)

* or CUSC party associated with the BMUnits (listed in Appendix C of the BEGA) who is exempt from also being a BSC Party

** Detailed definition in Balancing and Settlement Code Annex X2 – Technical Glossary

- 14.30.3 For the avoidance of doubt, BM Units that are registered in Trading Units will be charged on a net Trading Unit basis i.e. if a BM Unit is exporting to the system and is within a Trading Unit that is offtaking from the system then the BM Unit in essence would be paid the BSUoS charge. Conversely, if a BM Unit is importing from the system in a delivering Trading Unit then the BM Unit in essence would pay the BSUoS charge.

Interconnector BM Units

- 14.30.4 BM Unit and Trading Units associated with Interconnectors, including those associated with the Interconnector Error Administrator, are not liable for BSUoS charges.

Total BSUoS Charge (Internal + External) for each Settlement Period (BSUoS_{TOT}_{jd})

- 14.30.5 The Total BSUoS charges for each Settlement Period (BSUoS_{TOT}_{jd}) for a particular day are calculated by summing the external BSUoS charge (BSUoS_{EXT}_{jd}) and internal BSUoS charge (BSUoS_{SINT}_{jd}) for each Settlement Period.

$$BSUoS_{TOT_{jd}} = BSUoS_{EXT_{jd}} + BSUoS_{SINT_{jd}}$$

External BSUoS Charge for each Settlement Period (BSUoS_{EXT}_{jd})

- 14.30.6 The External BSUoS Charges for each Settlement Period (BSUoS_{EXT}_{jd}) are calculated by taking each Settlement Period System Operator BM Cash Flow (CSOBM_j) and Balancing Service Variable Contract Cost (BSCCV_j) and allocating the daily elements on a MWh basis across each Settlement Period in a day.

$$\begin{aligned}
 BSUoS_{EXT_{jd}} &= CSOBM_{jd} + BSCCV_{jd} \\
 &+ [(IncpayEXT_d + BSCCA_d + ET_d - OM_d + FIIR_d + BSC_d + SOTOC_d + LBS_d) \\
 &* \{ \left| \sum^+ (QMBSUoS_{ijd} * TLM_{ijd}) + \left| \sum^- (QMBSUoS_{ijd} * TLM_{ijd}) \right| \right\} / \\
 &\sum_{j=d} \{ \left| \sum^+ (QMBSUoS_{ij} * TLM_{ij}) \right| + \left| \sum^- (QMBSUoS_{ij} * TLM_{ij}) \right| \}]
 \end{aligned}$$

Calculation of the daily External Incentive Payment (IncpayEXT_d)

- 14.30.7 In respect of each Settlement Day d, IncpayEXT_d is calculated as the difference between the new total incentive payment (FKIncpayEXT_d) and the incentive payment that has been made to date for the previous days from the commencement of the scheme ($\xi_{k=1 \Rightarrow d-1} IncpayEXT_k$):

$$IncpayEXT_d = FKIncpayEXT_d - \sum_{k=0}^{d-1} IncpayEXT_k$$

- 14.30.8 The forecast incentive payment made to date (from the commencement of the scheme) (FKIncpayEXT_d) is calculated as the ratio of total forecast external

incentive payment across the duration of the scheme: the number of days in the scheme, multiplied by the sum of the profiling factors to date.

$$FKIncpayEXT_d = \frac{FYIncpayEXT_d}{NDS} * \sum_{k=1}^d PFT_k$$

Inclusion of Profiling Factors

14.30.9 Profiling factors have been included to give an effective mechanism for calculating a representative level of the incentive payments to/from The Company according to the time of year. All PFT_d are assumed to be one for the duration of the current external incentive scheme.

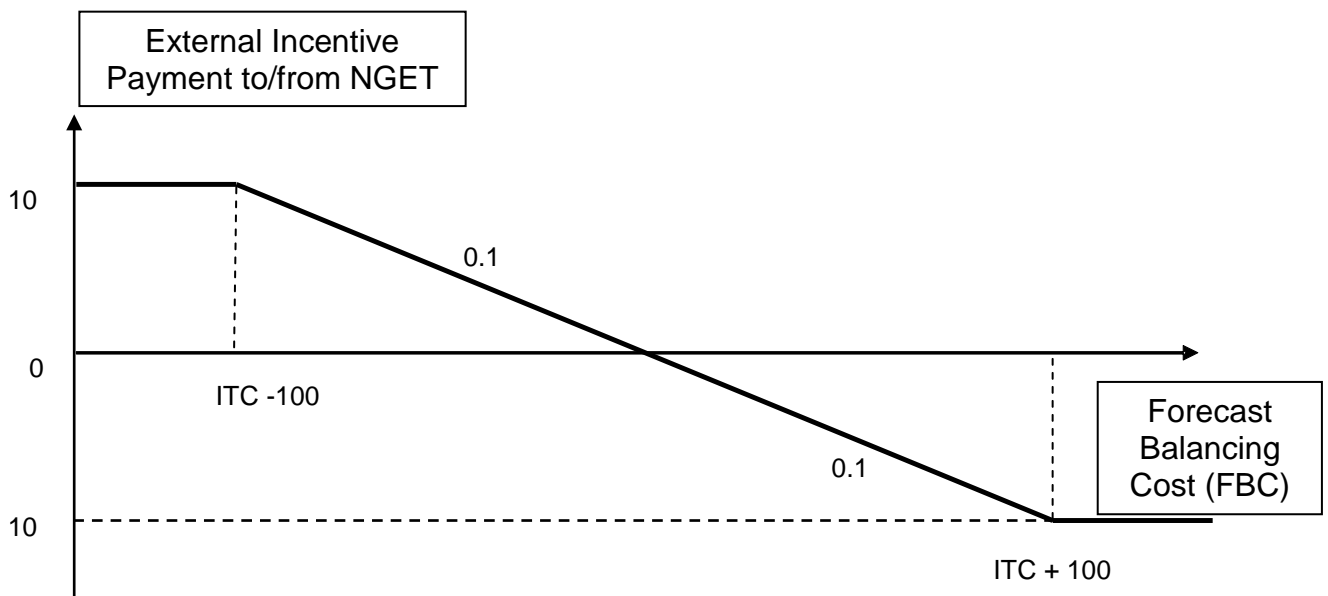
14.30.10 The forecast External incentive payment for the duration of the External incentive scheme ($FYIncpayEXT_d$) is calculated as the difference between the External Scheme target (M_t) and the forecast Balancing cost (FBC) subject to sharing factors (SF_t) and a cap/collar (CB_t).

$$FYIncpayEXT_d = SF_t * (M_t - FBC_d) + CB_t$$

14.30.11 The relevant value of the External incentive payment (BSUoSEXT) can then be calculated by reference to Table 9.1 and the selection and application of the appropriate sharing factors and offset dependent upon the value of the forecast Balancing Services cost (FBC).

Table 9.1

Forecast Balancing Cost (FBC)	M _t £m	SF _t	CB _t £m
FBC < (Incentive Target Cost – 100)	0	0	10
(Incentive Target Cost -100) <= FBC < (Incentive Target Cost)	Incentive Target Cost	10	0
Incentive Target Cost = FBC	FBC	0	0
(Incentive Target Cost) < FBC <= (Incentive Target Cost + 100)	Incentive Target Cost	10	0
(Incentive Target Cost + 100)	0	0	10



14.30.12 In respect of each Settlement Day *d*, the forecast incentivised Balancing Cost (FBC_{*d*}) will be calculated as follows:

$$FBC_d = \frac{\sum_{k=1}^d IBC_k}{\sum_{k=1}^d PFT_k} * NDS$$

Where:

NDS = Number of days in Scheme.

14.30.13 Daily Incentivised Balancing Cost (IBC_{*d*}) is calculated as follows:

Internal BSUoS Charge for each Settlement Period ($BSUoSINT_{jd}$)

14.30.14 The Internal BSUoS Charges ($BSUoSINT_{jd}$) for each Settlement Period j for a particular day are calculated by taking the incentivised and non-incentivised SO Internal Costs for each Settlement Day allocated on a MWh basis across each Settlement Period in a day.

$$BSUoSINT_{jd} = [(SOPU_d + SOMOD_d + SOEMR_d + SOEMRCO_d + SOTRU_d) * RPIF_t] \\ * \left\{ \left| \sum^+ (QMBSUoS_{ijd} * TLM_{ijd}) \right| + \left| \sum^- (QMBSUoS_{ijd} * TLM_{ijd}) \right| \right\} \\ / \sum_{j \in d} \left\{ \left| \sum^+ (QMBSUoS_{ij} * TLM_{ij}) \right| + \left| \sum^- (QMBSUoS_{ij} * TLM_{ij}) \right| \right\}$$

Inclusion of Profiling Factors

14.30.15 Profiling factors have been included to give an effective mechanism for calculating a representative level of the incentive payments to/from The Company according to the time of year. All PFT_k are assumed to be one for the duration of the current external incentive scheme

14.31 Settlement of BSUoS

Settlement and Reconciliation of BSUoS charges

14.31.1 There are two stages of the reconciliation of BSUoS charges described below:

- Initial Settlement (SF)
- Final Reconciliation (RF)

Initial Settlement of BSUoS

14.31.2 The Company will calculate initial settlement (SF) BSUoS charges in accordance with the methodology set out in section 14.30 above, using the latest available data, including data from the Initial Settlement Run and the Initial Volume Allocation Run.

Reconciliation of BSUoS Charges

14.31.3 Final Reconciliation will result in the calculation of a reconciled charge for each settlement day in the scheme year. The Company will calculate Final Reconciliation (RF) BSUoS charges (with the inclusion of interest as defined in the CUSC) in accordance with the methodology set out in section 14.30 above, using the latest available data, including data from the Final Reconciliation Settlement Run and the Final Reconciliation Volume Allocation Run.

Unavailability of Data

14.31.4 If any of the elements required to calculate the BSUoS charges in respect of any Settlement Day have not been notified to The Company in time for it to do the calculations then The Company will use data for the corresponding

Settlement Day in the previous week. If no such values for the previous week are available to The Company then The Company will substitute such variables as it shall, at its reasonable discretion, think fit and calculate Balancing Services Use of System charges on the basis of these values. When the actual data becomes available a reconciliation run will be undertaken.

Disputes

- 14.31.5 If The Company or any customer identifies any error which would affect the total Balancing Services Use of System charge on a Settlement Day then The Company will recalculate the charges following resolution of the error. Revised invoices and/or credit notes will be issued for the change in charges, plus interest as set out in the CUSC. The charge recalculation and issuing of revised invoices and/or credit notes will not take place for any day where the total change in the Balancing Services charge is less than £2000.

Relationship between the Statement of the Use of System Charging Methodology and the Transmission Licence

- 14.31.6 BSUoS charges are made on a daily basis and as such of this Statement sets out the details of the calculation of such charges on a daily basis. Customers may, when verifying charges for Balancing Services Use of System refer to the Transmission Licence which sets out the maximum allowed revenue that The Company may recover in respect of the Balancing Services Activity.
- 14.31.7 The Company has, where possible and appropriate, attempted to ensure that acronyms allocated to variables within the Balancing Services charging software, and associated reporting, match with the acronyms given to those variables used within this statement.

14.31.8 Balancing Services Use of System Acronym Definitions

For the avoidance of doubt “as defined in the BSC” relates to the Balancing and Settlement Code as published from time to time.

EXPRESSION	ACRONYM	Unit	Definition
BETTA Preparation Costs	BI	£	As defined in the Transmission Licence
Balancing Mechanism Unit	BM Unit or BMU		As defined in the BSC
Black Start Costs	BSC	£	As defined in the Transmission Licence (means the allowed revenue from and associated with Black Start services in accordance with paragraph 4G.5 of Special Condition 4G (Black Start Allowed Revenue Cost Incentive))
Balancing service contract costs – non-Settlement Period specific	BSCCA _d	£	Non Settlement Period specific Balancing Contract Costs for settlement day d less any costs incurred within these values relating to Supplementary Balancing Reserve and Demand Side Balancing Reserve
Balancing Service Contract Cost	BSCC _j	£	Balancing Service Contract Cost from purchasing Ancillary services applicable to a Settlement Period j less any costs incurred within these values relating to Supplementary Balancing Reserve and Demand Side Balancing Reserve
Balancing service contract costs – Settlement Period specific	BSCCV _{jd}	£	Settlement Period j specific Balancing Contract Costs for settlement day d less any costs incurred within these values relating to Supplementary Balancing Reserve and Demand Side Balancing Reserve
External Balancing Services Use of System charge	BSUoSEXT _{jd}	£	External System Operator (SO) Balancing Services Use of System charge applicable to Settlement Period j for settlement day d
Internal Balancing Services Use of System charge	BSUoSINT _{jd}	£	Internal System Operator (SO) Balancing Services Use of System charge applicable to Settlement Period j for settlement day d
Total Balancing Services Use of System charge	BSUoSTOT _{cd}	£	The sum determined for each customer, c, in accordance with this Statement and payable by that customer in respect of each Settlement Day d, in accordance with the terms of the Supplemental Agreement
Total Balancing Services Use of System charge	BSUoSTOT _j	£	Total Balancing Services Use of System Charge applicable for Settlement Period j

EXPRESSION	ACRONYM	Unit	Definition
System Operator BM Cash Flow	CSOBM _i	£	As defined in the Balancing and Settlement Code in force immediately prior to 1 April 2001 less any costs incurred within these values relating to Supplementary Balancing Reserve and Demand Side Balancing Reserve
Daily balancing services adjustment	ET _d	£	Is the contribution on Settlement Day, d, to the value of ET _t where ET _t is determined pursuant to part B of Special Condition 4C of the Transmission Licence
Forecast incentivised Balancing Cost	FBC _d	£	Forecast incentivised Balancing Cost for duration of the Incentive Scheme as at settlement day d
SO Forecasting Incentive Payment	FIIR	£	As defined in the Transmission Licence (means the incentive payment which the licensee may derive from the forecasting incentive for Wind Generation Output and National Demand Wind Generation Forecasting Incentive in accordance with Special Condition 4H (Wind Generation Forecasting Incentive))
External Incentive payment to date	FKIncpayEXT _d	£	Total External Incentive Payment to date up to and including settlement day d
Total Forecast External incentive payment	FYIncpayEXT _d	£	Total forecast External incentive payment for the entire duration of the incentive scheme as at settlement day d
Allowed Income Adjustment relating to the SO-TO Code	IAT	£	As defined in the Transmission Licence
Daily Incentivised Balancing Cost	IBC _d	£	Is equal to that value calculated in accordance with paragraph 14.30.13 of Part 2 of this Statement
Daily External incentive payment	IncpayEXT _d	£	External Incentive payment for Settlement Day d
Demand Side Balancing Reserve and Supplementary Balancing Reserve costs	LBS	£	As defined in the Transmission Licence
Cost associated with the Provision of Balancing Services to others	OM _d	£	Is the contribution on Settlement Day, d, to the value of OM _t where OM _t is determined pursuant to part 2 of Condition AA5A of the Transmission Licence
Outage change allowance amount	ON	£	As defined in the Transmission Licence

EXPRESSION	ACRONYM	Unit	Definition
Incentivised Balancing Cost daily profiling factor	PFT _d		The daily profiling factor used in the determination of forecast Incentivised Balancing Cost for settlement day d
BM Unit Metered Volume	QM _{ij}	MWh	As defined in the BSC
BSUoS Liabe BM Unit Metered Volume	QMBSUoS _{ij}	MWh	QM _{ij} for all BM Units liable for BSUoS
Retail Price Index Adjustment Factor	RPIF		As defined in the Transmission Licence
Balancing services deemed costs	RT _d	£	Is the contribution on Settlement Day, d, to the value of RT _t where RT _t is determined pursuant to part 2 of Condition AA5A of the Transmission Licence
SOEMR Preparation Costs	SOEMR	£	As defined in the Transmission Licence
SOEMR Preparation Costs Adjustment	SOEMRCO	£	As defined in the Transmission Licence
Incremental change from SO Opening Base Revenue Allowance	SOMOD		As defined in the Transmission Licence
SO Opening Base Revenue Allowance	SOPU		As defined in the Transmission Licence
SO-TO funding allowance	SOTOC	£	As defined in the Transmission Licence (means the SO-TO Mechanism cost allowance calculated in accordance with 4C.29 Special Condition 4J (SO-TO Mechanism))
Revenue Adjustment with respect to actual and assumed RPI values	SOTRU		As defined in the Transmission Licence
Tax Allowance	T	£	As defined in the Transmission Licence
Transmission Loss Multiplier	TLM _{ij}		As defined in the BSC
Total System Energy Imbalance Volume	TQEI _j	MWh	As defined in the Balancing and Settlement Code in force immediately prior to 1 April 2001

EXPRESSION	ACRONYM	Unit	Definition
Final Reconciliation Settlement Run			As defined in the BSC
Final Reconciliation Volume Allocation Run			As defined in the BSC
Initial Settlement Run			As defined in the BSC
Initial Volume Allocation Run			As defined in the BSC
Lead Party			As defined in the BSC

14.32 Examples of Balancing Services Use of System (BSUoS) Daily Charge Calculations

This example illustrates the operation of the Balancing Services Use of System Daily charge formula. The parameters used are for illustrative purposes only and have been chosen for ease of calculation. They do not relate to the agreed scheme for any particular year. The actual scheme parameters are shown in the main text.

The example is divided into the calculation of the External System Operator cost and Internal System Operator cost elements. All daily profiling factors (PFT_d) have been assumed to be one for this example.

Day 1

Calculation of the Daily External SO Incentive Scheme Payment

The first step is to calculate the Daily Incentivised Balancing Cost (IBC_1 for day one) for that day using the following formula. These are the daily incentivised cost elements used to calculate the external SO incentive payment.

$$\begin{aligned}
 IBC_1 &= CSOBM_1 + BSCCA_1 + BSCCV_1 - OM_1 - RT_1 \\
 &= \text{£}800,000 + \text{£}500,000 + \text{£}250,000 - \text{£}0 - \text{£}0 \\
 &= \text{£}1,550,000
 \end{aligned}$$

Assuming that	$CSOBM_1$	=	£800,000
	$BSCCA_1$	=	£500,000
	$BSCCV_1$	=	£250,000
	OM_1	=	£0
	RT_1	=	£0

Now that we know IBC_1 , it is possible to calculate Forecast Balancing Services Cost (FBC_1) from that day's outturn as follows:

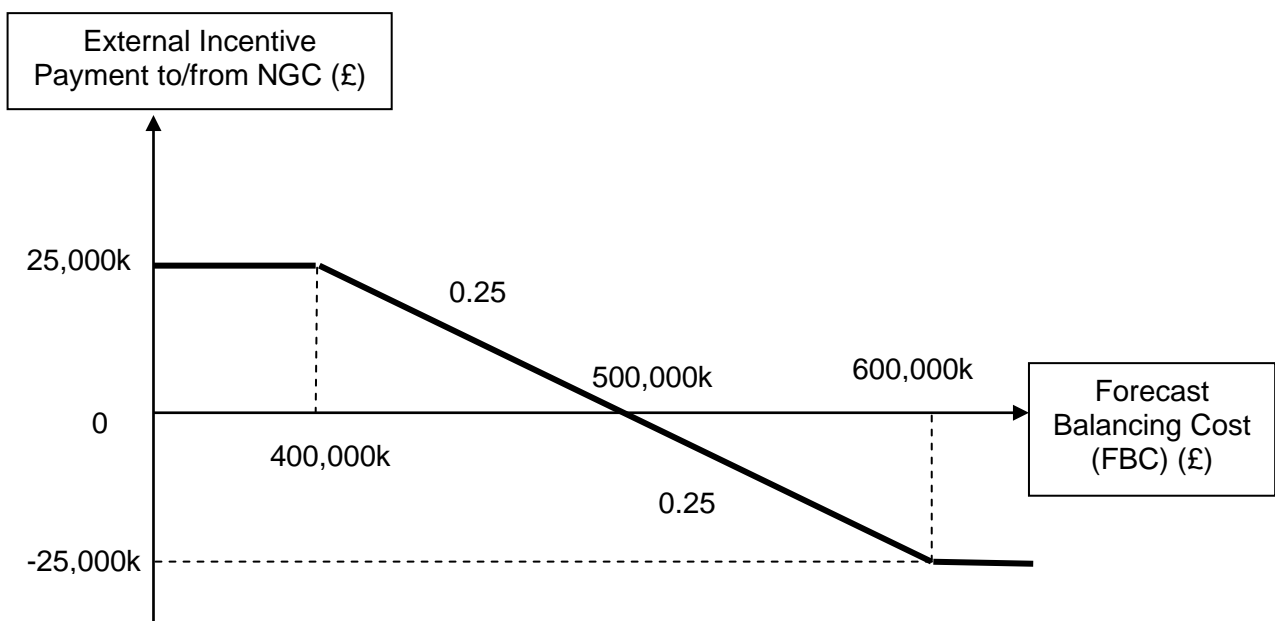
$$\begin{aligned}
 FBC_1 &= \frac{\sum_{k=1}^{d=1} IBC_k}{\sum_{k=1}^{d=1} PFT_k} * NDS \\
 &= \frac{£1,550,000}{1} * 365 \\
 &= £565,750,000
 \end{aligned}$$

The values of SF_t and CB_t can now be read off table BS1 below. (These values are used purely for illustrative purposes based on an incentive target of £500,000,000). As FBC_1 is £565,750,000, SF_t is 0.25, CB_t is £0 and M_t is £500,000,000.

Table BS1

Forecast Balancing Cost (FBC_d)	M_t	SF_t	CB_t
$£400,000,000 < FBC$	£0	0	£25,000,000
$£400,000,000 \leq FBC < £500,000,000$	£500,000,000	0.25	£0
$FBC = £500,000,000$	£500,000,000	0	£0
$£500,000,000 < FBC \leq £600,000,000$	£500,000,000	0.25	£0
$FBC > £600,000,000$	£0	0	- £25,000,000

The table describes the external incentive scheme, which can also be illustrated by the graph below.



Using the values set out in the table above, the external SO incentive payment for the duration of the scheme (FYIncpayEXT) can be calculated as follows:

$$\begin{aligned} FYIncpayEXT_1 &= SF_t * (M_t - FBC_1) + CB_t \\ &= 0.25 * (£500,000,000 - £565,750,000) + £0 \\ &= -£16,437,500 \end{aligned}$$

In this case the incentive payment is negative (-£16,437,500) i.e. a payment from The Company.

The external SO incentive payment for the entire duration of the incentive scheme (FYIncpayEXT) is then used to calculate the total incentive payment to date (FKIncpayEXT), shown as follows:

$$\begin{aligned} FKIncpayEXT_1 &= \frac{FYIncpayEXT_1}{NDS} * \sum_{k=1}^{d=1} PFT_k \\ &= \frac{-£16,437,500}{365} * 1 \\ &= -£45,034 \end{aligned}$$

Where:

NDS = Number of days in the external incentive scheme

The final step is to calculate today's external incentive payment (IncpayEXT₁ for day one), shown as follows:

$$\begin{aligned} IncpayEXT_1 &= FKIncpayEXT_1 - \sum_{k=0}^{d-1=0} IncpayEXT_k \\ &= -£45,034 - £0 \\ &= -£45,034 \end{aligned}$$

Calculating the External Balancing Services Use of System (BSUoS) charge for a Settlement Period j

The External Balancing Services Use of System (BSUoS) charge for Settlement Period 1 on this Settlement Day 1 can now be calculated using the following formula:

$$\begin{aligned} BSUoS_{EXT_{jd}} &= CSOBM_{jd} + BSCCV_{jd} \\ &+ [(IncpayEXT_d + BSCCA_d + ET_d - OM_d + FIIR_d + BSC_d + SOTOC_d + LBS_d) \\ &* \{ \left| \sum^+ (QM_{i1,1} * TLM_{i1,1}) + \left| \sum^- (QM_{i1,1} * TLM_{i1,1}) \right| \right\} / \\ &\sum_{j \in 1} \left\{ \left| \sum^+ (QM_{ij} * TLM_{ij}) \right| + \left| \sum^- (QM_{ij} * TLM_{ij}) \right| \right\}] \end{aligned}$$

For simplicity, the BSUoS applicable BM Unit Metered Volume (QMBSUoS_{ij} * TLM_{ij}) is assumed to be the same in all half hour Settlement Periods in a Settlement Day. Therefore the daily BSUoS charge will be evenly allocated to each Settlement Period (1/48) i.e. the multiplier at the end of the equation.

The illustration below shows the external BSUoS charge (BSUoS_{EXT₁₁}) for Settlement Period one of Settlement Day 1.

The costs of the external SO Settlement Period variables are as follows (these are the daily values included in the IBC₁ equation divided by 48 Settlement Periods).

CSOBM = £16,667
 BSCCV = £5,208
 FIIR₁, BSC₁, SOTOC₁, and LBS₁ are all zero.

The costs of the external SO Settlement Day variables are as follows:

IncpayEXT = £-45,034
 BSCCA = £500,000
 ET = £0
 OM = £0

$$\begin{aligned} BSUoS_{EXT_{11}} &= £16,667 + £5,208 + [(-£45,034 + £500,000 + £0 - £0 + £0 + £0 + £0 + £0) / 48] \\ &= £16,667 + £5,208 + £9,478 \\ &= £31,353 \end{aligned}$$

Calculating the Internal Balancing Services Use of System (BSUoS) charge for a Settlement Period j

Table BS2 below shows the annual Internal SO costs assumed for this example:

Table BS2

Internal SO Cost Variable	Annual Cost (£m)
SOPU _t	75,873,280
SOMOD _t	18,250,000
SOEMR _t	0
SOEMRCO _t	0
SOTRU _t	18,250,000

$$RPIF_t = 1$$

The Internal Balancing Services Use of System (BSUoS) charge for a Settlement Period 1 of Settlement Day 1 can be calculated using the following formula:

$$\begin{aligned} BSUoS_{INT_{11}} &= \left[\left\{ (SOPU_1 + SOMOD_1 + SOEMR_1 + SOEMRCO_1 + SOTRU_1) / NDS \right\} * RPIF_1 \right] \\ &* \left\{ \left| \sum^+ (QM_{i1,1} * TLM_{i1,1}) \right| + \left| \sum^- (QM_{i1,1} * TLM_{i1,1}) \right| \right\} / \sum_{j \in 1} \left\{ \left| \sum^+ (QM_{ij} * TLM_{ij}) \right| + \left| \sum^- (QM_{ij} * TLM_{ij}) \right| \right\} \end{aligned}$$

As with the external BSUoS charge, for simplicity, the BSUoS applicable BM Unit Metered Volume (QMBSUoS_{ij} * TLM_{ij}) is assumed to be the same in all half hour Settlement Periods in a Settlement Day. Therefore the daily BSUoS charge will be evenly allocated to each Settlement Period (1/48).

$$BSUoSINT_{11} = [(75,873,280 + 18,250,000 + 0 + 0 + 18,250,000) / 365] * 1 / 48$$

$$= \text{£}6414$$

Calculating the Total Balancing Services Use of System (BSUoS) charge for a Settlement Period 1

The final step is to calculate the Total Balancing Services Use of System (BSUoSTOT₁₁) for a Settlement Period 1 on Settlement Day 1.

$$BSUoSTOT_{11} = BSUoSEXT_{11} + BSUoSINT_{11}$$

$$= \text{£}31,353 + \text{£}6,414$$

$$= \text{£}37,767$$

Day 2Calculation of the Daily External SO Incentive Scheme Payment

Again, the first step is to calculate the Daily Incentivised Balancing Cost for day 2 (IBC_2) using the following formula:

$$\begin{aligned} IBC_2 &= CSOBM_2 + BSCCA_2 + BSCCV_2 - OM_2 - RT_2 \\ &= \text{£}600,000 + \text{£}150,000 + \text{£}100,000 - \text{£}0 - \text{£}0 \\ &= \text{£}850,000 \end{aligned}$$

Assuming that	$CSOBM_2$	=	£600,000
	$BSCCA_2$	=	£150,000
	$BSCCV_2$	=	£100,000
	OM_2	=	£0
	RT_2	=	£0

With IBC_d known for day one, it is possible to calculate Forecast Balancing Services Cost (FBC_2) from the outturn to date as follows:

$$\begin{aligned} FBC_2 &= \frac{\sum_{k=1}^{d=2} IBC_k}{\sum_{k=1}^{d=2} PFT_k} * NDS \\ &= \frac{(\text{£}1,550,000 + \text{£}850,000)}{2} * 365 \\ &= \text{£}438,000,000 \end{aligned}$$

The values of SF_t , M_t and CB_t can now be read off table BS1 given previously. As FBC_2 is £438,000,000, SF_t is now 0.25, M_t is £500,000,000 and CB_t is 0, calculated as follows:

$$\begin{aligned} FYIncpayEXT_2 &= SF_t * (M_t - FBC_2) + CB_t \\ &= 0.25 * (\text{£}500,000,000 - \text{£}438,000,000) + \text{£}0 \\ &= \text{£}15,500,000 \end{aligned}$$

The external SO incentive payment for the entire duration of the incentive scheme ($FYIncpayEXT_2$) is then used to calculate the total incentive payment to date ($FKIncpayEXT_2$), shown as follows:

$$\begin{aligned}
 FKIncpayEXT_2 &= \frac{FYIncpayEXT_2}{NDS} * \sum_{k=1}^{d=2} PFT_k \\
 &= \frac{£15,500,000}{365} * 2 \\
 &= £84,932
 \end{aligned}$$

Where:

NDS = Number of days in the incentive scheme

In this case the incentive payment forecast for the year is £84,932.

Again, the final step is to calculate today's external incentive payment (IncpayEXT₂ for day two), shown as follows:

$$\begin{aligned}
 IncpayEXT_2 &= FKIncpayEXT_2 - \sum_{k=0}^{d-1=1} IncpayEXT_k \\
 &= £84,932 - -£45,034 \\
 &= £129,966
 \end{aligned}$$

The costs of the external SO Settlement Period variables are as follows:

CSOBM = £12,500

BSCCV = £2,083

FIIR₂, BSC₂, SOTOC₂ and LBS₂ are all zero.

The costs of the external SO Settlement Day variables are as follows:

IncpayEXT = £129,966

BSCCA = £150,000

ET = £0

OM = £0

$$\begin{aligned}
 BSUoSEXT_{12} &= £12,500 + £2,083 \\
 &+ [(£129,966 + £150,000 + £0 - £0 + £0 + £0 + £0 + £0) / 48] \\
 &= £12,500 + £2,083 + £5,833 \\
 &= £20,416
 \end{aligned}$$

Annual internal SO costs assumed for this example have been listed in table BS2 above.

RPIF_t = 1

$$\begin{aligned}
 BSUoSINT_{12} &= [(75,873,280 + 18,250,000 + 0 + 0 + 18,250,000) / 365] * 1 / 48 \\
 &= £6,414
 \end{aligned}$$

Calculating the Total Balancing Services Use of System (BSUoS) charge for a Settlement Period j

The final step is to calculate the Total Balancing Services Use of System (BSUoSTOT₁₂) for Settlement Period 1 on Settlement Day 2.

$$\begin{aligned}BSUoSTOT_{12} &= BSUoSEXT_{12} + BSUoSINT_{12} \\ &= £20,416 + £6414 \\ &= £26,830\end{aligned}$$

Day 365

If we now move to the end of the year, then once again the first step is to calculate the Daily Incentivised Balancing Cost for the final day (IBC_{365}) using the formula below:

Calculation of the Daily External SO Incentive Scheme Payment

$$\begin{aligned} IBC_{365} &= CSOBM_{365} + BSCCA_{365} + BSCCV_{365} - OM_{365} - RT_{365} \\ &= \text{£}700,000 + \text{£}200,000 + \text{£}150,000 + \text{£}200,000 - \text{£}0 - \text{£}0 \\ &= \text{£}1,050,000 \end{aligned}$$

Assuming that	$CSOBM_{365}$	=	£700,000
	$BSCCA_{365}$	=	£200,000
	$BSCCV_{365}$	=	£150,000
	OM_{365}	=	£0
	RT_{365}	=	£0

With $\sum_{364} IBC_d$ assumed to be £432,000,000 for the previous 364 days, it is possible to calculate Forecast Balancing Services Cost (FBC_{365}) from the outturn to date as follows:

$$\begin{aligned} FBC_{365} &= \frac{\sum_{k=1}^{d=365} IBC_k}{\sum_{k=1}^{d=365} PFT_k} * NDS \\ &= \frac{\text{£}432,000,000 + \text{£}1,050,000}{365} * 365 \\ &= \text{£}433,050,000 \end{aligned}$$

The values of SF_t , M_t and CB_t can now be read off table BS1. As FBC_{365} is £433,050,000, SF_t is now 0.25, M_t is £500,000,000 and CB_t is 0. Therefore $FYIncpayEXT_{365}$ is calculated as follows:

$$\begin{aligned} FYIncpayEXT_{365} &= SF_t * (M_t - FBC_{365}) + CB_t \\ &= 0.25 * (\text{£}500,000,000 - \text{£}433,050,000) + \text{£}0 \\ &= \text{£}16,737,500 \end{aligned}$$

The external SO incentive payment for the entire duration of the incentive scheme ($FYIncpayEXT$) is then used to calculate the total incentive payment to date ($FKIncpayEXT$), shown as follows:

$$\begin{aligned} FKIncpayEXT_{365} &= \frac{FYIncpayEXT_{365}}{NDS} * \sum_{k=1}^{d=365} PFT_k \\ &= \frac{\text{£}16,737,500}{365} * 365 \\ &= \text{£}16,737,500 \end{aligned}$$

Where:

NDS = Number of days in the incentive scheme

In this case the incentive payment is positive (£16,737,500) i.e. a payment to The Company. As this is the last day of the scheme this represents the overall incentive payment due to The Company i.e. with reference to the graph with Table BS1 25% of the difference between £500,000,000 and £433,050,000.

Again, the final step is to calculate today's external incentive payment ($IncpayEXT_{365}$ for day 365), shown as follows:

It has been assumed that the total incentive payments for the previous 364 days ($\sum_{k=0}^{d-1=364} IncpayEXT_k$) is £16,461,800.

$$\begin{aligned} IncpayEXT_{365} &= FKIncpayEXT_{365} - \sum_{k=0}^{d-1=364} IncpayEXT_k \\ &= £16,737,500 - £16,461,800 \\ &= £275,700 \end{aligned}$$

The costs of the external SO Settlement Period variables are as follows:

CSOBM = £14,583

BSCCV = £3,125

FIIR₃₆₅, BSC₃₆₅, SOTOC₃₆₅, and LBS₃₆₅ are all zero.

The costs of the external SO Settlement Day variables are as follows:

IncpayEXT = £275,700

BSCCA = £200,000

ET = £0

OM = £0

$$\begin{aligned} BSUoSEXT_{365} &= £14,583 + £3,125 \\ &+ (£275,700 + £200,000 + £0 - £0 + £0 + £0 + £0 + £0) / 48 \\ &= £14,583 + £3,125 + £9,910 \\ &= £27,618 \end{aligned}$$

Annual internal SO costs assumed for this example have been listed in Table BS2 above.

RPIF_t = 1

$$\begin{aligned} BSUoSINT_{1,365} &= [(£75,873,280 + £18,250,000 + 0 + 0 + £18,250,000) / 365] * 1 / 48 \\ &= £6,414 \end{aligned}$$

Calculating the Total Balancing Services Use of System (BSUoS) charge for a Settlement Period j

The final step is to calculate the Total Balancing Services Use of System ($BSUoS_{TOT_{1365}}$) for Settlement Period 1 on Settlement Day 365

$$\begin{aligned} BSUoS_{TOT_{1,365}} &= BSUoS_{EXT_{1,365}} + BSUoS_{INT_{1,365}} \\ &= £27,618 + £6,414 \\ &= £34,032 \end{aligned}$$

CUSC SECTION 15

USER COMMITMENT METHODOLOGY

CONTENTS

- Part One Introduction**
- Part Two Calculation of Cancellation Charge**
- Part Three Calculation of Cancellation Charge Secured Amount and Credit Requirements**
- Part Four Reconciliation of Actual Attributable Works Cancellation Charge**

PART ONE INTRODUCTION

- 1 Where (a) a **Construction Agreement** and/or a **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** between a **User** in respect of the categories specified below and **The Company** is terminated or (b) there is a reduction in **Transmission Entry Capacity** by or in respect of such **User** or (c) there is a reduction in **Developer Capacity** in a **Construction Agreement** prior to the **Charging Date**, or (d) there is a reduction in **Interconnector User Commitment Capacity** by or in respect of such **User**, such **User** shall pay to **The Company** the **Cancellation Charge** calculated and applied in accordance with Part Two of this Section 15

- 2 The **Cancellation Charge** is payable by **Users** on termination of agreements with and reductions in **Transmission Entry Capacity** or **Developer Capacity** or **Interconnector User Commitment Capacity** in respect of **Users** in the categories of
 - (a) a **Power Station** directly connected to the **National Electricity Transmission System** in respect of which there is a **Bilateral Connection Agreement** with **The Company**;

 - (b) an **Embedded Power Station** in respect of which there is a **Bilateral Embedded Generation Agreement** with **The Company**;

 - (c) a **Distribution System** directly connected to the **National Electricity Transmission System** in respect of which there is a **Construction Agreement** associated with **Distributed Generation**

 - (d) an **Interconnector** directly connected to the **National Electricity Transmission System** in respect of which there is a **Bilateral Connection Agreement** with **The Company**

and reference to **User** in this Section 15 shall be interpreted accordingly.

For the avoidance of doubt this schedule does not apply to **Users** other than those described above.

For the avoidance of doubt in respect of **Users** in the case of category (b) above where **The Company** has an associated **Construction Agreement** with a **User** in the category of (c) above, the **Cancellation Charge** payable by a **User** in category (b) above will not include the **Attributable Works Cancellation Charge** component of the **Cancellation Charge**. In such case the **Attributable Works Cancellation Charge** component of the **Cancellation Charge** will be payable by the associated **User** in category (c) above.

For the avoidance of doubt in the case of:

- (i) **Users** in the case of category (c) above; and
- (ii) **Distributed Generation** (other than an **Embedded Power Station** which is the subject of a **Bilateral Embedded Generation Agreement**),

the **Cancellation Charge** does not apply for reductions in **Developer Capacity** on or after the **Charging Date** or termination on or after the **Charging Date**.

For information, for **Users** other than **Users** in the categories to which this Section 15 applies, the liability for and security requirements in respect of **Final Sums**, which are due on termination of a **Construction Agreement** are as set out in the **Construction Agreement** (and in the proforma attached at **CUSC** Schedule 2, Exhibit 3).

For the avoidance of doubt, in addition to the **Cancellation Charge**, **Termination Amounts** also apply in respect of **Transmission Connection Assets**.

- 3** **The Company** shall apply and calculate the **Cancellation Charge** in accordance with Part Two of this Section 15.

The **Cancellation Charge** is made up of a number of components: the “**Pre Trigger Amount**”, “**Attributable Works Cancellation Charge**” and “**Wider Cancellation Charge**” which apply at different stages.

- 4** As provided for at Paragraph 3.5, the **Attributable Works Cancellation Charge** can be (at the **User’s** election in accordance with Paragraph 7) on the basis of the **Fixed Cancellation Charge** (Paragraph 3.6) rather than the **Actual Attributable Works Cancellation Charge** (Paragraph 3.7).

- 5 This Section 15 also sets out in Part Three the level of, and arrangements for, security required in respect of the **Cancellation Charge**.
- 6 **The Company** shall apply and calculate the **Cancellation Charge Secured Amount** in accordance with this Section 15 Part Three.
- 7 This Section 15 also sets out in Part Four the reconciliation process in respect of the **Actual Attributable Works Cancellation Charge**.
- 8 For reference a number of terms used in this Section 15 are defined within this Section 15.
- 9 **Distributed Generation Users** in the category of (c) above are liable for the **Cancellation Charge** (or where the **Distributed Generation** has a **Bilateral Embedded Generation Agreement**, the **Attributable Works Cancellation Charge** component of the **Cancellation Charge**) on a reduction in **Developer Capacity** (or in the case of **Distributed Generation** with a **Bilateral Embedded Generation Agreement**) **Transmission Entry Capacity** and/or termination of the **Construction Agreement** between **The Company** and the **User**. Given this such **Users** will have arrangements in place with the **Distributed Generation** for reimbursement by the **Distributed Generation** of the **Cancellation Charge** and recognising this there are specific payment arrangements between the **User** and **The Company** provided for in the **Construction Agreement** Between the **User** and **The Company**.

PART TWO CALCULATION OF CANCELLATION CHARGE

1.1 The **Cancellation Charge** payable shall be calculated in accordance with this Part Two of Section 15.

1.2 Value Added Tax will be payable on any **Cancellation Charge**.

2 Completion Date and Trigger Date

2.1 In making an **Offer** to a **User The Company** will consider the **Construction Works** and **Construction Programme** associated with that **Offer** and taking into account the nature and programming of the **Construction Works** and the **Consents** associated with this will identify dates in the **Construction Agreement** as the **Completion Date**.

2.2 The **Trigger Date** will be (a) the 1 April which is three **Financial Years** prior to the start of the **Financial Year** in which the **Charging Date** occurs or (b) where the **Charging Date** is less than three **Financial Years** from the date of the **Construction Agreement**, the date of the **Construction Agreement** (in which case the **Financial Year** in which such date falls is the relevant **Financial Year** within the **Cancellation Charge Profile** working back from the **Charging Date**).

2.3 The **Trigger Date** is the date from which the **Wider Cancellation Charge** applies and the date from which, in the case of the **Fixed Cancellation Charge**, the **Fixed Attributable Works Cancellation Charge** rather than the **Pre Trigger Amount** applies. Prior to the **Trigger Date**, only the **Attributable Works Cancellation Charge** applies, or in case of the **Fixed Cancellation Charge**, the **Pre Trigger Amount** applies.

2.4 **Changes to Construction Programme or Construction Works or Transmission Entry Capacity or Developer Capacity or Interconnector User Commitment Capacity**

2.4.1 Where the **Construction Programme** or the **Construction Works** or **Transmission Entry Capacity** or **Developer Capacity** or **Interconnector User Commitment Capacity** subsequently changes from that in the original **Construction Agreement** the following

principles will apply in respect of reassessing the **Trigger Date** and the **Cancellation Charge**.

2.4.2 Where such change is as a result of **The Company's** exercise of its rights under the **Construction Agreement** then:

- (i) Where there is a delay to the **Completion Date** and the **Trigger Date** has not passed, the **Trigger Date** will be revised by reference to the revised **Completion Date**. The period for which the **Pre Trigger Amount** applies, will be adjusted to reflect the new **Trigger Date**;
- (ii) Where there is a delay to the **Completion Date** and the **Trigger Date** has passed, the **Trigger Date** will be revised by reference to the revised **Completion Date** and the **Cancellation Charge** (including the **Cancellation Charge Profile**) will be adjusted to reflect the revised date.
- (iii) In the case of a **Fixed Cancellation Charge**, a change in the **Attributable Works** will not adjust the **Cancellation Charge Profile** unless the **Completion Date** has also changed in which case (ii) above will apply.

2.4.3 Where a change is as a result of the **User's** request then, notwithstanding any change in the **Completion Date**;

- (i) Where there is a delay to the **Completion Date** and the **Trigger Date** has not passed, the **Trigger Date** will be revised by reference to the revised **Completion Date**. The period for which the **Pre Trigger Amount** applies, will be adjusted to reflect the new **Trigger Date**;
- (ii) Where there is a delay to the **Completion Date** and the **Trigger Date** has passed, the **Trigger Date** will not be revised by reference to the revised **Completion Date** and the **Cancellation Charge** will not be adjusted downwards but will be held at that level and will increase from that level in line with any new **Construction Programme**.

3 Calculation of Cancellation Charge

3.1 The **Cancellation Charge** is the charge due to **The Company** by a **User** on termination of a **Construction Agreement**, **Disconnection** or a reduction in **Transmission Entry Capacity** or **Developer Capacity** or **Interconnector User Commitment Capacity** prior to the **Charging Date** and **Disconnection** or a reduction in **Transmission Entry Capacity** or **Interconnector User Commitment Capacity** on or after the **Charging Date**.

3.2 This calculation of the **Cancellation Charge** is different:

- (a) where the **Construction Agreement** is terminated or **Transmission Entry Capacity** or **Developer Capacity** or **Interconnector User Commitment Capacity** is reduced before the **Trigger Date** (the “**Pre Trigger Amount**” or “**Actual Attributable Works Cancellation Charge**”) (Paragraphs 3.6.1 and 3.7);
- (b) where the **Construction Agreement** is terminated or **Transmission Entry Capacity** or **Developer Capacity** or **Interconnector User Commitment Capacity** is reduced on or after the **Trigger Date** but prior to the **Charging Date** (the “**Fixed Attributable Works Cancellation Charge**” or “**Actual Attributable Works Cancellation Charge**” and the “**Wider Cancellation Charge**”) (Paragraphs 3.5 to 3.8);
- (c) depending whether the **Attributable Works Cancellation Charge** is a **Fixed Cancellation Charge** or **Actual Attributable Works Cancellation Charge** (Paragraphs 3.5 to 3.7);
- (d) where the **Transmission Entry Capacity** or **Interconnector User Commitment Capacity** is reduced or **Disconnection** occurs on or after the **Charging Date** (the “**Wider Cancellation Charge**”) (Paragraph 3.8).

3.3 Where the Construction Agreement is terminated or Transmission Entry Capacity or Developer Capacity or Interconnector User Commitment Capacity is reduced before the Trigger Date

Where a **Construction Agreement** is terminated or **Transmission Entry Capacity** is reduced or **Developer Capacity** is reduced or **Interconnector User Commitment Capacity** is reduced before the **Trigger Date** the **Cancellation Charge** shall be calculated as follows:

Cancellation Charge = Attributable Works Cancellation Charge

3.4 Where the Construction Agreement is terminated or Transmission Entry Capacity or Developer Capacity or Interconnector User Commitment Capacity is reduced on or after the Trigger date but prior to the Charging Date

Where a **Construction Agreement** is terminated or **Transmission Entry Capacity** is reduced or **Developer Capacity** is reduced or **Interconnector User Commitment Capacity** is reduced on or after the Trigger date but prior to the **Charging Date** the **Cancellation Charge** shall be calculated as follows:

Cancellation Charge = Attributable Works Cancellation Charge plus Wider Cancellation Charge

The following Paragraphs set out in detail the **Attributable Works Cancellation Charge** and **Wider Cancellation Charge** and Paragraph 3.7 sets out the above calculation by formula.

3.5 Attributable Works Cancellation Charge

The **Attributable Works Cancellation Charge** can be either the **Fixed Cancellation Charge** or **Actual Attributable Works Cancellation Charge**.

3.6 Fixed Cancellation Charge

The calculation of the **Fixed Cancellation Charge** is different where the **Construction Agreement** is terminated or **Transmission Entry Capacity** or

Developer Capacity or **Interconnector User Commitment Capacity** is reduced before (“**Pre Trigger Amount**”) or on or after the **Trigger Date** (“**Fixed Attributable Works Cancellation Charge**”).

3.6.1 Pre Trigger Amount

Should a **Construction Agreement** be terminated, or **Transmission Entry Capacity** be reduced or **Developer Capacity** be reduced or **Interconnector User Commitment Capacity** be reduced before the **Trigger Date** the **Fixed Cancellation Charge** is the **Pre Trigger Amount** calculated as a £/MW figure by reference to the **Cancellation Charge Profile** and derived in accordance with the formula at Paragraph 3.9 and set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7:

3.6.2 Fixed Attributable Works Cancellation Charge

Where a **Construction Agreement** is terminated or **Transmission Entry Capacity** is reduced or **Developer Capacity** is reduced or **Interconnector User Commitment Capacity** is reduced on or after the **Trigger Date** but prior to the **Charging Date** the **Fixed Cancellation Charge** is the **Fixed Attributable Works Cancellation Charge** calculated as follows:

Fixed Attributable Works Cancellation Charge = (Attributable Works Cancellation Amount x MW Reduction in Transmission Entry Capacity or Developer Capacity or Interconnector User Commitment Capacity) x Cancellation Charge Profile

Where the Attributable Works Cancellation Amount results in a £/MW figure calculated as follows:

(Estimated Attributable Works Capital Cost x (1 – Local Asset Reuse Factor) x Strategic Investment Factor x Distance Factor) / Transmission Entry Capacity or Developer Capacity or Interconnector User Commitment Capacity

Where the **Estimated Attributable Works Capital Cost** is the fair and reasonable estimate of the **Attributable Works Capital Cost** for each component within the **Attributable Works** and which is as set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 6.

Where the **Attributable Works** are as specified in Appendix MM of the **Construction Agreement** at the time of the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 6.

Where the **Local Asset Reuse Factor** is the factor representing the potential for reuse of each component within the **Attributable Works** as set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 6.

Where the **Strategic Investment Factor** is a factor calculated for each component within the **Attributable Works** as a ratio of the **Transmission Entry Capacity** and/or **Developer Capacity** and/or **Interconnector User Commitment Capacity** sharing those **Attributable Works** against the secured capability of the **Transmission** assets and set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 6.

Where the **Distance Factor** is a factor calculated for each component within the **Attributable Works** as a ratio of distance to the nearest suitable MITS substation and distance to the MITS substation where the **Attributable Works** connect as set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 6. This factor is only valid for components where distance is relevant i.e. cables and overhead lines.

Where the **Cancellation Charge Profile** is the profile derived in accordance with the formula at Paragraph 3.10 and set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 6.

3.6.3 The **Pre Trigger Amount** and the **Attributable Works Cancellation Amount** (and the factors used in deriving this) and the **Cancellation Charge Profile** are fixed at the time an election is made in accordance with Paragraph 7 and the **Pre Trigger Amount** and **Attributable Works Cancellation Amount** are not subject to any further specific adjustment, reconciliation or credit should any of the **Transmission** assets resulting from the **Attributable Works** be reused or of benefit to other **Users**.

3.7 Actual Attributable Works Cancellation Charge

3.7.1 The **Actual Attributable Works Cancellation Charge** is the **Attributable Works Capital Cost** in respect of each component within the **Attributable Works** at the time at which the **Construction Agreement** is terminated or **Transmission Entry Capacity** or **Developer Capacity** or **Interconnector User Commitment Capacity** is reduced including (a) fees, expenses and costs properly payable by **The Company** in respect of, or arising from the termination by **The Company** or any third party of any contract for or relating to the carrying out of any of the **Attributable Works** provided it is negotiated on an arms length basis (including any such arising under the **STC**) and (b) a sum equal to the reasonable costs of removing any **Transmission Connection Assets** and of making good the remaining **Plant** and **Apparatus** following such removal and (c) proper and reasonable expenses incurred and or paid or which **The Company** is legally bound to incur or pay in seeking **Consents** for the **Attributable Works** and (d) interest on any such amounts from the date they were paid by **The Company** to the date of **The Company's** invoice at 2% over **Base Rate** from time to time and for the time being provided that in each case **The Company** shall take into account the **Local Asset Reuse Factor**, the **Strategic Investment Factor** and the **Distance Factor** as calculated in paragraph 3.6.2, of the **Attributable Works** and any of the resulting **Transmission** assets.

3.7.2 In the case of the **Actual Attributable Works Cancellation Charge**, on termination of the **Construction Agreement** or reduction in **Transmission Entry Capacity** or **Developer Capacity** or **Interconnector User Commitment Capacity** prior to the **Charging Date**, **The Company** shall be entitled to invoice the **User** for a sum equal to **The Company's** fair and reasonable estimate of the **Actual Attributable Works Cancellation Charge** and so (a) in the case of

termination, the **User** shall pay to **The Company** on account of the **Actual Attributable Works Cancellation Charge** a sum equal to the estimate of **Actual Attributable Works Cancellation Charge** as shown in the **Cancellation Charge Statement** for the period in which the termination occurs and (b) in the case of a reduction in **Transmission Entry Capacity** or **Developer Capacity** or **Interconnector User Commitment Capacity**, a sum by reference to the MW reduction based on the £/MW figure derived from the estimate of **Actual Attributable Works Cancellation Charge** as shown in the **Cancellation Charge Statement** for the period in which the termination occurs. These will then be subject to reconciliation in accordance with this Section 15 Part Four.

3.8 Wider Cancellation Charge

The **Wider Cancellation Charge** results in a £/MW charge calculated as follows:

Zonal Unit Amount** x (MW of reduction in **Transmission Entry Capacity** or **Developer Capacity** or **Interconnector User Commitment Capacity**) x **Cancellation Charge Profile

The **Zonal Unit Amount** is a £/MW figure calculated by reference to the **Generation Zone** in which the **Power Station** or **Interconnector** is to be located as set out in the **Cancellation Charge Statement**. It is calculated by reference to the **Annual Wider Cancellation Charge Statement** for the **Financial Year** in which notice of reduction in **Transmission Entry Capacity** or **Developer Capacity** or **Interconnector User Commitment Capacity** is given and/or notice of **Disconnection** is given or, where in the case of an **Event of Default** where notice is not given, the **Financial Year** in which the reduction in **Transmission Entry Capacity** or **Developer Capacity** or **Interconnector User Commitment Capacity** or **Disconnection** occurs.

*Where the **Zonal Unit Amount** = **Load Related Boundary Capex** apportioned to **Boundaries** by **Boundary (LR) Level** and **Non Load Related Boundary Capex** apportioned to **Boundaries** by **Boundary (NLR) Level**, summated and multiplied by **Boundary Non Compliance Factors** and then mapped to **Generation Zones** and divided by the **Wider User Commitment Liability Base**, excluding those **Power Stations** or **Interconnectors** in respect of which*

a **Construction Agreement** has terminated or **The Company** has been notified of a reduction in the **Transmission Entry Capacity** or **Developer Capacity** or **Interconnector User Commitment Capacity** or **Disconnection** within the period in question.

Where **Load Related Boundary Capex** is the capex required to increase capability in the network as determined by **The Company** for a given **Financial Year**, excluding any **Attributable Works Capital Cost**, multiplied by the **User Risk Factor** and the **Global Asset Reuse Factor**, as set out in the **Annual Wider Cancellation Charge Statement**.

Where **Non Load Related Boundary Capex** is the capex required to maintain capability in the network as determined by **The Company** for a given **Financial Year**, excluding any **Attributable Works Capital Cost**, multiplied by the **User Risk Factor** and the **Global Asset Reuse Factor**, as set out in the **Annual Wider Cancellation Charge Statement**.

Where the **User Risk Factor** is the share of total risk between generation and consumers, set at 0.5.

Where the **Global Asset Reuse Factor** for a given **Financial Year** is as set out in the **Annual Wider Cancellation Charge Statement**.

Where the **Boundaries** are as detailed in Section 8 of the **Seven Year Statement**.

Where **Boundary (LR) Level** is the depth of each **Boundary** as determined by **The Company** multiplied by the increase in required capability on that **Boundary** over the forthcoming four year period, as set out in the **Seven Year Statement**.

Where **Boundary (NLR) Level** is the depth of each **Boundary** as determined by **The Company** multiplied by the available capability on that **Boundary** in the year in question, as set out in the **Seven Year Statement**.

Where **Boundary Non Compliance Factors** are the ratio between the available capability and required capability on each **Boundary** as detailed in Section 8 of the **Seven Year Statement**, capped at 100%.

Where **Generation Zones** are (a) as defined in the **Seven Year Statement** for the **Financial Year** in which the termination or reduction in **Transmission Entry Capacity** or reduction in **Developer Capacity** or reduction in **Interconnector User Commitment Capacity** occurs prior to the **Charging Date** (or where not so defined as set out in the relevant **Cancellation Charge Statement**) or (b) as defined in the **Seven Year Statement** for the **Financial Year** in which the notice of **Disconnection** or reduction in **Transmission Entry Capacity** occurs on or after the **Charging Date**.

Where the **Wider User Commitment Liability Base** is the total amount of generation and **Interconnector User Commitment Capacity** in MW liable for the **Wider Cancellation Charge** in the year in question and the total amount of generation and **Interconnector User Commitment Capacity** in MW which will become liable for the **Wider Cancellation Charge** in the year in question and set out in the **Annual Wider Cancellation Charge Statement**.

Where the **Cancellation Charge Profile** is the profile derived in accordance with the formula at Paragraph 3.10 or 3.11, as appropriate.

3.9 Where the Construction Agreement is terminated or Transmission Entry Capacity or Developer Capacity or Interconnector User Commitment Capacity is reduced before the Trigger Date

Should a **Construction Agreement** be terminated, or **Transmission Entry Capacity** be reduced or **Developer Capacity** be reduced or **Interconnector User Commitment Capacity** be reduced before the **Trigger Date** the **Cancellation Charge** shall be calculated as follows:

Cancellation Charge = Either the Actual Attributable Works Charge or, where on the Fixed Attributable Works Cancellation Charge, a charge calculated as follows:

Reduction in Transmission Entry Capacity or Reduction in Developer Capacity or Reduction in Interconnector User Commitment Capacity x Pre Trigger Amount_t

Where:

- *Transmission Entry Capacity /Developer Capacity /Interconnector User Commitment Capacity expressed in MW.*

- *Termination of Construction Agreement equates to a reduction in Transmission Entry Capacity or Developer Capacity or Interconnector User Commitment Capacity to zero*
- *Pre Trigger Amount_t which varies according to the number of Financial Years from the date of the Construction Agreement to the Trigger Date:*
 - *up to the end of the first Financial Year (i.e. t =1), the lower of either (a) Pre Trigger Amount_t = (£1000/MW) or (b) a sum equivalent to the Cancellation Charge (and if not known an estimate of this) which would apply in the Financial Year which is 3 Financial Years prior to the Financial Year in which the Charging Date occurs.*
 - *Where t = 2, the lower of either (a) Pre Trigger Amount_t = (£2000/MW) or (b) a sum equivalent to the Cancellation Charge (and if not known an estimate of this) which would apply in the Financial Year which is 3 Financial Years prior to the Financial Year in which the Charging Date occurs.*
 - *Where t ≥ 3 up to Trigger Date, the lower of either (a) Pre Trigger Amount_t = (£3000/MW) or (b) a sum equivalent to the Cancellation Charge (and if not known an estimate of this) which would apply in the Financial Year which is 3 Financial Years prior to the Financial Year in which the Charging Date occurs.*

3.10 Where the Construction Agreement is terminated or Transmission Entry Capacity or Developer Capacity or Interconnector User Commitment Capacity is reduced on or after the Trigger Date but prior to the Charging Date

Where a **Construction Agreement** is terminated or **Transmission Entry Capacity** is reduced or **Developer Capacity** is reduced or **Interconnector User Commitment Capacity** is reduced on or after the **Trigger Date** but prior to the **Charging Date** a **User** shall pay the **Cancellation Charge** calculated as follows:

Cancellation Charge = the sum of (a) Fixed Attributable Works Cancellation Charge or Actual Attributable Works Cancellation Charge and (b) Wider Cancellation Charge

(a) Either the Actual Attributable Works Charge or, where on the Fixed Attributable Works Cancellation Charge, a charge calculated as follows:

Where:

- *Termination of Construction Agreement equates to reduction in Transmission Entry Capacity or Developer Capacity or Interconnector User Commitment Capacity to zero*
- *Fixed Attributable Works Cancellation Charge = Attributable Works Cancellation Amount x MW reduction in Transmission Entry Capacity or Developer Capacity or Interconnector User Commitment Capacity x Cancellation Charge Profile_t*

- *Cancellation Charge Profile_t, which varies according to the number of Financial Years working back from the Charging Date to the Trigger Date:*
 - *In the Financial Year in which the Charging Date occurs (t=0), Cancellation Charge Profile = 1.0,*
 - *In the Financial Year which is 1 Financial Year prior to the Financial Year in which the Charging Date occurs (t=1), Cancellation Charge Profile = 0.75;*
 - *In the Financial Year which is 2 Financial Years prior to the Financial Year in which the Charging Date occurs (t=2), Cancellation Charge Profile = 0.5; and*
 - *In the Financial Year which is 3 Financial Years prior to the Financial Year in which the Charging Date occurs (t=3), Cancellation Charge Profile, = 0.25.*

AND

(b) Wider Cancellation Charge

Where:

- *Termination of Construction Agreement equates to reduction in Transmission Entry Capacity or Developer Capacity or Interconnector User Commitment Capacity to zero*
- *Wider Cancellation Charge = Zonal Unit Amount x reduction in Transmission Entry Capacity or Developer Capacity or Interconnector User Commitment Capacity x Cancellation Charge Profile_t*
- *Cancellation Charge Profile_t, which varies according to the number of Financial Years working back from the Charging Date to the Trigger Date:*
 - *In the Financial Year in which the Charging Date occurs (t=0), Cancellation Charge Profile = 1.0,*
 - *In the Financial Year which is 1 Financial Year prior to the Financial Year in which the Charging Date occurs (t=1), Cancellation Charge Profile = 0.75;*
 - *In the Financial Year which is 2 Financial Years prior to the Financial Year in which the Charging Date occurs (t=2), Cancellation Charge Profile = 0.5; and*
 - *In the Financial Year which is 3 Financial Years prior to the Financial Year in which the Charging Date occurs (t=3), Cancellation Charge Profile = 0.25.*

3.11 Where the Transmission Entry Capacity or Interconnector User Commitment Capacity is reduced or Notice of Disconnection is given on or after the Charging Date

The **Cancellation Charge** payable on notice of **Disconnection** and/or a reduction in **Transmission Entry Capacity** or **Interconnector User Commitment Capacity** on or after the **Charging Date** is calculated on a £/MW

basis as follows by reference to the **Zonal Unit Amount** for the **Financial Year** in which the notice is given:

Cancellation Charge = Wider Cancellation Charge

Where:

- *Disconnection equates to reduction in Transmission Entry Capacity or Interconnector User Commitment Capacity to zero*
- *Wider Cancellation Charge = Zonal Unit Amount for year in which notice of disconnection or reduction is given x reduction in Transmission Entry Capacity or Interconnector User Commitment Capacity x Cancellation Charge Profile_t.*
- *Cancellation Charge Profile_t which varies according to the number of Financial Years notice given from the date of notification to Disconnection or reduction in Transmission Entry Capacity or Interconnector User Commitment Capacity:*
 - *where notice is given in the Financial Year in which such notice is to take effect (t=0) Cancellation Charge Profile = 1,*
 - *except as provided below where notice is given in the Financial Year prior to the Financial Year in which such notice is to take effect (t=1), Cancellation Charge Profile = 0.75,*
 - *where notice of reduction of Transmission Entry Capacity is given in the CMP 213 Judicial Review Period which is within a Financial Year prior to the CMP213 Financial Year in which such notice is to take effect (t=1), for the purposes of the Cancellation Charge such notice shall be deemed to have been given in timescales such that the Cancellation Charge Profile = zero where;*
 - *the “CMP213 Judicial Review Period” means the period of 20 Business Days (inclusive) from the day on which (having exhausted all appeals) the Judicial Review proceedings against the Authority’s decision to approve Approved CUSC Modification 213 are concluded*
 - *The « CMP213 Financial Year » means the Financial Year in which Approved CUSC Modification 213 is directed by the Authority to take effect,*
 - *where notice is given in the Financial Year which is two Financial Years prior to the Financial Year in which such notice is to take effect (t=2), Wider Cancellation Charge = zero.*

4 Annual Wider Cancellation Charge Statement

4.1 By not later than 31 January prior to the start of each **Financial Year** **The Company** will publish a statement showing:

- (a)** the **Zonal Unit Amount** by **Generation Zone** for that **Financial Year**;
- (b)** the **Wider User Commitment Liability Base** for that **Financial Year**;
- (c)** the **Total TO Capex** for that **Financial Year** (*where the **Total TO Capex** is the forecast of the **Load Related Boundary Capex** and **Non Load Related Boundary Capex** for a given **Financial Year**, excluding the total **Attributable Works Capital Cost***);
- (d)** a forecast of the **Total TO Capex** for the following three **Financial Years**;
- (e)** the **Global Asset Reuse Factor** for that **Financial Year**;
- (f)** the **Boundary Non Compliance Factors** for that **Financial Year**;
- (g)** a forecast of the **Zonal Unit Amount** by **Generation Zone** for the following three **Financial Years**;
- (h)** the % of the **Cancellation Charge** that is required to be secured prior to (and including) and after the **Key Consents in Place Date**.

4.2 In the event that for any **Financial Year** it is proposed to change the **Global Asset Reuse Factor** or the % of the **Cancellation Charge** that is required to be secured prior to (and including) and after the **Key Consents in Place Date** from that set out in the **Annual Wider Cancellation Charge Statement** for the previous **Financial Year**, **The Company** shall not make such change without first consulting on the change (and its provision in electronic form on the Website and in electronic mails to **CUSC Parties** and such other persons who have supplied relevant details shall meet this requirement).

5. Statement of Cancellation Charge

5.1 With an **Offer** **The Company** shall provide each **User** with an indicative profile of the estimated spend in respect of the **Attributable Works** and a **Notification of Fixed Cancellation Charge**.

5.2 Cancellation Charge Statement

5.2.1 **The Company** shall issue a **Cancellation Charge Statement** to a **User** showing the amount of the payment required or which may be required to be made by the **User** to **The Company** in respect of the **Cancellation Charge** prior to the **Charging Date** at the following times and in respect of the following periods:-

- (i) Forthwith on and with effect from the signing of the **Construction Agreement**, in respect of the period from and including the day of signing of the **Construction Agreement** until the next following 30 September or 31 March, whichever is the earlier; and thereafter

- (ii) not less than 75 (seventy five) days (or if such day is not a **Business Day** the next following **Business Day**) prior to each 30 September and 31 March thereafter in respect of the period of six calendar months commencing on the immediately following 1 October or 1 April (as the case may be), until the earlier of either the termination of the relevant **Construction Agreement** or the **Charging Date**.

5.3 If a **User** does not elect for the **Fixed Cancellation Charge** (unless and until a **User** subsequently elects for a **Fixed Cancellation Charge** as provided for at Paragraph 7 or advises **The Company** that it does not wish to receive this) **The Company** shall provide a **Notification of Fixed Cancellation Charge** and an estimate of the **Actual Attributable Works Cancellation Charge** with each **Cancellation Charge Statement**.

5.4 The **Actual Attributable Works Cancellation Charge** shall apply unless and until a **User** elects for a **Fixed Cancellation Charge** in accordance with Paragraph 7.

5.5 Estimating the Actual Attributable Works Cancellation Charge

In the case of the **Actual Attributable Works Cancellation Charge**, the **Cancellation Charge Statement** shall set out a fair and reasonable estimate of the **Actual Attributable Works Cancellation Charge** for the 6 month period and, for the project generally. In addition the 6 month estimate of the **Actual Attributable Works Cancellation Charge** shall, for the purposes of assessing

the **Cancellation Charge Secured Amount**, be prorated on a MW basis between those **Users** who share a component within the **Attributable Works**.

6 Electing for the Fixed Cancellation Charge

6.1 To elect for a the **Fixed Cancellation Charge**, a **User** must notify **The Company** to this effect by (a) returning a signed copy of the **Notification of Fixed Cancellation Charge** with its acceptance of the **Construction Agreement** or (b) , where a **User** does not elect at that time, it can elect 45 days (or if such day is not a **Business Day** the next following **Business Day**) prior to each 30 September or 31 March thereafter by returning a signed copy of the **Notification of Fixed Cancellation Charge** as provided with the relevant **Cancellation Charge Statement**.

6.2 Once a **User** has elected for the **Fixed Cancellation Charge**, the **Pre Trigger Amount**, **Attributable Works Amount** and **Cancellation Charge Profile** will then be fixed as that set out in the **Notification of Fixed Cancellation Charge** by reference to which such election was made and a **User** cannot revert to the **Actual Attributable Works Cancellation Charge**.

6.2.2 If the **User** becomes aware that the bank or insurance company issuing the **Performance Bond** or **Letter of Credit** ceases to be a **Qualified Bank** or that the company giving the **Performance Bond** ceases to be a **Qualified Company**, the **User** shall so notify **The Company** in writing as soon as it becomes so aware. If **The Company** becomes aware that the bank or insurance company issuing the **Performance Bond** or **Letter of Credit** ceases to be a **Qualified Bank** or that the company giving the **Performance Bond** ceases to be a **Qualified Company**, **The Company** may notify the **User** to that effect in writing. Where the bank, insurance company or the company so ceases to be either a **Qualified Bank** or a **Qualified Company** (as the case may be) as a consequence of **The Company** having reasonable cause to doubt the continued rating of the said bank, insurance company or company, such notice shall be accompanied by a statement setting out **The Company's** reasons for having such doubt. The **User** shall within 21 days of the giving of such notice by **The Company** or the **User** whichever is the earlier provide a replacement **Performance Bond** and/or **Letter of Credit** from a **Qualified Bank** or **Qualified Company**, as the case may be, and/or provide a cash

deposit in the required amount in a **Bank Account**. From the date the replacement **Performance Bond** or **Letter of Credit** or **Bank Account** cash deposit is effectively and unconditionally provided and **Valid**, **The Company** will consent in writing to the security which it replaces being released.

7 Cancellation Charge Secured Amount Statement

7.1 Where a **User** has to provide security in accordance with Part Three of this Section 15 the **Cancellation Charge Statement** shall be accompanied by the **Cancellation Charge Secured Amount Statement**.

7.2 The **Cancellation Charge Secured Amount** shall be based on the highest level of **Cancellation Charge** due within the period covered by the **Cancellation Charge Secured Amount Statement**.

8 Interconnector Transition to Cancellation Charge

8.1 This provision only applies in respect of **Users** who are **Interconnectors**.

8.2 The provisions of this Section 15 shall apply in respect of the first **Security Period** which is not less than 6 months after the **Implementation Date** for **CUSC Modification Proposal 222**. In the period prior to that **Security Period** and as soon as practicable after the **Implementation Date** for **CUSC Modification Proposal 222**

8.2.1 The Company shall

8.2.1.1 offer to amend each **User's Construction Agreement** such that it will be substantially in the form of that set out Schedule 2, Exhibit 3 Part 1 (as it relates to the **Cancellation Charge** arrangements);

8.2.1.2 send to each **User** in respect of each **Construction Agreement** a **Cancellation Charge Statement** for that **Security Period**

8.2.2 the **User** shall put **Security Arrangements** in place in respect of its **Construction Agreement** in accordance with **CUSC** Section 15 to be effective from the start of that **Security Period** to the next following 31 March or 30 September (whichever is the earlier).

8.3 If **The Company** and a **User** fail to agree changes to the **Construction Agreement** either such person may refer the matter to the **Authority** under Standard Condition C9 Paragraph 4 of the **Transmission Licence**.

PART THREE

1. CALCULATION OF CANCELLATION CHARGE SECURED AMOUNT AND CREDIT REQUIREMENTS

2. Each **User** which has a **Construction Agreement** shall provide security in respect of each of its **Construction Agreements** for the **Cancellation Charge Secured Amount** as applied and calculated in accordance with this Part Three of Section 15:

2.1 in the case of a **User** which meets **The Company Credit Rating** at the date of the **Construction Agreement** in accordance with Paragraph 4; and

2.2 in the case of a **User** which does not meet **The Company Credit Rating** at the date of the **Construction Agreement** or thereafter ceases to meet it, in accordance with Paragraph 5.

3. CALCULATION OF CANCELLATION CHARGE SECURED AMOUNT

3.1 Prior to the **Trigger Date** the **Cancellation Charge Secured Amount** is the **Cancellation Charge** as set out in the **Cancellation Charge Statement** for the relevant **Security Period**.

3.2 On or after the **Trigger Date** until the **Charging Date** the **Cancellation Charge Secured Amount** is that percentage of the figure shown as the **Cancellation Charge** in the **Cancellation Charge Statement** for the relevant **Security Period** determined as follows:

For Users in category (a) as per Section 15 Part One Paragraph 2	
Prior to (and including) the Key Consents In Place Date	the % for that Financial Year as set out in the Annual Wider Cancellation Charge Statement .
From the Key Consents In Place Date	the % for that Financial Year as set out in the Annual Wider Cancellation Charge

	Statement.
For Users in categories (b) and (c) as per Section 15 Part One Paragraph 2	
Prior to (and including) the Key Consents In Place Date	the % for that Financial Year for Distributed Generation as set out in the Annual Wider Cancellation Charge Statement.
From the Key Consents In Place Date	the % for that Financial Year for Distributed Generation as set out in the Annual Wider Cancellation Charge Statement.

3.3 The **User** shall notify **The Company** once it considers that it has been granted the **Key Consents**. **The Company** shall respond as soon as practicable after such notification confirming that it is satisfied that this is the case or giving reasons why it is not so satisfied.

4. PROVISION OF SECURITY WHERE USER MEETS THE COMPANY CREDIT RATING

4.1 The **User** shall as soon as possible after entering into a **Construction Agreement** and/or **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** and in any event no later than one (1) month after the date of the same confirm to **The Company** whether it meets **The Company Credit Rating**. Thereafter not less than 75 days before the 1 April and 1 October each year until 30 days after the **Charging Date** the **User** shall confirm to **The Company** whether it meets **The Company Credit Rating** (which in the case of a long term private credit rating shall be confirmed by Standard and Poor's or Moody's within a period of 45 days prior to the date of confirmation). The **User** shall inform **The Company** in writing forthwith if it becomes aware of no longer meeting **The Company Credit Rating** or if it is or is likely to be put on credit watch or any similar credit surveillance procedure which may give **The Company** reasonable cause to believe that the **User** may not be able to sustain meeting **The Company Credit Rating** for at least 12 months.

4.2 In the event that the **User** has elected to provide **The Company** with an indicative credit rating and **The Company** is of the reasonable opinion that the **User** has ceased to comply with the requirements of Paragraph 4.1 then **The Company** may require the **User** forthwith:

- (i) to apply to Standard and Poor's and/or Moody's for a further indicative long term private credit rating; or
- (ii) to confirm to **The Company** that it shall provide the security referred to in Paragraph 4.4 below.

4.3 In the event of the **User**:

- (i) not meeting **The Company Credit Rating**; or
- (ii) having a credit rating below **The Company Credit Rating**; or
- (iii) not having obtained from Standard and Poor's or Moody's within 30 days of the written notification under Paragraph 4.2(i) above an indicative long term private credit rating,

or if **The Company** becomes aware that:

- (iv) the **User** ceases to meet **The Company Credit Rating**; or
- (v) the **User** is put on credit watch or other similar credit surveillance procedure as specified above which may give **The Company** reasonable cause to believe that the **User** may not be able to maintain **The Company Credit Rating** for at least 12 months; or
- (vi) the **User** has not obtained from Standard and Poor's within 30 days of the written notification by **The Company** under Paragraph 4.2(i) above a further indicative long term private credit rating,

the **User** shall (where appropriate on receipt of written notification from **The Company**) comply with the terms of Paragraph 4.4.

4.4 The **User** shall within 21 days of the giving of a notice under Paragraph 4.3 or within 30 days of the **User** confirming to **The Company** under Paragraph 4.2(ii) that it will provide the security specified below (whichever is the earlier), provide **The Company** with the security specified below to cover the **Cancellation**

Charge Secured Amount for the relevant **Security Period** as notified by **The Company** to the **User**.

- 4.5 The form of security provided shall be of a type set out in Paragraph 6.
- 4.6 If the facts of circumstances giving rise to the obligation of the **User** to provide the security have ceased, then **The Company** shall release the security.

5. PROVISION OF SECURITY WHERE USER DOES NOT MEET OR CEASES TO MEET THE COMPANY CREDIT RATING

5.1 Each **User** hereby agrees that it shall at the date of the relevant **Construction Agreement** and/or **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** provide to **The Company** or procure the provision to **The Company** of, and the **User** shall until 28 days after the **Charging Date** maintain or procure that there is maintained in full force and effect (including by renewal or replacement) a security arrangement from time to time and for the time being as set out in Paragraph 6 to provide security for the **Cancellation Charge Secured Amount**.

5.2 If there shall be any dispute between the **User** and **The Company** as to:-

- (i) the fairness and reasonableness of the estimate of the **Attributable Works Capital Charge**; or
- (ii) the calculation of the **Cancellation Charge**, or
- (iii) whether there has been an **Event of Default** as provided in **CUSC** Section 5; or
- (iv) the lawfulness or otherwise of any termination or purported termination of the **Construction Agreement**,

such dispute shall not affect the ability of **The Company** to make demands pursuant to the security arrangement to be provided pursuant to this **CUSC** Section 15 and to recover the amount or amounts payable thereunder, it being acknowledged by the **User** that but for such being the case **The Company's** security would be illusory by reason of the period of validity of the relevant security being likely to expire or capable of expiring before the final resolution of such dispute. The **User** accordingly covenants with **The Company** that it will not take any action, whether by way of proceedings or

otherwise, designed or calculated to prevent, restrict or interfere with the payment to **The Company** of any amount secured under the security arrangement nor seek nor permit nor assist others to do so.

6. TYPES OF SECURITY

6.1 The **User** shall from time to time and for the time being as set out in Paragraph 5 provide security for the **Cancellation Charge Secured Amount** by any one of the following:-

6.1.1 A **Performance Bond** or **Letter of Credit** from a **Qualified Bank** for **Cancellation Charge Secured Amount** for a given **Security Period**, such **Performance Bond** or **Letter of Credit** to be **Valid** for at least that given **Security Period** and to be renewed periodically where applicable in the manner stated in paragraph 6.2.3; or

6.1.2 A cash deposit in a **Bank Account** at least for the amount of the **Cancellation Charge Secured Amount** to be secured for a given **Security Period**, such cash deposit to be increased or reduced periodically where applicable in the manner stated in paragraph 6.2.4; or

6.1.3 A **Performance Bond** from a **Qualified Company** for the amount of the **Cancellation Charge Secured Amount** to be secured for a given **Security Period**, such **Performance Bond** to be **Valid** for at least that **Security Period** and to be renewed periodically where applicable in the manner stated in paragraph 6.2.3.

6.2 General Provisions regarding Security

6.2.1 Any **Notice of Drawing** to be delivered to Barclays Bank PLC or any other bank at which the **Bank Account** shall have been opened or a **Qualified Bank** or a **Qualified Company** may be delivered by hand, by post or by facsimile transmission.

6.2.2 If the **User** becomes aware that the bank issuing the **Performance Bond** or **Letter of Credit** ceases to be a **Qualified Bank** or that the company giving the **Performance Bond** ceases to be a **Qualified**

Company, the **User** shall so notify **The Company** in writing as soon as it becomes so aware. If **The Company** becomes aware that the bank issuing the **Performance Bond** or **Letter of Credit** ceases to be a **Qualified Bank** or that the company giving the **Performance Bond** ceases to be a **Qualified Company**, **The Company** may notify the **User** to that effect in writing. Where the bank or the company so ceases to be either a **Qualified Bank** or a **Qualified Company** (as the case may be) as a consequence of **The Company** having reasonable cause to doubt the continued rating of the said bank or company, such notice shall be accompanied by a statement setting out **The Company's** reasons for having such doubt. The **User** shall within 21 days of the giving of such notice by **The Company** or the **User** whichever is the earlier provide a replacement **Performance Bond** and/or **Letter of Credit** from a **Qualified Bank** or **Qualified Company**, as the case may be, and/or provide a cash deposit in the required amount in a **Bank Account**. From the date the replacement **Performance Bond** or **Letter of Credit** or **Bank Account** cash deposit is effectively and unconditionally provided and **Valid**, **The Company** will consent in writing to the security which it replaces being released.

6.2.3 The following provisions shall govern the issuance, renewal and release of the **Performance Bond** or **Letter of Credit**:-

6.2.3.1 The **Performance Bond** or **Letter of Credit** shall be **Valid** initially for the **First Security Period**. Such **Performance Bond** or **Letter of Credit** shall be for an amount not less than the **Cancellation Charge Secured Amount** for that **First Security Period**.

6.2.3.2 On a date which is at least 45 days (or if such day is not a **Business Day** then on the immediately preceding **Business Day**) before the start of each following **Security Period** such **Performance Bond** or **Letter of Credit** shall be renewed so as to be **Valid** for not less than such **Security Period** and in the case of the last **Security Period** to be **Valid**, unless **The Company** agrees otherwise, for 45 days after the last day of such **Security Period**. Such renewed **Performance Bond** or

Letter of Credit shall be for an amount not less than the **Cancellation Charge Secured Amount** to be secured during that **Security Period**.

6.2.4 The following provisions shall govern the maintenance of cash deposits in the **Bank Account**:-

6.2.4.1 The amount of the **User's** cash deposit to be maintained in the **Bank Account** shall be maintained by the **User** from the date of the **Construction Agreement** at least to the end of the **First Security Period**. Such cash deposit shall be in the amount of the **Cancellation Charge Secured Amount** to be secured during that **First Security Period**.

6.2.4.2 If the amount of the **Cancellation Charge Secured Amount** to be secured from the start of each **Security Period** is an amount greater than the amount then secured, the **User's** cash deposit in the **Bank Account** in respect of the **Security Amount** shall be increased by the **User** to such greater amount on the date which is 45 days before the start of the given **Security Period**.

6.2.4.3 If the **Cancellation Charge Secured Amount** for a given **Security Period** is smaller than the amount then secured, the **User's** cash deposit in the **Bank Account** in respect of the **Security Amount** shall not be reduced to the amount so stated until the expiry of 7 days after the start of that given **Security Period** ("the **Release Date**").

6.2.4.4 The sum equal to the amount of reduction in the **User's** cash deposit in the **Bank Account** in respect of the **Security Amount** shall be paid by **The Company** to the **User** from the **Bank Account** on the **Release Date**.

6.2.4.5 Any interest accruing in respect of the **User's** cash deposit in the **Bank Account** in respect of the **Security Amount** shall be for the account of and belong to the **User** absolutely, and **The Company** agrees to take any steps required to be taken by it for

the release from the **Bank Account** (or any other bank account in the name of **The Company** in which such interest is held) and payment to the **User** of such interest as soon as **The Company** shall have received notice from the **User** requesting such payment.

6.2.4.6 For the avoidance of doubt, the **User's** cash deposit in the **Bank Account** shall remain the sole property and entitlement of the **User** until such time when (and to such extent as) the **Company** exercises its right of set off against the **User's** cash deposit in accordance with the terms of the **CUSC**, and the **User** shall have no right to have the cash deposit returned to it for so long as it is under any prospective or contingent liability to the **Company**.

6.3 Notwithstanding any provision aforesaid:-

6.3.1 The **User** may provide different securities to **The Company** at any one time, each securing a different amount, provided that the aggregate amount secured by such securities shall be not less than the amount of the **Cancellation Charge Secured Amount** required to be secured for that **Security Period**.

6.3.2 The **User** may upon the expiry of at least 14 days prior written notice to **The Company**, substitute one type of security for another provided that unless **The Company** shall otherwise agree in writing such substituted security must be **Valid** from the first day of the relevant **Security Period** and committed at least 45 days before this in the following manner:-

(a) where a **Performance Bond** or a **Letter of Credit** is to substitute for other securities, it must be issued or given at least 45 days before the start of the **Security Period** to which it relates.

(b) where a cash deposit in a **Bank Account** is to substitute for other securities, it must be deposited into the **Bank**

Account at least 45 days before the start of the **Security Period** to which it relates.

6.3.3 Upon request by the **User** to **The Company**, securities substituted in the aforesaid manner shall, providing the substitute security shall be **Valid**, be released on the first day of the **Security Period** which the substitute security is securing. However, where the **Cancellation Charge Secured Amount** to be secured for any **Security Period** is less than the amount required to be secured in the preceding **Security Period**, the substituted security shall not be released until 7 days after the start of the **Security Period** that that substitute security is securing.

**PART FOUR RECONCILIATION OF ACTUAL ATTRIBUTABLE WORKS
CANCELLATION CHARGE**

1. As soon as practicable and in any event within 60 days of the date, as appropriate, of termination of the **Construction Agreement** or reduction in **Transmission Entry Capacity** or **Developer Capacity** or **Interconnector User Commitment Capacity** **The Company** shall:
 - (a) furnish the **User** with a statement showing a revised estimate of the **Actual Attributable Works Cancellation Charge** and will provide as soon as practicable evidence of such having been incurred; and
 - (b) furnish the **User** with justification of and supporting information in respect of its assessment of the actual or potential for reuse and any strategic benefits of the **Attributable Works** and any of the resulting **Transmission** assets.

2. As soon as reasonably practicable after termination of this **Construction Agreement** or reduction in **Transmission Entry Capacity** or **Developer Capacity** or **Interconnector User Commitment Capacity** and in any event within 12 months of such event **The Company** shall provide the **User** with a final statement of the **Actual Attributable Works Cancellation Charge**. If the **Actual Attributable Works Cancellation Charge** is greater than the payments made by the **User** in respect of **The Company's** estimate(s) of the **Actual Attributable Works Cancellation Charge** the **User** shall within 28 days of the said statement and invoice prepared by **The Company** pay to **The Company** the additional payments due by the **User** together with interest calculated thereon on a daily basis at **Base Rate** for the time being and from time to time from the date of previous payment(s) to the date of the final statement of the **Actual Attributable Works Cancellation Charge** and final invoice for the **Attributable Works Cancellation Charge**. If the **Actual Attributable Works Cancellation Charge** is less than the payments made by the **User** in respect of **The Company's** estimate(s) of the **Actual Attributable Works Cancellation Charge** **The Company** shall forthwith pay to the **User** the excess paid together with interest on a daily basis at **Base Rate** for the time being and from time to time from the date of payment of the fair and reasonable estimate of the **Actual Attributable Works Cancellation Charge** to the date of reimbursement by **The Company** of the said excess paid.

DATED _____ 2001

NATIONAL GRID ELECTRICITY TRANSMISSION PLC

and

[_____]

THE CONNECTION AND USE OF SYSTEM CODE

CUSC ACCESSION AGREEMENT

CUSC ACCESSION AGREEMENT

This **CUSC Accession Agreement** is made on []

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); on its own behalf and on behalf of all the other parties to the **CUSC Framework Agreement**; and
- (2) [*Insert name of person wishing to be admitted to the CUSC*] (the "**Party Applicant**") whose principal office is at [].

WHEREAS:

- (A) By the **CUSC Framework Agreement** dated 18 September 2001 made between the **Original Parties** named therein and as now in force between **CUSC Parties** and by virtue of any **CUSC Accession Agreement** entered into by any **New Party** before the date of this **CUSC Accession Agreement**, the **CUSC Parties** agreed to give effect to and be bound by the **CUSC**.
- (B) The **Party Applicant** has complied with the requirements of the **CUSC** (if any) as to accession and wishes to be admitted as a **CUSC Party**.
- (C) By the **CUSC Framework Agreement** and the provisions of the **CUSC** all **CUSC Parties** authorise **The Company** to sign this **CUSC Accession Agreement** on their behalf.

IT IS HEREBY AGREED as follows:

- 1 In this **CUSC Accession Agreement**, words and expression defined in or for the purposes of the **CUSC Framework Agreement** and not otherwise defined herein shall have the meanings ascribed thereto under the **CUSC Framework Agreement**.
- 2 **The Company** (acting on its own behalf and on behalf of each of the other **CUSC Parties**) hereby admits the **Party Applicant** as an additional **CUSC Party** under the **CUSC Framework Agreement** with effect from the date of this **CUSC Accession Agreement** on the terms and conditions hereof.
- 3 The **Party Applicant** hereby accepts its admission as a **CUSC Party** and undertakes with **The Company** acting on its own behalf and on behalf of each of the other **CUSC Parties**) to perform and to be bound by the **CUSC Framework Agreement** as a **CUSC Party** as from the date hereof.
- 4 For all purposes in connection with the **CUSC Framework Agreement** the **Party Applicant** shall as from the date hereof be treated as if it has been a signatory of the **CUSC Framework Agreement** from the date hereof, and as if this **CUSC Accession Agreement** were part of the **CUSC Framework Agreement** from the date hereof, and the rights and obligations of the **CUSC Parties** shall be construed accordingly.
- 5 This **CUSC Accession Agreement** and the **CUSC Framework Agreement** shall be read and construed as one document and

references (in or pursuant to the **CUSC Framework Agreement**) to the **CUSC Framework Agreement** (howsoever expressed) should be read and construed as reference to the **CUSC Framework Agreement** and this **CUSC Accession Agreement**.

6 If any provision of this **CUSC Accession Agreement** is or becomes invalid, unenforceable or illegal or is declared to be invalid, unenforceable or illegal by any court of competent jurisdiction or by any other **Competent Authority** (as defined in the **CUSC**), such invalidity, unenforceability or illegality shall not prejudice or affect the remaining provisions of this **CUSC Accession Agreement**, which shall continue in full force and effect notwithstanding the same. The **Party Applicant** and **The Company** (acting on its own behalf and on behalf of each of the other **CUSC Parties**) hereby acknowledge and agree for the purposes of the Contracts (Rights of Third Parties) Act 1999 that no rights, powers or benefits are or shall be conferred on any person pursuant to this **CUSC Accession Agreement**, except for such rights, powers or benefits as are expressly conferred on the **CUSC Parties** and the **Party Applicant** in accordance with and subject to its terms.

7 This **CUSC Accession Agreement** may be executed in counterparts.

8 This **CUSC Accession Agreement** shall be governed by and construed in accordance with the laws of England and Wales and the parties hereby submit to the jurisdiction of the courts of England and Wales and the courts of Scotland only.

Exhibit A

9 If the **Party Applicant** is not a company incorporated under the Companies Act 1985, as amended, it shall provide to **The Company** an address in **Great Britain** for service of process on its behalf in any proceedings.

AS WITNESS the hands of the duly authorised representatives of the parties hereto the day and year first above written.

CUSC - EXHIBIT B

**THE CONNECTION AND USE OF SYSTEM CODE
CONNECTION APPLICATION**

**DIRECTLY CONNECTED POWER STATION
NON EMBEDDED CUSTOMER
DISTRIBUTION SYSTEM DIRECTLY CONNECTED TO THE
NATIONAL ELECTRICITY TRANSMISSION SYSTEM**

PLEASE STUDY THE FOLLOWING NOTES BEFORE COMPLETING AND SIGNING THE APPLICATION FORM.

Please note that certain terms used in the application form are defined in the Interpretation and Definitions (contained in Section 11 to the **CUSC**) and when this occurs the expressions have capital letters at the beginning of each word and are in bold. If the **Applicant** has any queries regarding this application or any related matters then the **Applicant** is recommended to contact **The Company**¹ where our staff will be pleased to help.

1. **The Company** (National Grid Electricity Transmission plc) requires the information requested in this application form for the purpose of preparing an **Offer** (the “**Offer**”) to enter into an agreement for connection to and in the case of a directly connected power station, use of the **National Electricity Transmission System**. It is essential that the **Applicant** supplies all information requested in the application form and that every effort should be made to ensure that such information is accurate.
2. Where **The Company** considers that any information provided by the **Applicant** is incomplete or unclear, or further information is required, the **Applicant** will be requested to provide further information or clarification. The provision/clarification of this information may impact on **The Company’s** ability to commence preparation of an **Offer**.
3. Should there be any change in the information provided by the **Applicant** then the **Applicant** should immediately inform **The Company** of such a change. Where this is a change in the information provided for Sections B to D then the **Applicant** should contact **The Company** to see if such a change can be accommodated as it is unlikely that material changes could be accommodated. If **The Company** cannot accommodate such a change bearing in mind the timescales within which the **Offer** must be made then the application will be processed on the original information although it is open to the **Applicant** to withdraw the application.
4. **The Company** shall charge the **Applicant**, and the **Applicant** shall pay to **The Company**, **The Company’s** Engineering Charges in relation to the application. A fee will be charged by **The Company** in accordance with the **Charging Statements**. No application will be considered until such payment has been received.
5. The effective date upon which the application is made shall be the later of the date when **The Company** has received the application fee pursuant to paragraph 4 above or the date when **The Company** is reasonably satisfied that the **Applicant** has completed Sections A-D. **The Company** shall notify the **Applicant** of such date.

¹ Customer Services, National Grid Electricity Transmission plc, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA (Telephone No. 01926 654634)

6. **The Company** will make the **Offer** in accordance with the terms of Paragraphs 2.13, 6.9 (Modifications) and Paragraph 6.10 (New Connection Sites) of the **CUSC** and the **Transmission Licence**.
7. **The Company** will make the **Offer** as soon as is reasonably practicable and, in any event, within three (3) months of the effective date of the application or such later period as the **Authority** may agree. The **Offer** may, where it is necessary to carry out additional extensive system studies to evaluate more fully the impact of the proposed development, indicate the areas that require more detailed analysis. Before such additional studies are required, the **Applicant** shall indicate whether it wishes **The Company** to undertake the work necessary to proceed to make a revised **Offer** within the three (3) month period or, where relevant the timescale consented to by the **Authority**. To enable **The Company** to carry out any of the above mentioned necessary detailed system studies the **Applicant** may, at the request of **The Company**, be required to provide some or all of the **Detailed Planning Data** listed in Part 2 of the Appendix to the **Planning Code** which is part of the **Grid Code**.
8. In the course of processing the application it may be necessary for **The Company** to consult the appropriate **Public Distribution System Operator(s)** on matters of technical compatibility of the **National Electricity Transmission System** with their **Distribution System(s)** or to consult the **Relevant Transmission Licensees** to establish the works required on the **National Electricity Transmission System** or to release information to **The Authority** in accordance with the **Transmission Licence**. On grounds of commercial confidentiality **The Company** shall need authorisation for the release to the **Public Distribution System Operator(s)** or **Relevant Transmission Licensees** or **The Authority** of certain information contained in the application. Any costs incurred by **The Company** in consulting the **Public Distribution System Operator(s)** or **Relevant Transmission Licensees** would be included in **The Company Charges** for the application. If it is found by the **Public Distribution System Operator(s)** that any work is required on their **Distribution System(s)** (except in the case of an **Application** for a **New Connection Site** located in **Offshore Waters**), then it will be for the **Public Distribution System Operator(s)** and the **Applicant** to reach agreement in accordance with Paragraph 6.10.3 of the **CUSC**.
9. In accordance with Paragraph 6.30.3 of **CUSC** **The Company** will need to disclose details of **Bilateral Agreements** entered into and shall need authorisation from the **Applicant** in respect of this.
10. If the **Applicant** is not already a **CUSC Party** the **Applicant** will be required as part of this application form to undertake that he will comply with the provisions of the **Grid Code** for the time being in force. Copies of

the **Grid Code** and the **CUSC** are available on **The Company's Website**² and the **Applicant** is advised to study them carefully. **Data** submitted pursuant to this application shall be deemed submitted pursuant to the **Grid Code**.

11. **The Company's Offer** will be based upon its standard form terms of **Connection Offer** and the **Charging Statements** issued by **The Company** under Standard Conditions C4 and C6 of the **Transmission Licence**. The **Applicant** should bear in mind **The Company's** standard form terms of **Offer** when making this application. In the case of **The Company's Offer** for a **New Connection Site** located in **Offshore Waters**, the **Offer** will identify the **Onshore Construction Works** based on specified assumptions about the **Offshore Construction Works** and these assumptions will be set out in the **Offer** but (subject to paragraph 24) the **Offshore Construction Works** will not be identified at that stage.
12. In particular, and subject to paragraphs 24 – 27 below **The Company** prepares **Offers** upon the basis that each party will design, construct, install, control, operate and maintain, in the case of the **User**, the **Plant** and **Apparatus** which he will own and, in the case of **The Company**, **Transmission Plant** and **Transmission Apparatus** usually but not necessarily applying the ownership rules set out in Paragraph 2.12 of the **CUSC** (Principles of Ownership). If the **Applicant** wishes **The Company** to carry out any of these matters on the **Applicant's** behalf (including where, should the **Transmission** substation at which the **Applicant** is to be connected be of a **Gas Insulated Switchgear** design, the **Applicant** would wish that **The Company** undertake the works but subsequently transfer the **Gas insulated Switchgear** to the **Applicant**) please contact **The Company**³ for further details.
13. **Applicants** of a type set out in **Grid Code** CC 8.1, Generators and DC Converter Station Owners, should appreciate that they will be required to perform **Mandatory Ancillary Services** to ensure that System Operational Standards can be achieved. This requirement may have implications towards **Plant** specification. You should be satisfied that before an application is made that your intended **Plant** design can meet the requirements.
14. Under Special Condition M of the Transmission Licence **The Company** has additional requirements in respect of information on **Offers** where an **Applicant** has applied for connections in Scotland as well as in England and Wales and the **Applicant** doesn't intend to connect at all locations, but intends to choose which location or locations to connect at on the basis of the offers it receives. Question 6 in Section A is intended to assist **The Company** in early identification of this situation arising. **The**

² www.nationalgrid.com/uk/electricity

³ Customer Services, National Grid Electricity Transmission plc, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA (Telephone No. 01926 654634)

Company's Website⁴ contains a statement that describes the means by which **The Company** shall ensure compliance with Special Condition M of its **Transmission Licence**.

15. **Applicants** have the option to request a **Connection Offer** on the basis of a **Design Variation**. In requesting such an **Offer**, the **Applicant** acknowledges that the connection design (which provides for connection to the **National Electricity Transmission System**) will fail to satisfy the deterministic criteria detailed in paragraphs 2.5 to 2.13 or 7.7 to 7.19, as appropriate, of the **NETS SQSS**. In making such an **Offer**, in accordance with its obligations under Paragraphs 2.13.2 and 2.13.7 or 2.13.11 of **CUSC**, **The Company** may include **Restrictions on Availability**. If **Applicants** require further assistance on this option they are recommended to contact **The Company** before completing this application form.
16. **The Company** will include **Offshore Restrictions on Availability** in any **Offer** made for **New Connection Sites** located in **Offshore Waters** which meet the **Offshore Standard Design and Design Variation** but not where the design is of a standard equivalent to or higher than the deterministic criteria detailed in paragraphs 2.5 to 2.13 of the **NETS SQSS**.
17. In the case of **New Connection Sites** located in **Offshore Waters** the **Offer** will be based on an assumption of connection to an **Offshore Transmission System** rather than an **ET Offshore Transmission System**. Consideration may be given as to whether the connection should be to an **ET Offshore Transmission System** and as a result it may be necessary for **The Company** to consult the appropriate **Public Distribution System Operator(s)**. Where the **New Connection Site** is to be connected to an **ET Offshore Transmission System** this will be reflected in the variations to the **Bilateral Connection Agreement** and **Construction Agreement** referred to in **CUSC** Paragraph 2.13.9. The **Company** will include **ET Restrictions on Availability** in any **Offer** made for **New Connection Sites** located in **Offshore Waters** which are connected or to be connected to an **ET Offshore Transmission System**.
18. The **Applicant** has the ability to pay a fixed price application fee in respect of their application or pay the actual costs incurred (variable price application fee). The fixed price application fee is derived from analysis of historical costs of similar applications. The variable price application fee is based on an advance of the Transmission Licensee's Engineering and out of pocket expenses and will vary according to the size of the scheme and the amount of work involved. The **Applicant** is requested to indicate their preferred basis of application fee in Section A question 5. The **Applicant**

⁴ www.nationalgrid.com/uk/electricity

is advised that further information can be obtained from the **Charging Statements** which can be found on **The Company's Website**⁵.

19. **The Company** will provide an **Offer** based upon the National Electricity Transmission System Security and Quality of Supply Standards (NETS SQSS). The criteria presented in the NETS SQSS represent the minimum requirements for the planning and operation of the **National Electricity Transmission System**. The NETS SQSS allows for a generation or demand **Applicant** to request a variation to the connection design. For example, such a connection design variation may be used to take account of the particular characteristics of a power station, the nature of connection of embedded generation or particular load cycles.
20. Any variation to connection design must not reduce the security of the MITS (Main Interconnected Transmission System) to below the minimum planning standard, result in any additional costs to any particular customer and compromise a transmission licensee's ability to meet other statutory obligations or licence obligations. Further details of these conditions and standards can be found on **The Company's Website**⁶.
21. **Applicants** in respect of **New Connection Sites** located in **Offshore Waters** should be aware that their **Connection** will be dependent on the appointment of an **Offshore Transmission Owner** in respect of such **Connection Site** by the **Authority**. **Applicants** should indicate their earliest date for entry into the **Offshore Tender Process** as part of their **Connection Application**.
22. Entry into the **Offshore Tender Process** is conditional on the **Applicant** having procured the appropriate lease(s) from the Crown Estate or having secured an appropriate option on such lease or leases. **Applicants** should provide evidence of such leases or options as part of this **Application** or evidence reasonably satisfactory to **The Company** that such leases or options will be obtained prior to the **Applicant's** desired entry date into the **Offshore Tender Process**.
23. **Applicants** in respect of **New Connection Sites** located in **Offshore Waters** should also be aware that except where the **Offshore Construction Works** are being progressed as **Offshore Transmission System Development User Works** the **Onshore Construction Works** will not generally be progressed in advance of the outcome of the **Offshore Tender Process** and acceptance of the variations envisaged in CUSC Paragraph 2.13.9. There may be some occasions however where **The Company** considers it better for specific elements of the **Onshore Construction Works** to be undertaken earlier and where this is the case this will be specified in the **Construction Agreement**. **The Company** may also consider a request to undertake specific elements of the **Onshore**

⁵ www.nationalgrid.com/uk/electricity

Construction Works such as engineering design and preliminary consents works subject to agreement of terms to cover this situation.

24. **Applicants** in respect of **New Connection Sites** located in **Offshore Waters** should indicate at Section A if they are not interested in undertaking **Offshore Transmission System Development User Works**. In such case the **Onshore Construction Works** will be based on assumptions about the **Offshore Construction Works** and these assumptions will be set out in the **Construction Agreement**. The **Offshore Construction Works** will not themselves be identified at that time.
25. The **OTSDUW Arrangements** allow the **Applicant** to undertake **Offshore Transmission System Development User Works** that is: activities and works in respect of the **Offshore Construction Works** which would otherwise be undertaken by an **Offshore Transmission Licensee**.
26. Whilst not compulsory, and recognising that until the **Applicant** receives the **Offer** it will not have received the assumptions referred to in paragraph 11, the **Applicant** may wish to indicate the scope of the **Offshore Transmission Development User Works** that it is interested in undertaking.
27. Any **Offer** made to the **Applicant** in respect of **New Connection Sites** located in **Offshore Waters** (other than an **Applicant** who has indicated at Section A that they are not interested in undertaking **Offshore Transmission System Development User Works**) will be made on the basis of the **OTSDUW Arrangements** and, unless the **Applicant** has requested otherwise, the **Construction Agreement** will be framed on the basis of **OTSDUW Build** although this can be reviewed prior to acceptance. The scope and extent of the **Offshore Transmission System User Assets** and the **Offshore Transmission System Development User Works** will be considered and agreed prior to acceptance.
28. **Applicant's** should note that any assets resulting from the **OTSDUW Build** will not be available for use for the purposes of transmission (except during the **OTSUA Commissioning Period**) until they have been transferred to an **Offshore Transmission Licensee**.
29. Please complete this application form in black print and return it together with the appropriate application fee to the Customer Services Manager, National Grid Electricity Transmission plc, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA (Telephone No. 01926 654634). In addition to returning the application form to the Customer Services Manager an electronic copy of the application form may be e-mailed to **The Company** at camdata@uk.ngrid.com

30. For the most up to date contact details applicants are advised to visit **The Company's Website**⁵.

APPLICATION FOR A NEW CONNECTION

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

SECTION A. DETAILS OF APPLICANT (in respect of this application)

1. **Registered Company**

Name:.....

Address (of Registered Office in the case of a Company)

.....

.....

.....

Company Number:.....

Parent Company Name (if applicable):.....

2. **Company Secretary or person to receive CUSC notices**

Name:.....

Email:.....

Telephone:.....

Fax:.....

3. **Commercial Contact/Agent (person to receive Offer if different from Company Secretary or person to receive CUSC notices identified in 2 above)**

Name:.....

Title:.....

Address:.....

.....

.....

Email:.....

Telephone:.....

Fax:.....

APPLICATION FOR A NEW CONNECTION

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

4. Please confirm whether you agree to us sending the **Offer** in electronic form instead of hard copy and, if so, confirm the address for this as follows.

Yes []

No []

Email address

5. Please identify which application fee basis you wish to use for this application.

Fixed price application fee []

Variable price application fee []

6. If this is an application for connection to the **National Electricity Transmission System Onshore** in England and Wales please complete 5a. If this is an application for connection to the **National Electricity Transmission System Onshore** in Scotland please complete 5b.

- 6a. Have you made any applications for connection to the **National Electricity Transmission System Onshore** in Scotland which are being processed prior to **Offer** by **The Company** or where an **Offer** has been made that **Offer** has not yet been accepted by you but remains open for acceptance?

If so, are such applications intended as alternatives to this one i.e. you intend to choose which of this or those other applications to proceed with on the basis of the offer made.

Yes – please list the applications.

.....
.....

No []

Not sure []

(**The Company** will contact you to clarify)

- 6b. Have you made any applications for connection to the **National Electricity Transmission System Onshore** in England and Wales which are being processed prior to **Offer** by **The Company** or where an **Offer** has been made that **Offer** has not yet been accepted by you but remains open for acceptance?

If so, are such applications intended as alternatives to this one i.e. you intend to choose which of this or those other applications to proceed with on the basis of the offer made.

APPLICATION FOR A NEW CONNECTION

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

Yes – please list the applications.

.....

.....

No

Not sure (**The Company** will contact you to clarify)

7. Where the **New Connection Site** is located in **Offshore Waters** please complete the confirmation below if you are not interested in undertaking **Offshore Transmission Development User Works**.

Confirm

APPLICATION FOR A NEW CONNECTION

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

SECTION B. THE PROPOSED POINT OF CONNECTION

1. Please identify (preferably by reference to an extract from an Ordnance Survey Map for **Onshore** locations, or with the latitude and longitude or some other corresponding equivalent for **Offshore** locations) the intended location (the “**Connection Site**”) of the **Plant** and **Apparatus** (the “**User Development**”) which it is desired should be connected to the **National Electricity Transmission System** and where the application is in respect of a proposed **New Connection Site** other than at an existing sub-station. Please specify the proposed location and name of the **New Connection Site** (which name should not be the same as or confusingly similar to the name of any other **Connection Site**) together with details of access to the **Connection Site** including from the nearest main road.

.....
.....
.....

2. Please provide a plan or plans of the proposed **Connection Site** indicating (so far as you are now able) the position of all buildings, structures, **Plant** and **Apparatus** and of all services located on the **Connection Site**.

.....
.....
.....
.....

3. Give details of the intended legal estate in the **Connection Site** (to include leasehold and freehold interests and in the case of **Connection Sites** in Scotland legal interests and heritable or leasehold interests including servitudes or other real rights and in the case of **Connection Sites** located **Offshore** leaseholds granted by the Crown Estate) in so far as you are aware.

.....
.....
.....

APPLICATION FOR A NEW CONNECTION

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

4. Who occupies the **Connection Site** in so far as you are aware?

.....
.....

5. If you believe that a new sub-station will be needed, please indicate by reference to the plan referred to in Section B question 2 above the **Applicant's** suggested location for it - giving dimensions of the area.

.....
.....

6. If you are prepared to make the land necessary for the said sub-station available to **The Company** or, for **Connection Sites** in Scotland or **Offshore**, make the land or **Offshore Platform** available to the **Relevant Transmission Licensee** - please set out brief proposals for their interest in it including (if relevant) such interest and the consideration to be paid for it.

.....
.....

7. Is space available on the **Connection Site** for working storage and accommodation areas for **The Company** contractors or, for **Connection Sites** in Scotland, the contractors of the **Relevant Transmission Licensee**? If so, please indicate by reference to the plan referred to in Section B question 2 above the location of such areas, giving the approximate dimensions of the same.

.....
.....
.....

8. For **Connection Sites** located **Onshore**, please provide details (including copies of any surveys or reports) of the physical nature of land in which you have a legal estate or legal interest at the proposed **Connection Site** including the nature of the ground and the sub-soil.

.....
.....

APPLICATION FOR A NEW CONNECTION

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

9. Please give details and provide copies of all existing relevant planning and other consents (statutory or otherwise) relating to the **Connection Site** and the **User Development** and/or details of any pending applications for the same.

.....
.....

10. Is access to or use of the **Connection Site** for the purposes of installing, maintaining and operating **Plant** and **Apparatus** subject to any existing restrictions? If so, please give details.

.....
.....
.....
.....

11. If you are aware of them, identify by reference to a plan (if possible) the owners and (if different) occupiers of the land adjoining the **Connection Site**. To the extent that you have information, give brief details of the owner's and occupier's estates and/or interests in such land.

.....
.....
.....

12. If the **New Connection Site** is located in **Offshore Waters**, please indicate of the earliest date for entry of this project into the **Offshore Tender Process**. If no date is provided it will be assumed to be for entry into the first **Offshore Tender Process** following acceptance of the **Offer**.

.....

APPLICATION FOR A NEW CONNECTION

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

SECTION C. TECHNICAL INFORMATION

1. Summary of Application (brief description of plant to be connected):
.....
.....
.....

2. Please provide full details of the proposed application together with the relevant **Standard Planning Data** as listed in Part 1 of the appendix to the **Planning Code** which are applicable to you. Note: the data concerned forms part of the **Planning Code** and **Data Registration Code**. **Applicants** should refer to these sections of the **Grid Code** for an explanation.

3. Please provide a copy of your **Safety Rules** if not already provided to **The Company**.

Included []

Already provided []

Will be provided later []

4. Please indicate if your plant may be able to provide (or you could consider providing) the following technical capability):-
 - a. Generation from Auxiliary Units (Reserve Services) []
 - b. Spinning Generation []
 - c. Fast Start capability []
 - d. Frequency Response above Mandatory requirements []
 - e. Demand Reduction / Management []
 - f. Reactive capability above Mandatory requirements []
 - g. Synchronous Compensation []
 - h. Black Start Capability []
 - i. Emergency Maximum Generation []
 - j. Intertrip []

APPLICATION FOR A NEW CONNECTION

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

k. Other (please detail below) []

.....
.....

The Company's Website⁵ provides more information on the terms it offers for such technical capability.

5. Please confirm your intended **Connection Entry Capacity (MW)**

Connection Site []

Generating Unit(s) (if applicable)

Generating Unit 1 []

Generating Unit 2 []

Generating Unit 3 []

Generating Unit 4 []

Details of additional **Generating Units** are to be provided here

6. Please state the required **Transmission Entry Capacity**.....MW

7. Please confirm if:

a. You would like an offer that is compliant with the deterministic criteria detailed, in the case of **Onshore Connection Sites**, in paragraphs 2.5 to 2.13 and, in the case of **Offshore Connection Sites**, in paragraphs 7.7 to 7.19 of the NETS **SQSS**

YES/NO

and/or

b. You would like an offer on the basis of a **Design Variation**.

YES/NO

If yes, please provide any information relevant to such an offer below:

.....
.....
.....

If yes, please confirm if you require information from **The Company** in relation to the probability of **Notification of Restrictions on Availability** being issued.

YES/NO

APPLICATION FOR A NEW CONNECTION

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

8. Do you wish to suggest an ownership boundary different from that set out in CUSC Paragraph 2.12?

Yes []

No []

If yes please give details:.....
.....
.....
.....

9. Please confirm which ownership boundary at **CUSC** Paragraph 2.12.1 (f) you would want in the event that the **Transmission** substation at which the **Applicant** is to be connected is to be of a **Gas Insulated Switchgear** design:

(a) **CUSC** Paragraph 2.12.1 (f) (i) []

(b) **CUSC** Paragraph 2.12.1 (f) (ii) []

Please note that in the case where the ownership boundary is in accordance with **CUSC** Paragraph 2.12.1 (f) (i) restrictions on availability as described within **CUSC** Schedule 2 Exhibit 1 will apply in the event of a **GIS Asset Outage**.

10. Are you considering building any assets that would be identified as **Transmission Connection Assets**? If you indicate yes **The Company** will contact you to discuss further details.

Yes []

No []

11. For **New Connection Sites** located in **Offshore Waters** please indicate whether you are including any of the following items of additional information alongside your application. **Applicants** should note that though these items are not compulsory **The Company** will supply such information into the **Offshore Tender Process** in order that it may be expedited and may use the information in developing assumptions prior to the identification of **Construction Works** required **Offshore**.

Feasibility Studies []

APPLICATION FOR A NEW CONNECTION

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

Crown Estate Lease

Identified sub-sea cable routes

Identified cable landing points

Other (please specify)

.....
.....

12. **Applicants** should note that for **Generating Units** proposed to be connected to an **Offshore Transmission System** certain requirements in respect of **Reactive Power** capability (contained within the **STC**, Section K and in the case of **Offshore Transmission System Development User Works**, the **Grid Code**) are placed upon the owner of the **Offshore Transmission System**. However the **Grid Code** also permits part or all of this requirement to be met by the **Generating Units** connected to the **Offshore Transmission System** should it be more efficient to do so. In order that an assessment of the most efficient method of providing **Reactive Power** capability may be made by an owner of an **Offshore Transmission System** an **Applicant** for a **New Connection Site** located **Offshore** is required to indicate (where known) the expected **Reactive Power** capability of the **Generating Units** expected to be connected at the **New Connection Site**. Where applicable please also reference in Section C, part 4f above.

.....
.....
.....
.....
.....

APPLICATION FOR A NEW CONNECTION

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

SECTION D. PROGRAMME

Please provide a suggested development and construction programme in bar chart form for the work necessary to install the **User Development** (not the **Transmission Connection Assets** needing to be installed) indicating the anticipated date when the connection will be required to be made and any other key dates such as back feed date.

If not already included in the above bar chart please provide details of when the **Applicant** expects to be completing the substantive works that lead to the completion of the following phases of the **User Development** or reach the following relevant key milestones below and other additional milestones as necessary (working backwards from expected connection date at 'year 0'). This information is expected to provide the anticipated project overview at the time of application:-

- In the case of a **Connection Site** located in **Offshore Waters**, procurement of Crown Estate lease
- Planning Application Submitted (Town & Country Planning*, S36,S37)
- Earliest date of entry into the **Offshore Tender Process**
- Planning Consent Awarded
- Plant Ordered (i.e. **Power Station** or substation)
- Construction Started (site mobilisation)
- Construction Completed

Notes

- * The consent for the **User's Power Station** granted under Section 36 of the Electricity Act or planning permission for the **User's Power Station** granted under the Town and Country Planning Act 1990 or any amendment thereto in England and Wales or the Town and Country Planning (Scotland) Act 1997 or any amendment thereto in Scotland.

APPLICATION FOR A NEW CONNECTION

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

SECTION E. Enabling Works [*Directly Connected Power Station or Distribution System where associated with Distributed Generation only*]

1. We confirm we do not/do want the **Enabling Works** to be greater in scope than the **MTS Connection Works**.
2. If you want the **Enabling Works** to be greater in scope than the **MTS Connection Works** specify the concerns, reasons or technical requirements that you are seeking to address by this.

CONNECTION APPLICATION

1. We hereby apply to connect our **Plant** and **Apparatus** to the **National Electricity Transmission System** at a **New Connection Site**. We agree to pay **The Company's** Engineering Charges on the terms specified in the **Notes** to the **Connection Application**.
2. We will promptly inform **The Company** of any change in the information given in this application as quickly as practicable after becoming aware of any such change.
3. If we are not already a **CUSC Party** we undertake for the purposes of this application to be bound by the terms of the **Grid Code** from time to time in force and to sign a **CUSC Accession Agreement**.
4. We authorise the release of certain information, on the grounds of commercial confidentiality, to the appropriate **Public Distribution System Operator(s)** or to the **Relevant Transmission Licensee**, or to the **Authority** in order to comply with **The Company's** obligations with respect to the **Offshore Tender Process**, should it be considered necessary.
5. We confirm that we:

meet The Company Credit Rating	<input type="checkbox"/>
do not meet The Company Credit Rating .	<input type="checkbox"/>
6. We confirm our agreement to the disclosure in the manner set out in Paragraph 6.30.3 of **CUSC** of the information specified in such Paragraph.
7. We confirm that we are applying in the category of:

Directly Connected Power Station	<input type="checkbox"/>
Non-Embedded Customer	<input type="checkbox"/>
Distribution System Directly Connected to the National Electricity Transmission System	<input type="checkbox"/>

[Please tick correct option].

SIGNED BY

.....

For and on behalf of the **Applicant**

Date:

END OF EXHIBIT B

CUSC - EXHIBIT C

**THE CONNECTION AND USE OF SYSTEM CODE
CONNECTION OFFER**

**DIRECTLY CONNECTED POWER STATIONS
NON EMBEDDED CUSTOMER
DISTRIBUTION SYSTEM DIRECTLY
CONNECTED TO THE NATIONAL ELECTRICITY TRANSMISSION SYSTEM**

The Company Secretary

Date: []

Dear Sirs

CONNECTION OFFER - [site] [reference]

Set out below is our offer for connection [and use of the **National Electricity Transmission System***] at [site/substation]. Please note that certain expressions which are used in this **Offer** are defined in the Interpretation and Definitions (contained in Section 11 of the **CUSC**) and when this occurs the expressions have capital letters at the beginning of each word and are in bold.

1. **The Company** offers to enter into a **Bilateral Connection Agreement** and **Construction Agreement** covering the **Connection Site**, reference number []. If you are not already a **CUSC Party** you are required to enter into the enclosed **CUSC Accession Agreement**.
2. It is a condition of this **Offer** that (i) you also enter into an **Interface Agreement** covering the **Connection Site** in a form to be agreed between the parties but substantially in the form of Exhibit O of the complete **CUSC** [and (ii) where required by **The Company** you enter into a **Transmission Related Agreement** (*power station with **Design Variation** and/or **Offshore Standard Design** and/or a connection via an **ET Offshore Transmission System** and/or **Non Standard Boundary** only*)].
3. It is a condition of this **Offer** that the **Connection Site** is not a nominated site under the "NAECI" (the National Agreement for the Engineering Construction Industry) conditions and will not become one and any agreement for this site will be conditional upon this. In the event that this condition should not be met, **The Company** will be entitled to revise all the dates and charges contained in the **Bilateral Connection Agreement** and **Construction Agreement**.
4. The technical conditions with which you must comply as a term of this **Offer** are set out in the **Grid Code**. Additional technical conditions are set out in the Appendices to the **Bilateral Connection Agreement**. It is your responsibility to ensure that your equipment complies with the requirements of the relevant conditions.
5. This **Offer** is open for acceptance according to the terms of Paragraph 2.13 of the **CUSC** and the **Transmission Licence**. Please note your right to make an application to the **Authority** to settle the terms of the offer pursuant to Standard Condition C9 of the **Transmission Licence**.
6. Please note the provisions of Paragraph 6.10.4 of the **CUSC** in respect of interactive offers which, inter alia, allows **The Company** to vary the

* Delete if connection only.

terms of this **Offer** if a **Connection** or **Modification Offer**, which interacts with this **Offer**, is accepted first. In terms of Paragraph 6.10.4 of the **CUSC**, **The Company** will advise you of another offer being made by **The Company**, which may interact with your **Offer**.

7. Please note that in accordance with the obligation in Paragraph 1.3.3 of the **CUSC** a **Mandatory Services Agreement** must be entered into not later than 6 months (or such lesser time as may be agreed) prior to the expected **Commissioning Programme Commencement Date**.
8. In the case of **New Connection Sites** located in **Offshore Waters** this **Connection Offer** identifies the **Onshore Construction Works**. These are based on assumptions about the **Offshore Construction Works**. The assumptions are set out in the **Construction Agreement** but the **Offshore Construction Works** are not themselves be identified at this time. Please note that the **Construction Programme** assumes a date by which the **Offshore Transmission Owner** will be appointed and will be amended should this date not be met.
9. This **Offer** in respect of **New Connection Sites** located in **Offshore Waters** has been prepared on the basis that you wish to undertake **OTSDUW Build**). The **Offer** assumes (unless you have advised us of the extent of the **Offshore Transmission System Development User Works** that you wish to undertake) that these are the works (and the activities associated with them) required to deliver a connection from the **Offshore Grid Entry Point** to the **Onshore Transmission System** at the **Transmission Interface Point** based on the assumptions set out in the **Construction Agreement** although this can be reviewed.
10. Should you wish to revise the nature or extent of the **Offshore Transmission System Development User Works** that you wish to undertake prior to acceptance of the **Offer** please advise us as soon as practicable as to your intentions.] *[clause 9 and 10 will be included in your connection offer unless you have have indicated in your connection application that you are not interested in undertaking OTSDUW.]*
11. To accept this **Offer**, please sign (and where issued by email, having printed off 2 copies of each) and return the originals of the [**CUSC Accession Agreement** and] **Bilateral Connection Agreement [Construction Agreement]** attached to this **Offer** as Sections A. **The Company** will then itself countersign these agreements and one original of each will be returned to you for your retention. The agreements are only effective in accordance with their terms once they have been countersigned by **The Company**.
12. All communications in relation to this **Offer** must, in the first instance, be directed to [description].

13. This **Offer** is made on the basis of the **Connect and Manage Arrangements** [except that as requested the **Enabling Works** are greater in scope than the **MITS Connection Works**] [*Directly Connected Power Station or Distribution System where associated with Distributed Generation only*]

Yours faithfully

.....
for and on behalf of
The National Grid Company plc

SECTION A
FORM OF BILATERAL CONNECTION AGREEMENT
AND CONSTRUCTION AGREEMENT
[AND CUSC ACCESSION AGREEMENT]

END OF EXHIBIT C

CUSC - EXHIBIT D

**THE CONNECTION AND USE OF SYSTEM CODE
USE OF SYSTEM APPLICATION**

**EMBEDDED GENERATOR
DISTRIBUTION INTERCONNECTOR OWNER
SMALL POWER STATION TRADING PARTY**

PLEASE STUDY THE FOLLOWING NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM.

Please note that certain expressions which are used in this application form are defined in the Interpretation and Definitions (contained in Section 11 of the **CUSC**) and when this occurs the expressions have capital letters at the beginning of each word and are in bold. If the **Applicant** has any queries regarding this application or any related matters then the **Applicant** is recommended to contact **The Company**¹ where our staff will be pleased to help.

1. **The Company** requires the information requested in this application form for the purposes of preparing an **Offer** (the "**Offer**") to enter into an agreement for use of the **National Electricity Transmission System**. It is essential that the **Applicant** should supply all information requested in this application form and that every effort should be made to ensure that such information should be accurate.
2. Where **The Company** considers that any information provided by the **Applicant** is incomplete or unclear, or further information is required, the **Applicant** will be requested to provide further information or clarification. The provision/clarification of this information may impact on **The Company's** ability to commence preparation of an **Offer**.
3. Should there be any change in the information provided by the **Applicant** immediately inform **The Company** of such a change. Where this is a change in the information provided for Sections B to D then the **Applicant** should inform **The Company** to see if such a change can be accommodated as it is unlikely that material changes could be accommodated. If **The Company** cannot accommodate such a change bearing in mind the timescales within which the **Offer** must be made then the application will be processed on the original information although it is open to the **Applicant** to withdraw the application.
4. **The Company** shall charge the **Applicant**, and the **Applicant** shall pay to **The Company**, **The Company's** Engineering Charges in relation to the application. A fee will be charged by **The Company** in accordance with the **Charging Statements**. No application will be considered until such payment has been received.
5. The effective date upon which the application is made shall be the later of the date when **The Company** has received the application fee pursuant to Paragraph 4 above or the date when **The Company** is reasonably satisfied that the **Applicant** has completed Sections A-D. **The Company** shall notify the **Applicant** of such date.
6. **The Company** will make the **Offer** in accordance with the terms of Paragraph 3.7 (**Use of System Application**) and Paragraph 6.10 (**Modifications** and **New Connection Sites**) of the **CUSC** and the

¹ Customer Services, National Grid Electricity Transmission plc, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA (Telephone No. 01926 654634)

Transmission Licence.

7. **The Company** will make the **Offer** as soon as is reasonably practicable and, in any event, within 28 days of the effective date of the application or such later period as the **Authority** agrees to. The **Offer** may, where it is necessary to carry out additional extensive system studies to evaluate more fully the impact of the proposed development, indicate the areas that require more detailed analysis. Before such additional studies are required, the **Applicant** shall indicate whether it wishes **The Company** to undertake the work necessary to proceed to make a revised **Offer** within the 28 days period or, where relevant the timescale consented to by the **Authority**. To enable **The Company** to carry out any of the above mentioned necessary detailed system studies the **Applicant** may, at the request of **The Company**, be required to provide some or all of the **Detailed Planning Data** listed in Part 2 of the Appendix to the **Planning Code** which is part of the **Grid Code**.
8. In the course of processing your application, it may be necessary for **The Company** to consult the appropriate **Public Distribution System Operator(s)** on matters of technical compatibility of the **National Electricity Transmission System** with their **Distribution System(s)** or to consult the **Relevant Transmission Licensees** to establish the works required on the **National Electricity Transmission System**. On grounds of commercial confidentiality **The Company** shall need your authorisation to the release to the **Public Distribution System Operator(s)** or the **Relevant Transmission Licensees** of certain information contained in your application. Any costs incurred by **The Company** in consulting the **Public Distribution System Operator(s)** or **Relevant Transmission Licensees** would be included in **The Company Charges** for the application. If it is found by the **Public Distribution System Operator(s)** that any work is required on their **Distribution System(s)**, then it will be for the **Public Distribution System Operator(s)** and the **Applicant** to reach agreement in accordance with Paragraph 6.10.3 of the **CUSC**.
9. In accordance with 6.30.3 of **CUSC** **The Company** will need to disclose details of the **Bilateral Embedded Generation Agreement** entered into and shall need authorisation from the **Applicant** in respect of this.
10. If the **Applicant** is not already a **CUSC Party** the **Applicant** will be required as part of this application form to undertake that he will comply with the provisions of the **Grid Code** for the time being in force. Copies of the **Grid Code** and the **CUSC** are available on **The Company's Website**² and the **Applicant** is advised to study them carefully. **Data** submitted pursuant to this application shall be deemed submitted pursuant to the **Grid Code**.
11. **The Company's Offer** will be based to the extent appropriate upon its standard form terms for **Use of System Offer** and the **Charging**

² www.nationalgrid.com/uk/electricity

Statements issued by **The Company** under Standard Conditions C4 and C6. The **Applicant** should bear in mind **The Company 's** standard form terms of **Offer** when making this application.

12. In particular please note that **The Company** may require as a condition of the **Offer**, that the **Applicant's Plant** or **Apparatus** should meet or provide some or all of the technical requirements set out in the Appendices of the draft **Bilateral Embedded Generation Agreement** attached to **The Company's** standard form terms of **Offer** and may propose that the **Applicant's Plant** or **Apparatus** should have the capability to provide **Mandatory Ancillary Services**.
13. As provided for in **Grid Code** CC8.1 Generators and DC Converter station owner should appreciate that they will be required to perform **Mandatory Ancillary Services** to ensure that System Operational Standards can be achieved. This requirement may have implications towards plant specification. You should be satisfied before an application is made that your intended plant design can meet the requirements.

14. **The Applicant** has the ability to pay a fixed price application fee in respect of their application or pay the actual costs incurred (variable price application fee). The fixed price application fee is derived from analysis of historical costs of similar applications. The variable price application fee is based on an advance of the Transmission Licensee's Engineering and out of pocket expenses and will vary according to the size of the scheme and the amount of work involved. The **Applicant** is requested to indicate their preferred basis of application fee in Section A question 4. The **Applicant** is advised that further information can be obtained from the **Charging Statements** which can be found on **The Company's Website**³.
15. **Applicants** have the option to request a **Connection Offer** on the basis of a **Design Variation**. In requesting such an **Offer**, the **Applicant** acknowledges that the connection design (which provides for connection to the **National Electricity Transmission System**) will fail to satisfy the deterministic criteria detailed in paragraphs 2.5 to 2.13 of the **NETSSQSS**. In making such an **Offer**, in accordance with its obligations under Paragraphs 2.13.2 and 2.13.7 of **CUSC**. **The Company** may include **Restrictions on Availability**. If **Applicants** require further assistance on this option they are recommended to contact **The Company** before completing this application form.
16. Please complete this application form in black print and return it together with the appropriate application fee to Customer Services Manager, National Grid Electricity Transmission plc, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA (Telephone No. 01926 65 4634). In addition to returning the application to the Customer Services Manager an electronic form may be e-mailed to **The Company** at camdata@uk.ngrid.com
17. For the most up to date contact details applicants are advised to contact **The Company Website**³.

³ www.nationalgrid.com/uk/electricity

APPLICATION FOR USE OF SYSTEM

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

SECTION A. DETAILS OF APPLICANT (in respect of this application)

1. **Registered Company**

Name:.....

Address (of Registered Office in the case of a Company):

.....
.....
.....

Company Number:.....

Parent Company Name (if applicable):.....

2. **Company Secretary or person to receive CUSC notices**

Name:.....

Email:.....

Telephone:.....

Fax:.....

3. **Commercial Contact/Agent (person to receive Offer if different from Company Secretary or person to receive CUSC notices identified in 2 above)**

Name:.....

Title:.....

Address:.....

.....
.....

Email:.....

Telephone:.....

Fax:.....

APPLICATION FOR USE OF SYSTEM

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

4. Please confirm whether you agree to us sending the **Offer** in electronic form instead of hard copy and, if so, confirm the address for this as follows.

Yes []

No []

Email address

5. Please identify which application fee basis you wish to use for this application.

Fixed application fee []

Variable application fee []

6. If this is an application for connection to the **National Electricity Transmission System** in England and Wales please complete 5a. If this is an application for connection to the **National Electricity Transmission System** in Scotland please complete 5b.

- 6a. Have you made any applications for connection to the **National Electricity Transmission System** in Scotland which are being processed prior to **Offer** by **The Company** or where an **Offer** has been made that **Offer** has not yet been accepted by you but remains open for acceptance?

If so, are such applications intended as alternatives to this one i.e. you intend to choose which of this or those other applications to proceed with on the basis of the offer made.

Yes – please list the applications.

.....
.....

No []

Not sure []

(**The Company** will contact you to clarify)

- 6b. Have you made any applications for connection to the **National Electricity Transmission System** in England and Wales which are being processed prior to **Offer** by **The Company** or where an **Offer** has been made that **Offer** has not yet been accepted by you but remains open for acceptance?

APPLICATION FOR USE OF SYSTEM

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

If so, are such applications intended as alternatives to this one i.e. you intend to choose which of this or those other applications to proceed with on the basis of the offer made.

Yes – please list the applications.

.....
.....

No []

Not sure []

(The Company will contact you to clarify)

APPLICATION FOR USE OF SYSTEM

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

SECTION B: THE PROPOSED SITE OF CONNECTION TO A DISTRIBUTION SYSTEM

1. Please identify (preferably by reference to an extract from Ordnance Survey Map) the intended location of the **Plant** and **Apparatus** (the "User Development") which it is desired should be connected to the **Distribution System**.

.....
.....
.....

2. If you believe that a new sub-station will be needed, please indicate by reference to a plan your suggested location for it.

.....
.....
.....

APPLICATION FOR USE OF SYSTEM

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

SECTION C. TECHNICAL INFORMATION

1. Summary of Application (brief description of plant to be connected):
.....
.....
.....
2. Please provide the data listed in Part 1 of the Appendix to the **Planning Code** which are applicable to you. Note: the data concerned forms part of the **Planning Code** and **Data Registration Code**. **Applicants** should refer to these sections of the **Grid Code** for an explanation. Further guidance is available from **The Company** on request.
3. Please provide a copy of your **Safety Rules** if not already provided to **The Company**.

Included	[]
Already provided	[]
Will be provided later	[]
4. Please indicate if your plant may be able to provide (or you could consider providing) the following technical capability:-
 - a. Generation from Auxiliary Units (Reserve Services) []
 - b. Spinning Generation []
 - c. Fast Start capability []
 - d. Frequency Response above Mandatory requirements []
 - e. Demand Reduction / Management []
 - f. Reactive capability above Mandatory requirements []
 - g. Synchronous Compensation []
 - h. Black Start Capability []
 - i. Emergency Maximum Generation []
 - j. Intertrip []
 - k. Other (please detail below) []

APPLICATION FOR USE OF SYSTEM

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

.....

.....
The Company's Website⁴ provides more information on the terms it offers for such technical capability.

5. Please state the required **Transmission Entry Capacity**.....MW

5. Please confirm if:

a. You would like an offer that is compliant with the deterministic criteria detailed in paragraphs 2.5 to 2.13 of the **National Electricity Transmission System SQSS** YES/NO

and/or

b. You would like an offer on the basis of a Design Variation YES/NO

If yes, please provide any information relevant to such an offer below.

.....

.....

.....

If yes, please confirm if you require information from The Company in relation to the probability of Notification of Restrictions on

⁴ <http://www.nationalgrid.com/uk/Electricity/Balancing/services>

APPLICATION FOR USE OF SYSTEM

**PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE
COMPLETING AND SIGNING THIS APPLICATION FORM**

Availability being issued YES/NO

APPLICATION FOR USE OF SYSTEM

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

SECTION D. PROGRAMME

Please provide a suggested development and construction programme in bar chart form for the work necessary to install the **User Development** indicating the anticipated date when the connection will be required to be made and any other key dates such as back feed date.

If not already included in the above bar chart please provide details of when the **Applicant** expects to be completing the substantive works that lead to the completion of the following phases of the **User Development** or reach the following relevant key milestones below and other additional milestones as necessary (working backwards from expected connection date at 'year 0'). This information is expected to provide the anticipated project overview at the time of application:-

- Planning Application Submitted (Town & Country Planning*, S36,S37)
- Planning Consent Awarded
- Plant Ordered (i.e. **Power Station** or substation)
- Construction Started (site mobilisation)
- Construction Completed

Notes

- * The consent for the **User's Power Station** granted under Section 36 of the Electricity Act or planning permission for the **User's Power Station** granted under the Town and Country Planning Act 1990 or any amendment thereto in England and Wales or the Town and Country Planning (Scotland) Act 1997 or any amendment thereto in Scotland.

APPLICATION FOR USE OF SYSTEM

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

Section E. ENABLING WORKS [EXCEPT DISTRIBUTION INTERCONNECTOR OWNER]

1. We confirm we do not/do want the **Enabling Works** to be greater in scope than the **MITS Connection Works**.
2. If you want the **Enabling Works** to be greater in scope than the **MITS Connection Works** specify the concerns, reasons or technical requirements that you are seeking to address by this.

APPLICATION FOR USE OF SYSTEM

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

USE OF SYSTEM APPLICATION

Please study the notes before completing and signing this application form.

1. We hereby apply to use the **National Electricity Transmission System** from our connection to [] **Distribution System**.
2. We will promptly inform **The Company** of any change in the information given in this application as quickly as practicable after becoming aware of any such change.
3. If we are not already a **CUSC Party** we undertake for the purposes of this application to be bound by the terms of the **Grid Code** from time to time in force and to sign a **CUSC Accession Agreement**.
4. We authorise the release of certain information, on the grounds of commercial confidentiality, to the appropriate **Public Distribution System Operator(s)** or **Relevant Transmission Licensees** should it be considered necessary.
5. We confirm that we do/do not meet the **Approved Credit Rating** [and **The Company Credit Rating**].
6. We confirm our agreement to the disclosure in the manner set out in Paragraph 6.30.3 of **CUSC** of the information specified in such Paragraph.
7. We confirm that we are applying in the category of :

- | | |
|--|-----|
| Embedded Generator | [] |
| Distribution Interconnector Owner | [] |
| Small Power Station Trading Party | [] |

[Please tick correct option].

SIGNED BY:

.....
For and on behalf of the **Applicant**

Date:.....

END OF EXHIBIT D

CUSC – EXHIBIT E

THE CONNECTION AND USE OF SYSTEM CODE

USE OF SYSTEM OFFER

**EMBEDDED GENERATOR
DISTRIBUTION INTERCONNECTOR OWNER
SMALL POWER STATION TRADING PARTY**

The Company Secretary

Date: []

Dear Sirs

USE OF SYSTEM OFFER
[SITE OF CONNECTION] [REFERENCE]

Set out below is our offer for use of the **National Electricity Transmission System** at [site/substation]. Please note that certain expressions which are used in this **Offer** are defined in the Interpretation and Definitions (contained in Section 11 of the **CUSC**) and when this occurs the expressions have capital letters at the beginning of each word and are in bold.

- 1 **The Company** offers to enter into a **Bilateral Embedded Generation Agreement** [and **Construction Agreement**] reference number [] in the form and terms attached as Section A.

- 2 It is a condition of this offer that:
 - (i) if not already a **CUSC** Party you enter into a **CUSC Accession Agreement**;

 - (ii) you satisfy **The Company** that you have entered into a **Distribution Agreement** with the owner/operator of the **Distribution System** for the connection of the **User's Plant** to and the use of such **Distribution System**;

 - [(iii) where required by **The Company** that you enter into a **Transmission Related Agreement** (power station with **Design Variation** only)]

- 3 The technical conditions with which you must comply as a term of this offer are set out in the **Grid Code**. Additional or different technical conditions are set out in the Appendices to the **Bilateral Embedded Generation Agreement**. It is your responsibility to ensure that your equipment complies with the requirements of the relevant conditions.

- 4 This offer is open for acceptance according to the terms of Paragraph 3.7.4 of the **CUSC** and the **Transmission Licence**. Please note your right to make an application to the **Authority** to settle the terms of the offer pursuant to Standard Condition C9 of the **Transmission Licence**.

- 5 Please note the provisions of Paragraph 6.10.4 of the **CUSC** in respect of interactive offers which, inter alia, allows **The Company** to vary the terms of this **Offer** if a **Connection** or **Modification Offer**, which

interacts with this **Offer**, is accepted first. In terms of Paragraph 6.10.4 of the **CUSC**, **The Company** will advise you of another offer being made by **The Company**, which may interact with your **Offer**.

- 6 To accept this offer, please sign (and where issued by email, having printed off 2 copies of each) and return the originals of the **Bilateral Embedded Generation Agreement** [and **CUSC Accession Agreement**] [and **Construction Agreement**] attached to this offer as Section A. **The Company** will then itself execute the Agreements and one original of each will be returned to you for your retention. The Agreements are only effective in accordance with their terms once they have been countersigned by **The Company**.
- 7 All communications in relation to this **Offer** should, in the first instance, be directed to [Description].
- 8 This **Offer** is made on the basis of the **Connect and Manage Arrangements** [except that as requested the **Enabling Works** are greater in scope than the **MITS Connection Works**] [*except Distribution Interconnector Owner*"]].

Yours faithfully

.....
for and on behalf of
National Grid Electricity Transmission plc

SECTION A
FORM OF BILATERAL EMBEDDED GENERATION AGREEMENT
AND CONSTRUCTION AGREEMENT
AND CUSC ACCESSION AGREEMENT

END OF EXHIBIT E

CUSC - EXHIBIT F

**THE CONNECTION AND USE OF SYSTEM CODE
USE OF SYSTEM APPLICATION**

**SUPPLIER
INTERCONNECTOR USER
INTERCONNECTOR ERROR ADMINISTRATOR**

PLEASE STUDY THE FOLLOWING NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM.

Please note that certain expressions which are used in this application form are defined in the Interpretation and Definitions (contained in Section 11 of the **CUSC**) and when this occurs the expressions have capital letters at the beginning of each word and are in bold. If the **Applicant** has any queries regarding this application or any related matters then the **Applicant** is recommended to contact **The Company**¹ where our staff will be pleased to help.

1. **The Company** (National Grid Electricity Transmission plc) requires the information requested in this application form for the purposes of preparing an **Offer** (the "**Offer**") to allow the **Applicant** to use the **National Electricity Transmission System**. It is essential that the **Applicant** supplies all information requested in this application form and that every effort should be made to ensure that such information is accurate.
2. Where **The Company** considers that any information provided by the **Applicant** is incomplete or unclear or further information is required, the **Applicant** will be requested to provide further information or clarification. The provision/clarification of this information may impact on **The Company's** ability to commence preparation of an **Offer**.
3. Should there be any change in any information provided by the **Applicant** after it has been submitted to **The Company**, the **Applicant** must immediately inform **The Company** of such a change.
4. The effective date upon which the application is deemed to have been received by **The Company** shall be the date when **The Company** is reasonably satisfied that the **Applicant** has completed Section A and paid **The Company** the application fee set out in the Statement of Use of System Charges². **The Company** shall notify the **Applicant** of such date.
5. **The Company** will make the **Offer** in accordance with the terms of Paragraph 3.7 or 9.21 (**Use of System Application**) of the **CUSC** and the **Transmission Licence**.
6. **The Company** will make the **Offer** as soon as is reasonably practicable and in any event within 28 days of the effective date of the application or such longer period as the **Authority** agrees to.
7. If the **Applicant** is not already a **CUSC Party** the **Applicant** will be required as part of this application form to undertake that he will comply

¹ Customer Services, National Grid Electricity Transmission plc, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA (Telephone No. 01926 654634)

² <http://www2.nationalgrid.com/UK/Industry-information/System-charges/Electricity-transmission/Transmission-Network-Use-of-System-Charges/Statement-of-Use-of-System-Charges/>

with the provisions of the **Grid Code** for the time being in force. Copies of the **Grid Code** and the **CUSC** are available on **The Company's Website**³ and the **Applicant** is advised to study them carefully. **Data** submitted pursuant to this application shall be deemed submitted pursuant to the **Grid Code**.

8. **The Company's Offer** will be based to the extent appropriate upon its standard form terms for **Use of System Offer** and the **Charging Statements** issued by **The Company** under Standard Conditions C4 and C6 of the **Transmission Licence**. The **Applicant** should bear in mind **The Company's** standard form terms of offer when making this application.
9. Please complete this application form in black print and return it duly signed to, Customer Services Manager, National Grid Electricity Transmission plc, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA (Telephone No. 01926 654634). In addition to returning the application to the Customer Services Manager an electronic form may be e-mailed to **The Company** at **Transmissionconnections@nationalgrid.com**
10. For the most up to date contact details applicants are advised to visit **The Company Website**².

³ www.nationalgrid.com/uk/electricity

APPLICATION FOR USE OF SYSTEM

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

SECTION A. DETAILS OF APPLICANT (in respect of this application)

1. Registered Company

Name:.....

Address (of Registered Office in the case of a Company):

.....
.....
.....

Company Number:.....

VAT Number (if applicable):.....

Parent Company Name (if applicable):.....

2. UK Address if company is registered outside the UK

Name:.....

Address:.....

Email:.....

Telephone:.....

3. Company Secretary or person to receive CUSC notices

Name:.....

Email:.....

Telephone:.....

Fax:.....

APPLICATION FOR USE OF SYSTEM

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

4. **Commercial Contact/Agent (person to receive application fee invoice and Offer if different from Company Secretary or person to receive CUSC notices identified in 2 above)**

Name:.....

Title:.....

Address:.....

.....

.....

Email:.....

Telephone:.....

Fax:.....

5. Please confirm whether you agree to us sending the **Offer** in electronic form instead of hard copy and, if so, confirm the address for this as follows.

Yes []

No []

Email address

APPLICATION FOR USE OF SYSTEM

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

USE OF SYSTEM APPLICATION

1. We hereby apply to use the **National Electricity Transmission System**.
2. We will promptly inform **The Company** of any change in the information given in this **Application** as quickly as practicable after becoming aware of any such change.
3. If we are not already a **CUSC Party** we undertake for the purposes of this **Application** to be bound by the terms of the **Grid Code** from time to time in force and to sign a **CUSC Accession Agreement**.
4. We confirm that we are applying in the category of:

Supplier	<input type="checkbox"/>
Interconnector User	<input type="checkbox"/>
Interconnector Error Administrator	<input type="checkbox"/>
5. Where applying in the category of a Supplier, we confirm that we:

meet the Approved Credit Rating	<input type="checkbox"/>
do not meet the Approved Credit Rating	<input type="checkbox"/>

APPLICATION FOR USE OF SYSTEM

PLEASE ENSURE THAT YOU HAVE STUDIED THE NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM

6. Where applying in the category of a Supplier, without prejudice to our right to provide security by other means, we can confirm that we intend to provide security via:

- | | |
|---|-----|
| Qualifying Guarantee | [] |
| Letter of Credit | [] |
| Cash in Escrow Account | [] |
| Bilateral Insurance Policy | [] |
| Insurance Performance Bond | [] |
| Independent Security Arrangement | [] |

SIGNED BY:

.....
For and on behalf of the **Applicant**

Date:.....

END OF EXHIBIT F

CUSC – EXHIBIT G

**USE OF SYSTEM SUPPLY OFFER AND
CONFIRMATION NOTICE**

SUPPLIERS

The Company Secretary

Date: []

Dear Sirs,

We refer to your application dated [] for use of the **National Electricity Transmission System** and to *[here list other documents submitted by applicant in support of his application together with any relevant The Company communications relating to the application]* and now set out below our offer for the use of the **National Electricity Transmission System**. Please note that certain expressions which are used in this **Offer** are defined in the Interpretation and Definitions Section of the **CUSC** (Section 11) and when this occurs the expressions have capital letters at the beginning of each word and are in bold.

1. **The Company** offers to provide use of the **National Electricity Transmission System** on the terms of the **CUSC** and as set out in the attached combined **Use of System Supply Offer and Confirmation Notice**. [As you are not already a **CUSC Party** you are also required to enter into the enclosed **CUSC Accession Agreement**].
2. If at the date you sign and return the acknowledgement and acceptance of the **Use of System Supply Offer Notice** you hold an **Approved Credit Rating**, you should delete Option B in the acknowledgement.
3. If at the date that you sign and return the acknowledgement and acceptance of the **Use of System Supply Offer Notice** you do not have an **Approved Credit Rating**, then you should delete Option A in the acknowledgement and then in accordance with Paragraph 3.21 of the **CUSC** you must put in place **Security Cover** to take effect from the date set out in the **Use of System Supply Confirmation Notice**.
4. The technical conditions with which you must comply as a term of this **Offer** are set out in the **Grid Code**.
5. This **Offer** is open for acceptance according to the terms of Paragraph 3.7 of the **CUSC** and the **Transmission Licence**. Please note your right to make an application to the **Authority** to settle the terms of the **Offer** pursuant to Standard Condition C9 of the **Transmission Licence**.
6. To accept this **Offer**, please sign (and where issued by email, having printed off 2 copies of each) and return the acknowledgement and acceptance on the duplicate copy of the **Use of System Supply Offer and Confirmation Notice** [and execute and return the **CUSC Accession Agreement**]. Subject to providing **Security Cover** in accordance with the provisions referred to in paragraph 3 above **The Company** will then itself [execute the **CUSC Accession Agreement**

and] return a copy of the **Use of System Offer and Confirmation Notice** to the **User** having completed, signed and dated Part II.

7. The **CUSC Accession Agreement** and use of the **National Electricity Transmission System** pursuant to the **CUSC** as indicated in the **Confirmation Notice** are only effective in accordance with their terms once they have been executed (or signed in the case of the **Confirmation Notice**) and dated by **The Company**.
8. All communications in relation to this **Offer** must, in the first instance, be directed to [description].

Yours faithfully

.....
for and on behalf of
National Grid Electricity Transmission plc

FORM OF USE OF SYSTEM SUPPLY OFFER AND CONFIRMATION NOTICE

To: [] (“**User**”, which expression shall include its successors and/or permitted assigns)

From: National Grid Electricity Transmission plc

Date: []

1. DEFINITIONS, INTERPRETATIONS 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 **Use of System Supply Offer and Confirmation Notice** (the “**Notice**”).

Part I - Use of System Supply Offer Notice

2. COMMENCEMENT

Subject to the other terms of this **Notice**, use of the **National Electricity Transmission System** and the requirement to pay **Use of System Charges** shall commence on the date **The Company** signs and dates Part II of this **Notice**,

3. CREDIT REQUIREMENTS

The amount to be secured by the **User** if Option A in the acknowledgement is deleted is set out in the Appendix to this **Notice**.

4. TERM

Subject to the provisions for earlier termination set out in the **CUSC**, the **User’s** right to use the **National Electricity Transmission System** pursuant to this **Notice** shall continue until the **User** gives **The Company** a **Use of System Termination Notice** pursuant to Paragraph 3.8 of the **CUSC** or use ceases under the provisions of the **CUSC**.

We acknowledge and agree to the terms set out above.

[]

[Name of User]

Date:

Option A: We meet the Approved Credit Rating

Option B: We do not meet the Approved Credit Rating

Part II - Use of System Supply Confirmation Notice

CONFIRMATION

We hereby confirm that with effect from the date set out below you can use the **National Electricity Transmission System** as a **Supplier** in accordance with the terms of the **CUSC** and this **Notice** and are required to pay **Use of System Charges**.

[]

National Grid Electricity Transmission plc

Date:

Appendix

Amount of **Security Cover** required if Option A deleted: £[]

END OF EXHIBIT G

CUSC – EXHIBIT H

**USE OF SYSTEM INTERCONNECTOR OFFER
AND CONFIRMATION NOTICE**

**INTERCONNECTOR USER
INTERCONNECTOR ERROR ADMINISTRATOR**

The Company Secretary

Date: []

Dear Sirs

We refer to your application dated [] for use of the **National Electricity Transmission System** as an **[Interconnector User / Interconnector Error Administrator]** under Part II of Section 9 and to *[here list other documents submitted by applicant in support of his application together with any relevant The Company communications relating to the application]* and now set out below our offer for the use of the **National Electricity Transmission System**. Please note that certain expressions which are used in this **Offer** are defined in the Interpretation and Definitions Section of the **CUSC** (Section 11) and when this occurs the expressions have capital letters at the beginning of each word and are in bold.

1. **The Company** offers to provide use of the **National Electricity Transmission System** to you as an **[Interconnector User / Interconnector Error Administrator]** on the terms of the **CUSC** and as set out in the attached combined **Use of System Interconnector Offer Notice and Confirmation Notice**. [As you are not already a **CUSC Party** you are also required to enter into the enclosed **CUSC Accession Agreement**.]
2. The technical conditions with which you must comply as a term of this **Offer** are set out in the **Grid Code**.
3. This **Offer** is open for acceptance according to the terms of Paragraph 9.21.4 of the **CUSC** and the **Transmission Licence**. Please note your right to make an application to the **Authority** to settle the terms of the **Offer** pursuant to Standard Condition C9 of the **Transmission Licence**.
4. To accept this **Offer**, please sign (and where issued by email, having printed off 2 copies of each) and return the acknowledgement and acceptance on the duplicate copy of the **Use of System Interconnector Offer and Confirmation Notice** [and execute and return the **CUSC Accession Agreement**]. Subject to providing **Security Cover** in accordance with paragraph 3 above **The Company** will then itself [execute the **CUSC Accession Agreement** and] return a copy of the **Use of System Interconnector Offer and Confirmation Notice** .
5. The **[CUSC Accession Agreement and]** use of the **National Electricity Transmission System** pursuant to the **CUSC** as indicated in the **Confirmation Notice** are only effective in accordance with their terms once they have been signed [(or executed in the case of the **CUSC Accession Agreement**)] and dated by **The Company**.

6. All communications in relation to this **Offer** must, in the first instance, be directed to [description].

Yours faithfully

.....
for and on behalf of
National Grid Electricity Transmission plc

**FORM OF USE OF SYSTEM INTERCONNECTOR OFFER AND
CONFIRMATION NOTICE**

To: [] (“**User**”, which expression shall include its successors and/or permitted assigns)

From: National Grid Electricity Transmission plc (“**The Company**”)

Date: []

1. DEFINITIONS, INTERPRETATIONS 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 **Use of System Interconnector Offer and Confirmation Notice** (“**Notice**”).

Part I - Use of System Interconnector Offer Notice

2. COMMENCEMENT

Subject to the other terms of this **Notice**, use of the **National Electricity Transmission System** as an [**Interconnector User/Interconnector Error Administrator**] shall commence on the date **The Company** signs and dates Part II of this **Notice**.

3. TERM

Subject to the provisions for earlier termination set out in the **CUSC**, the **User's** right to use the **National Electricity Transmission System** pursuant to this **Notice** shall continue until the **User** gives **The Company** a **Use of System [Interconnector] Termination Notice** pursuant to Paragraph [9.23.1] of the **CUSC** or use ceases under the provisions of the **CUSC**.

We acknowledge and agree to the terms set out above.

[]

[Name of User]

Date:

Part II - Use of System Interconnector Confirmation Notice

CONFIRMATION

We hereby confirm that with effect from the date set out below you can use the **National Electricity Transmission System** as an **[Interconnector User / Interconnector Error Administrator]** in accordance with the terms of the **CUSC** and this **Notice**.

[]

National Grid Electricity Transmission plc

Date:

END OF EXHIBIT H

CUSC - EXHIBIT I

**THE CONNECTION AND USE OF SYSTEM CODE
MODIFICATION APPLICATION**

MODIFICATION APPLICATION – NOTES

Please study the following notes before completing and signing this application form.

Please note that certain expressions which are used in this application form are defined in the Interpretation and Definitions (contained in Section 11 of the **CUSC**) and when this occurs the expressions have capital letters at the beginning of each word and are in bold. If the **Applicant** has any queries regarding this application or any related matters then the **Applicant** is recommended to contact **The Company**¹ where our staff will be pleased to help.

1. **The Company** (National Grid Electricity Transmission plc) requires the information requested in this application form for the purposes of preparing an offer (the “**Offer**”) of a **Construction Agreement** for the construction of a proposed **Modification** and for the variation of the existing [**Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** or **Construction Agreement**] affected by the **Modification**. It is essential that the **Applicant** should supply all information requested in this application form and that every effort should be made to ensure that such information is accurate.
2. Where **The Company** considers that any information provided by the **Applicant** is incomplete or unclear, or further information is required, the **Applicant** will be requested to provide further information or clarification. The provision/clarification of this information may impact on **The Company’s** ability to commence preparation of an **Offer**.
3. Should there be any change in the information provided by the **Applicant** then the **Applicant** should immediately inform **The Company** of such a change. Where this is a change in the information provided for Sections B to D then the **Applicant** should contact **The Company** to see if such a change can be accommodated as it is unlikely that material changes could be accommodated. If **The Company** cannot accommodate such a change bearing in mind the timescales within which the **Offer** must be made then the application will be processed on the original information although it is open to the **Applicant** to withdraw the application.
4. **The Company** shall charge the **Applicant**, and the **Applicant** shall pay to **The Company**, **The Company’s** engineering charges in relation to the application. A fee will be charged by **The Company** in accordance with the **Charging Statements**. No application will be considered until such payment has been received.
5. The effective date upon which the application is made shall be the later of the date when **The Company** has received the application fee pursuant to paragraph 4 above or the date when **The Company** is

¹ Customer Services, National Grid Electricity Transmission plc, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA (Telephone No. 01926 654634)

reasonably satisfied that the **Applicant** has completed Sections A-D. **The Company** shall notify the **Applicant** of such date.

6. **The Company** will make the **Offer** in accordance with the terms of Paragraphs 6.9 (Modification) and 6.10 (**Modifications and New Connection Sites**) of the **CUSC** and the **Transmission Licence**.
7. **The Company** will make an **Offer** as soon as is reasonably practicable and, in any event, within three (3) months of the effective date of the application or such later period as the **Authority** may agree. The **Offer** may, where it is necessary to carry out additional extensive system studies to evaluate more fully the impact of the proposed development, indicate the areas that require more detailed analysis. Before such additional studies are required, the **Applicant** shall indicate whether it wishes **The Company** to undertake the work necessary to proceed to make a revised **Offer** within the three (3) month period or, where relevant, the timescale consented to by the **Authority**. To enable **The Company** to carry out any of the above mentioned necessary detailed system studies the **Applicant** may, at the request of **The Company**, be required to provide some or all of the **Detailed Planning Data** listed in Part 2 of the Appendix to the **Planning Code** which is part of the **Grid Code**.
8. In the course of processing the application, it may be necessary for **The Company** to consult the appropriate **Public Distribution System Operator(s)** on matters of technical compatibility of the **National Electricity Transmission System** with their **Distribution System(s)** or to consult the **Relevant Transmission Licensees** to establish the works required on the **National Electricity Transmission System**. On grounds of commercial confidentiality, **The Company** shall need authorisation for the release to the **Public Distribution System Operator(s)** or **Relevant Transmission Licensees** of certain information contained in your application. Any costs incurred by **The Company** in consulting the **Public Distribution System Operator(s)** or **Relevant Transmission Licensees** would be included in **The Company** charges for the application. If it is found by the **Public Distribution System Operator(s)** that any work is required on their **Distribution System(s)**, then it will be for the **Public Distribution System Operator(s)** and the **Applicant** to reach agreement in accordance with Paragraph 6.10.3 of the **CUSC**.
9. In accordance with Paragraph 6.30.3 of **CUSC**, **The Company** will need to disclose details of any agreement to vary **Bilateral Agreements** and shall need authorisation from the **Applicant** in respect of this.
10. Data submitted pursuant to this application shall be deemed submitted pursuant to the **Grid Code**.
11. **The Company's Offer** will, to the extent appropriate, be based upon its standard form terms of **Modification Offer** and the statement of charges

issued by **The Company** under Standard Conditions C4 and C6 of the **Transmission Licence**. The **Applicant** should bear in mind **The Company's** standard form terms of **Offer** when making this application.

12. As provided for in **Grid Code** CC 8.1, Generators and Dc Converter Station owners should appreciate that they will be required to perform **Mandatory Ancillary Services** to ensure that System Operational Standards can be achieved. This requirement may have implications towards **Plant** specification. You should be satisfied that before an application is made that your intended **Plant** design can meet the requirements. **Applicants** are recommended to contact **The Company**¹ where our staff will be pleased to help.
13. **The Applicant** has the ability to pay a fixed price application fee in respect of their application or pay the actual costs incurred (variable price application fee). The fixed price application fee is derived from analysis of historical costs of similar applications. The variable price application fee is based on an advance of the Transmission Licensee's Engineering and out of pocket expenses and will vary according to the size of the scheme and the amount of work involved. **The Applicant** is requested to indicate their preferred basis of application fee in Section A question 4. **The Applicant** is advised that further information can be obtained from the **Charging Statements** which can be found on **The Company's Website**².
14. Please complete this application form in black print and return it duly signed to Customer Services Manager, National Grid Electricity Transmission plc, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA (Telephone No. 01926 65 4634). In addition to returning the application to the Customer Services Manager an electronic form may be e-mailed to **The Company** at camdata@uk.ngrid.com
15. For the most up to date contact details applicants are advised to visit **The Company's Website**².

² www.nationalgrid.com/uk/electricity

SECTION A. DETAILS OF APPLICANT (in respect of this application)

1. **Registered Company**

Name:.....

Address (of Registered Office in the case of a Company):

.....
.....
.....

Company Number:.....

Parent Company Name (if applicable):.....

2. **Company Secretary or person to receive CUSC notices**

Name:.....

Email:.....

Telephone:.....

Fax:.....

3. **Commercial Contact/Agent (person to receive Offer if different from Company Secretary or person to receive CUSC notices as identified in 2 above)**

Name:.....

Title:.....

Address:.....

.....
.....

Email:.....

Telephone:.....

Fax:.....

4. Please identify which application fee basis you wish to use for this application.

Fixed price application fee []

Variable price application fee []

5. Please confirm whether you agree to us sending the **Offer** in electronic form instead of hard copy and, if so, confirm the address for this as follows.

Yes []

No []

Email address

SECTION B THE CONNECTION SITE [AND, IN THE CASE OF A USER UNDERTAKING OTSDUW, THE TRANSMISSION INTERFACE SITE] TO BE MODIFIED

1. Please provide agreement reference number.
.....
2. Please identify by name the **Connection Site** [and, in the case of a **User** undertaking **OTSDUW**, the **Transmission Interface Site**] at which the **Modification** is to be undertaken.
.....
3. Give details of the rights in any additional land which you are proposing to acquire at the **Connection Site** [or, in the case of a **User** undertaking **OTSDUW**, the **Transmission Interface Site**] (to include leasehold and freehold interests and in the case of **Connection Sites** [or, in the case of a **User** undertaking **OTSDUW**, the **Transmission Interface Site**] in Scotland legal interests and heritable or leasehold interests including servitudes or other real rights) so as to undertake the **Modification**).
.....
.....
.....
4. Is space available on the **Connection Site** [or, in the case of a **User** undertaking **OTSDUW**, the **Transmission Interface Site**] for working storage and accommodation areas for **The Company** contractors or, for **Connection Sites** [or, in the case of a **User** undertaking **OTSDUW**, the **Transmission Interface Site**], in Scotland the contractors of the **Relevant Transmission Licensees**? If so, please indicate by reference to a plan the location of such areas, giving the approximate dimensions of the same.
.....
.....
.....
5. Please provide details (including copies of any surveys or reports) of the physical nature of any additional land the subject to your answer to Question 2 above including the nature of the ground and the sub-soil.
.....
.....
6. Please give details and provide copies of all existing relevant planning and other consents (statutory or otherwise) held by you relating to the

Connection Site [and/or, in the case of a **User** undertaking **OTSDUW**, the **Transmission Interface Site**] or the **Modification** and/or details of any pending applications for the same.

.....
.....

7. Please indicate what, if any, of the necessary construction works necessary for the **Modification** you would like **The Company** to conduct upon your behalf.

.....
.....

SECTION C. TECHNICAL INFORMATION

1. Summary of Application (brief description of plant to be connected):
.....
.....
.....

2. Please provide full details of the proposed **Modification** together with the relevant **Standard Planning Data** as listed in Part 1 of the Appendix to the **Planning Code** to the extent that the data will change from previously submitted Committed Project Planning Data or Connected Planning Data as a result of the proposed **Modification**. Note: the data concerned form part of the **Planning Code** and **Data Registration Code**. **Applicants** should refer to these sections of the **Grid Code** for an explanation. Further guidance is available from **The Company**³ on request.

3. Please notify **The Company** as to whether the **Modification** is associated with a **BELLA/BEGA Application** and if so details of the relevant **BELLA/BEGA Application**.

BELLA/BEGA Agreement Ref:

Site of Connection.....

4. Please notify **The Company** as to whether the **Modification** is in respect of a request for a connection to and / or for the use of the **User's Distribution System** from a **Relevant Embedded Medium Power Station** or a **Relevant Embedded Small Power Station**, and therefore relieves the requirement to raise a **Request for a Statement of Works** under 6.5.5.1

Yes / No.....

³ Customer Services, National Grid Electricity Transmission plc, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA (Telephone No. 01926 654634)

SECTION D. PROGRAMME

Please provide a suggested development and construction programme in bar chart form for the work necessary to install the **User Development** (not the **Transmission Connection Assets** needing to be installed or, in the case of a **User** undertaking **OTSDUW**, any **OTSUA**) indicating the anticipated date when the connection will be required to be made and any other key dates such as back feed date.

If not already included in the above bar chart please provide details of when the **Applicant** expects to be completing the following relevant phases of the **User Development** or reach the following relevant key milestones below and other additional milestones as necessary (working backwards from expected connection date at 'year 0'). Where applicable this information is expected to provide the anticipated project overview at the time of application:-

- Planning Application Submitted (Town & Country Planning, S36,S37*)
- Planning Consent Awarded
- Plant Ordered (i.e. **Power Station** or substation)
- Construction Started (site mobilisation)
- Construction Completed

Notes

- * The consent for the **User's Power Station** granted under Section 36 of the Electricity Act or planning permission for the **User's Power Station** granted under the Town and Country Planning Act 1990 or any amendment thereto in England and Wales or the Town and Country Planning (Scotland) Act 1997 or any amendment thereto in Scotland

SECTION E. ENABLING WORKS [CONNECT AND MANAGE POWER STATION ONLY]

1. We confirm we do not/do want the **Enabling Works** to be greater in scope than the **MITS Connection Works**.
2. If you want the **Enabling Works** to be greater in scope than the **MITS Connection Works** specify the concerns, reasons or technical requirements that you are seeking to address by this.

1. We hereby apply to modify our connection to the **National Electricity Transmission System** at [] **Connection Site** [and/or in the case of a **User** undertaking **OTSDUW** [] **Transmission Interface Site**].
2. We agree to pay **The Company's** Engineering Charges on the terms specified in the Notes to the **Connection Application**.
3. We will promptly inform **The Company** of any change in the information given in this **Application** as quickly as practicable after becoming aware of any such change.
4. We authorise the release of certain information, on the grounds of commercial confidentiality, to the appropriate **Public Distribution System Operator(s)** or **Relevant Transmission Licensees** should it be considered necessary.
5. We confirm that we do/do not meet **The Company's Credit Rating/Approved Credit Rating**.
6. We confirm our agreement to the disclosure in the manner set out in Paragraph 6.30.3 of **CUSC** of the information specified in such Paragraph.
7. We confirm that this **Modification** is associated with a:
 - BELLA Application []
 - BEGA Application []
 - Neither []

SIGNED BY:

.....

For and on behalf of the **Applicant**

Date.....

END OF EXHIBIT I

CUSC - EXHIBIT I

**THE CONNECTION AND USE OF SYSTEM CODE
MODIFICATION APPLICATION**

MODIFICATION APPLICATION – NOTES

Please study the following notes before completing and signing this application form.

Please note that certain expressions which are used in this application form are defined in the Interpretation and Definitions (contained in Section 11 of the **CUSC**) and when this occurs the expressions have capital letters at the beginning of each word and are in bold. If the **Applicant** has any queries regarding this application or any related matters then the **Applicant** is recommended to contact **The Company**¹ where our staff will be pleased to help.

1. **The Company** (National Grid Electricity Transmission plc) requires the information requested in this application form for the purposes of preparing an offer (the “**Offer**”) of a **Construction Agreement** for the construction of a proposed **Modification** and for the variation of the existing [**Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** or **Construction Agreement**] affected by the **Modification**. It is essential that the **Applicant** should supply all information requested in this application form and that every effort should be made to ensure that such information is accurate.
2. Where **The Company** considers that any information provided by the **Applicant** is incomplete or unclear, or further information is required, the **Applicant** will be requested to provide further information or clarification. The provision/clarification of this information may impact on **The Company’s** ability to commence preparation of an **Offer**.
3. Should there be any change in the information provided by the **Applicant** then the **Applicant** should immediately inform **The Company** of such a change. Where this is a change in the information provided for Sections B to D then the **Applicant** should contact **The Company** to see if such a change can be accommodated as it is unlikely that material changes could be accommodated. If **The Company** cannot accommodate such a change bearing in mind the timescales within which the **Offer** must be made then the application will be processed on the original information although it is open to the **Applicant** to withdraw the application.
4. **The Company** shall charge the **Applicant**, and the **Applicant** shall pay to **The Company**, **The Company’s** engineering charges in relation to the application. A fee will be charged by **The Company** in accordance with the **Charging Statements**. No application will be considered until such payment has been received.
5. The effective date upon which the application is made shall be the later of the date when **The Company** has received the application fee pursuant to paragraph 4 above or the date when **The Company** is

¹ Customer Services, National Grid Electricity Transmission plc, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA (Telephone No. 01926 654634)

reasonably satisfied that the **Applicant** has completed Sections A-D. **The Company** shall notify the **Applicant** of such date.

6. **The Company** will make the **Offer** in accordance with the terms of Paragraphs 6.9 (Modification) and 6.10 (**Modifications and New Connection Sites**) of the **CUSC** and the **Transmission Licence**.
7. **The Company** will make an **Offer** as soon as is reasonably practicable and, in any event, within three (3) months of the effective date of the application or such later period as the **Authority** may agree. The **Offer** may, where it is necessary to carry out additional extensive system studies to evaluate more fully the impact of the proposed development, indicate the areas that require more detailed analysis. Before such additional studies are required, the **Applicant** shall indicate whether it wishes **The Company** to undertake the work necessary to proceed to make a revised **Offer** within the three (3) month period or, where relevant, the timescale consented to by the **Authority**. To enable **The Company** to carry out any of the above mentioned necessary detailed system studies the **Applicant** may, at the request of **The Company**, be required to provide some or all of the **Detailed Planning Data** listed in Part 2 of the Appendix to the **Planning Code** which is part of the **Grid Code**.
8. In the course of processing the application, it may be necessary for **The Company** to consult the appropriate **Public Distribution System Operator(s)** on matters of technical compatibility of the **National Electricity Transmission System** with their **Distribution System(s)** or to consult the **Relevant Transmission Licensees** to establish the works required on the **National Electricity Transmission System**. On grounds of commercial confidentiality, **The Company** shall need authorisation for the release to the **Public Distribution System Operator(s)** or **Relevant Transmission Licensees** of certain information contained in your application. Any costs incurred by **The Company** in consulting the **Public Distribution System Operator(s)** or **Relevant Transmission Licensees** would be included in **The Company** charges for the application. If it is found by the **Public Distribution System Operator(s)** that any work is required on their **Distribution System(s)**, then it will be for the **Public Distribution System Operator(s)** and the **Applicant** to reach agreement in accordance with Paragraph 6.10.3 of the **CUSC**.
9. In accordance with Paragraph 6.30.3 of **CUSC**, **The Company** will need to disclose details of any agreement to vary **Bilateral Agreements** and shall need authorisation from the **Applicant** in respect of this.
10. Data submitted pursuant to this application shall be deemed submitted pursuant to the **Grid Code**.
11. **The Company's Offer** will, to the extent appropriate, be based upon its standard form terms of **Modification Offer** and the statement of charges

issued by **The Company** under Standard Conditions C4 and C6 of the **Transmission Licence**. The **Applicant** should bear in mind **The Company's** standard form terms of **Offer** when making this application.

12. As provided for in **Grid Code** CC 8.1, Generators and Dc Converter Station owners should appreciate that they will be required to perform **Mandatory Ancillary Services** to ensure that System Operational Standards can be achieved. This requirement may have implications towards **Plant** specification. You should be satisfied that before an application is made that your intended **Plant** design can meet the requirements. **Applicants** are recommended to contact **The Company**¹ where our staff will be pleased to help.
13. **The Applicant** has the ability to pay a fixed price application fee in respect of their application or pay the actual costs incurred (variable price application fee). The fixed price application fee is derived from analysis of historical costs of similar applications. The variable price application fee is based on an advance of the Transmission Licensee's Engineering and out of pocket expenses and will vary according to the size of the scheme and the amount of work involved. **The Applicant** is requested to indicate their preferred basis of application fee in Section A question 4. **The Applicant** is advised that further information can be obtained from the **Charging Statements** which can be found on **The Company's Website**².
14. Please complete this application form in black print and return it duly signed to Customer Services Manager, National Grid Electricity Transmission plc, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA (Telephone No. 01926 65 4634). In addition to returning the application to the Customer Services Manager an electronic form may be e-mailed to **The Company** at camdata@uk.ngrid.com
15. For the most up to date contact details applicants are advised to visit **The Company's Website**².

² www.nationalgrid.com/uk/electricity

SECTION A. DETAILS OF APPLICANT (in respect of this application)

1. **Registered Company**

Name:.....

Address (of Registered Office in the case of a Company):

.....
.....
.....

Company Number:.....

Parent Company Name (if applicable):.....

2. **Company Secretary or person to receive CUSC notices**

Name:.....

Email:.....

Telephone:.....

Fax:.....

3. **Commercial Contact/Agent (person to receive Offer if different from Company Secretary or person to receive CUSC notices as identified in 2 above)**

Name:.....

Title:.....

Address:.....

.....
.....

Email:.....

Telephone:.....

Fax:.....

4. Please identify which application fee basis you wish to use for this application.

Fixed price application fee []

Variable price application fee []

5. Please confirm whether you agree to us sending the **Offer** in electronic form instead of hard copy and, if so, confirm the address for this as follows.

Yes []

No []

Email address

SECTION B THE CONNECTION SITE [AND, IN THE CASE OF A USER UNDERTAKING OTSDUW, THE TRANSMISSION INTERFACE SITE] TO BE MODIFIED

1. Please provide agreement reference number.
.....
2. Please identify by name the **Connection Site** [and, in the case of a **User** undertaking **OTSDUW**, the **Transmission Interface Site**] at which the **Modification** is to be undertaken.
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3. Give details of the rights in any additional land which you are proposing to acquire at the **Connection Site** [or, in the case of a **User** undertaking **OTSDUW**, the **Transmission Interface Site**] (to include leasehold and freehold interests and in the case of **Connection Sites** [or, in the case of a **User** undertaking **OTSDUW**, the **Transmission Interface Site**] in Scotland legal interests and heritable or leasehold interests including servitudes or other real rights) so as to undertake the **Modification**).
.....
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4. Is space available on the **Connection Site** [or, in the case of a **User** undertaking **OTSDUW**, the **Transmission Interface Site**] for working storage and accommodation areas for **The Company** contractors or, for **Connection Sites** [or, in the case of a **User** undertaking **OTSDUW**, the **Transmission Interface Site**], in Scotland the contractors of the **Relevant Transmission Licensees**? If so, please indicate by reference to a plan the location of such areas, giving the approximate dimensions of the same.
.....
.....
.....
5. Please provide details (including copies of any surveys or reports) of the physical nature of any additional land the subject to your answer to Question 2 above including the nature of the ground and the sub-soil.
.....
.....
6. Please give details and provide copies of all existing relevant planning and other consents (statutory or otherwise) held by you relating to the

Connection Site [and/or, in the case of a **User** undertaking **OTSDUW**, the **Transmission Interface Site**] or the **Modification** and/or details of any pending applications for the same.

.....
.....

7. Please indicate what, if any, of the necessary construction works necessary for the **Modification** you would like **The Company** to conduct upon your behalf.

.....
.....

SECTION C. TECHNICAL INFORMATION

1. Summary of Application (brief description of plant to be connected):
.....
.....
.....

2. Please provide full details of the proposed **Modification** together with the relevant **Standard Planning Data** as listed in Part 1 of the Appendix to the **Planning Code** to the extent that the data will change from previously submitted Committed Project Planning Data or Connected Planning Data as a result of the proposed **Modification**. Note: the data concerned form part of the **Planning Code** and **Data Registration Code**. **Applicants** should refer to these sections of the **Grid Code** for an explanation. Further guidance is available from **The Company**³ on request.

3. Please notify **The Company** as to whether the **Modification** is associated with a **BELLA/BEGA Application** and if so details of the relevant **BELLA/BEGA Application**.

BELLA/BEGA Agreement Ref:

Site of Connection.....

4. Please notify **The Company** as to whether the **Modification** is in respect of a request for a connection to and / or for the use of the **User's Distribution System** from a **Relevant Embedded Medium Power Station** or a **Relevant Embedded Small Power Station**, and therefore relieves the requirement to raise a **Request for a Statement of Works** under 6.5.5.1

Yes / No.....

³ Customer Services, National Grid Electricity Transmission plc, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA (Telephone No. 01926 654634)

SECTION D. PROGRAMME

Please provide a suggested development and construction programme in bar chart form for the work necessary to install the **User Development** (not the **Transmission Connection Assets** needing to be installed or, in the case of a **User** undertaking **OTSDUW**, any **OTSUA**) indicating the anticipated date when the connection will be required to be made and any other key dates such as back feed date.

If not already included in the above bar chart please provide details of when the **Applicant** expects to be completing the following relevant phases of the **User Development** or reach the following relevant key milestones below and other additional milestones as necessary (working backwards from expected connection date at 'year 0'). Where applicable this information is expected to provide the anticipated project overview at the time of application:-

- Planning Application Submitted (Town & Country Planning, S36,S37*)
- Planning Consent Awarded
- Plant Ordered (i.e. **Power Station** or substation)
- Construction Started (site mobilisation)
- Construction Completed

Notes

- * The consent for the **User's Power Station** granted under Section 36 of the Electricity Act or planning permission for the **User's Power Station** granted under the Town and Country Planning Act 1990 or any amendment thereto in England and Wales or the Town and Country Planning (Scotland) Act 1997 or any amendment thereto in Scotland

SECTION E. ENABLING WORKS [CONNECT AND MANAGE POWER STATION ONLY]

1. We confirm we do not/do want the **Enabling Works** to be greater in scope than the **MITS Connection Works**.
2. If you want the **Enabling Works** to be greater in scope than the **MITS Connection Works** specify the concerns, reasons or technical requirements that you are seeking to address by this.

1. We hereby apply to modify our connection to the **National Electricity Transmission System** at [] **Connection Site** [and/or in the case of a **User** undertaking **OTSDUW** [] **Transmission Interface Site**].
2. We agree to pay **The Company's** Engineering Charges on the terms specified in the Notes to the **Connection Application**.
3. We will promptly inform **The Company** of any change in the information given in this **Application** as quickly as practicable after becoming aware of any such change.
4. We authorise the release of certain information, on the grounds of commercial confidentiality, to the appropriate **Public Distribution System Operator(s)** or **Relevant Transmission Licensees** should it be considered necessary.
5. We confirm that we do/do not meet **The Company's Credit Rating/Approved Credit Rating**.
6. We confirm our agreement to the disclosure in the manner set out in Paragraph 6.30.3 of **CUSC** of the information specified in such Paragraph.
7. We confirm that this **Modification** is associated with a:
 - BELLA Application []
 - BEGA Application []
 - Neither []

SIGNED BY:

.....

For and on behalf of the **Applicant**

Date.....

END OF EXHIBIT I

SECTION B
FORM OF VARIED BILATERAL AGREEMENT

END OF SECTION J

CUSC - EXHIBIT K

**THE CONNECTION AND USE OF SYSTEM CODE
MODIFICATION NOTIFICATION**

MODIFICATION NOTIFICATION

1. This **Modification Notification** is issued by **The Company** pursuant to Paragraph 6.9 of the **CUSC**. The **User** has certain rights under Paragraph 6.9 of the **CUSC** and is advised to consider whether it wishes to avail itself to such rights upon receipt of this **Modification Notification**.

2. **The Company** proposes to make the **Modification** to the **National Electricity Transmission System** (or in the case of **Offshore Transmission System Development User Works** those works) set out below:-

3. **The Company** reasonably believes that you may have to carry out the following works as a result of the proposed **Modification**:-

4. The latest date upon which you may apply to the **Authority** under Standard Condition C9 of the **Transmission Licence** is [date: to be supplied by **The Company**, subject to Paragraph 6.9 of the **CUSC**.]

Dated:

Signed for and on behalf of
National Grid Electricity Transmission plc

END OF SECTION K

CUSC - EXHIBIT L

BI-ANNUAL ESTIMATE FOR BILATERAL AGREEMENT
DATED []

COMPANY: []

CONNECTION SITE: []

Amount due and amount which will
or might fall due for the period
commencing on and including
[] and ending on and
including [] in
respect of which security is required

1. The Company Engineering Charges and expenses for obtaining Consents pursuant to Clause 2.4;
2. Termination Amounts.

END OF EXHIBIT L

CUSC - EXHIBIT M

SECURED AMOUNT STATEMENT

BILATERAL AGREEMENT DATED []

COMPANY: []

CONNECTION SITE: []

Amount in which security is
required for the period
commencing on and including
[] and ending on and
including []

We hereby certify that the amount to be secured in respect of [**Termination Amounts**] is as stated above in respect of the named period.

for and on behalf of
National Grid Electricity Transmission plc

Duly authorised officer

END OF SECTION M

CUSC - EXHIBIT MM1

CANCELLATION CHARGE STATEMENT
DATED []

COMPANY: []

CONNECTION SITE/SITE OF CONNECTION: []

CONSTRUCTION AGREEMENT: []

Part 1 CANCELLATION CHARGE

The **Cancellation Charge** which will or might fall due on termination of the **Construction Agreement** during the period commencing on and including [1 April/1 October] and ending on and including [30 September/31 March] is:

[£] [£/MW]

This figure is based on [A or B -strike out as appropriate] and C

[A Estimate of Actual Attributable Works Cancellation Charge

[£] [£/MW]

or, where User has elected for the Fixed Cancellation Charge

B Fixed Cancellation Charge

[£X being £X/YMW] - *insert figure/calculation from relevant Notification of Fixed Attributable Works Cancellation Charge*

C Wider Cancellation Charge

[£X] being [£X/YMW]

Generation Zone in which **Power Station** or **Interconnector** is/will be located []

[Part 2 Estimates of the Actual Attributable Works Cancellation Charge

insert estimate of Actual Attributable Works Cancellation Charge (including sharing etc) until User has elected to fix.]

for and on behalf of
National Grid Electricity Transmission plc

END OF EXHIBIT MM1

CUSC - EXHIBIT MM2

CANCELLATION CHARGE SECURED AMOUNT STATEMENT
DATED []

COMPANY: []

CONNECTION SITE/SITE OF CONNECTION: []

CONSTRUCTION AGREEMENT: []

The **Cancellation Charge Secured Amount** for the period commencing on and including [1 April/1 October] and ending on and including [30 September/31 March] is [£]

Based on [%] of [£] being the **Cancellation Charge** as set out in the **Cancellation Charge Statement** for such period.

for and on behalf of
National Grid Electricity Transmission plc

END OF EXHIBIT MM2

CUSC - EXHIBIT MM3

NOTIFICATION OF FIXED ATTRIBUTABLE WORKS CANCELLATION CHARGE
DATED []

COMPANY: []

CONNECTION SITE/SITE OF CONNECTION: []

CONSTRUCTION AGREEMENT: []

Fixed Attributable Works Cancellation Charge [£] [£x/MW]

	Pre Trigger Amount	Cancellation Charge Profile	TEC/DC	£/MW
Financial Year [1]				
Financial Year [2]				
Financial Year [3]				
	Attributable Works Cancellation Amount	Cancellation Charge Profile		£/MW
Financial Year [1]	£	%		
Financial Year [2]	£	%		
Financial Year [3]	£	%		
Charging Date/Financial Year [0]	£	%		

Fixed Attributable Works Cancellation Amount based on

Estimated Attributable Works Capital Cost []

Local Asset Reuse Factor *[by ref to each component within the Attributable Works]* []

Strategic Investment Factor *by ref to each*

component within the Attributable Works []

Distance Factor *[by ref to each relevant component within the Attributable Works]* []

We elect for the **Attributable Works Cancellation Charge** to be calculated on the basis of the **Fixed Cancellation Charge** as set out above.

Signed

for and on behalf of
[User]

Dated []

END OF EXHIBIT MM3

CUSC - EXHIBIT N
NOTICE OF DRAWING

To [] Bank/Public Limited Company/Limited

copy to:

[date]

Dear Sirs,

RE: **BILATERAL AGREEMENT DATED []**
PERFORMANCE BOND NO./DATED []/LETTER OF CREDIT
NO. []/BANK ACCOUNT NO. [] (THE "SECURITY")

We refer to the above Security in our favour. We hereby demand immediate payment thereunder in the amount of £[].

We require payment to be made by telegraphic transfer to:-

Bank plc

Address:

Sort Code:

Account Name: National Grid Electricity Transmission plc

Account No:

Yours faithfully,

for and on behalf of
National Grid Electricity Transmission plc

Duly authorised officer

END OF SECTION N

CUSC - EXHIBIT O - PART I C

THE CONNECTION AND USE OF SYSTEM CODE

INTERFACE AGREEMENTS

**PART I C - RELEVANT TRANSMISSION LICENSEE ASSETS ON USER
OFFSHORE PLATFORM**

CUSC - EXHIBIT O - PART I C

DATED _____ 200[]

[] (User)

- and -

[Insert name of Relevant Transmission Licensee (RTL)]

INTERFACE AGREEMENT

Relating to Relevant Transmission Licensee Assets on
User Offshore Platform at []

I N D E X

<u>Clause</u>	<u>Title</u>	<u>Page</u>
1	Definitions and Interpretation	1
2	Right to Install and Retain Asset	8
3	Modifications, Replacements and Alterations	8
4	Security and Compliance with Statutes etc.	10
5	Relocations	11
6	Removals	13
7	Rights of Access	13
8	Services and Use of Assets	15
9	Non-Interference	16
10	Dispute Resolution	17
11	Governing Law and Jurisdiction	19
12	Confidentiality	20
13	Title to Assets	26
14	Limitation of Liability	27
15	Intellectual Property	29
16	Force Majeure	29
17	Waiver	30
18	Notices	30
19	Variations	31
20	Overriding Provisions	31
21	Assignment and Sub-Contracting	32
22	Illegality and Partial Invalidity	32
23	Term and Termination	32
24	Registration and Memorandum	33
25	Entire Agreement	33

Schedule 1 RTL Assets on User's Offshore Platform

Schedule 2 Offshore Platform

Schedule 3 Part I - Security Details

Part II - Plant MV LV Apparatus

Safety Co-ordination Procedures

Schedule 4 User Owned Facilities

Schedule 5 Services

Schedule 6 Addresses, Fax No's etc.

INTERFACE AGREEMENT
(ASSET LICENCE FACILITY AGREEMENT)

(RELEVANT TRANSMISSION LICENSEE ASSETS)

THIS DEED OF AGREEMENT is made on the _____ day of _____ 200[]

BETWEEN

(1) [_____] a company registered in [_____] (with number [_____]) whose registered office is at [_____] (“User”, which expression shall include its successors and/or permitted assigns); and

(2) [Insert name of Relevant Transmission Licensee] a company registered in [_____] with number [_____] whose registered office is at [_____] (“RTL”, which expression shall include its successors and/or permitted assigns)]

WHEREAS

Certain assets of the RTL are to be installed on the Offshore Platform title to which is vested in User and this Agreement is entered into by the Parties to give effect to appropriate arrangements in respect of such assets and also the use of certain facilities provided by the User.

NOW IT IS HEREBY AGREED as follows:-

1. DEFINITIONS AND INTERPRETATION

In this Agreement, the following words and expressions shall, unless the subject-matter or context otherwise requires or is inconsistent therewith, bear the following meanings:-

“Act”	the Electricity Act 1989 as amended by Utilities Act 2000;
“Affiliate”	in relation to User means any holding company or subsidiary of that Party or any subsidiary of a holding company of User, in each case within the meaning of Sections 736, 736A and 736B of the Companies Act 1985 as substituted by Section 144 of the Companies Act 1989 and if that section is not in force at the date of this Agreement as if such section were in force at such date;
“Apparatus”	all equipment in which electrical conductors are used, supported or of which they may form a part;
“Authority”	the Gas and Electricity Markets Authority established by Section 1 of the Utilities Act 2000;
“Authorised Electricity Operator”	any person (other than The Company in its capacity as operator of the National Electricity Transmission System) who is authorised to generate, participate in the transmission of, distribute or supply electricity and for the purposes of Standard Condition C4

of the Transmission Licence shall include any person who has made application to be so authorised which application has not been refused and any person transferring electricity to or from Great Britain across an interconnector or who has made application for use of interconnector which has not been refused;

“Bilateral Connection
“Agreement”

the Bilateral Connection Agreement entered into between the User and The Company pursuant to the Connection Agreement and dated [];

“Connection Agreement”

the Connection and Use of System Code given contractual force by the CUSC Framework Agreement entered into by, amongst others, the User regarding, amongst other things, the connection of User’s Plant and Apparatus to the National Electricity Transmission System and the use by the User of such system;

“Competent Authority”

the Secretary of State, the Authority and any local or national agency, authority, department, inspectorate, minister (including the Scottish

Ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, the United Kingdom or the European Community;

“Connection Site” [];

“CUSC Framework Agreement” means the agreement of that title, in the form approved by the Secretary of State, by which the Connection Agreement is made contractually binding between the parties to that agreement, as amended from time to time with the approval of the Secretary of State;

“Customer” a person to whom electrical power is provided (whether or not he is the provider of such electrical power) other than power to meet station demand of that person;

“Directive”

includes any present or future directive, requirement, instruction, direction or rule of any Competent Authority, (but only, if not having the force of law, if compliance with the Directive is in accordance with the general practice of persons to whom the Directive is addressed) and includes any modification, extension or replacement thereof then in force;

“Distribution System”

the system consisting (wholly or mainly) of electric lines owned or operated by any Authorised Electricity Operator and used for the distribution of electricity from grid supply points or generation sets or other entry points to the point of delivery to Customers or Authorised Electricity Operators, and includes any Remote Transmission Assets operated by such Authorised Electricity Operator and any electrical plant and meters owned or operated by the Authorised Electricity Operator in connection with the distribution of electricity, but shall not include any part of the National Electricity Transmission

System;

“Emergency Personnel”

in relation to a Party, all employees of that Party who have appropriate knowledge and experience and are recognised by that Party as being able to carry out competently and safely emergency action for the purposes of clause 9;

“Facilities”

those assets or services listed in Schedule 4;

“Force Majeure”

in relation to a Party, any event or circumstance which is beyond the reasonable control of that Party, and which results in or causes the failure of that Party to perform any of its obligations under this Agreement including any act of God, strike, lockout or other industrial disturbance, act of the public enemy, war declared or undeclared, threat of war, terrorist act, blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, lightning, fire, storm, flood, earthquake, accumulation of snow or ice, lack of water arising from weather or

environmental problems, explosion, fault or failure of plant and apparatus which could not have been prevented by Good Industry Practice, governmental restraint, Act of Parliament legislation, bye-law, and Directive (not being any order, regulation or directive under Section 32, 33, 34 or 35 of the Act) Provided that lack of funds shall not be interpreted as a cause beyond the reasonable control of that Party and provided, for the avoidance of doubt, that weather conditions which are reasonably to be expected at the location of the event or circumstance are also excluded as not being beyond the reasonable control of that **CUSC Party**;

“Fuel Security Code”

the document of that title designated as such by the Secretary of State as from time to time amended;

“Good Industry Practice”

in relation to any undertaking and any circumstances, the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and

	experienced operator engaged in the same type of undertaking under the same or similar circumstances;
“Grid Code”	the document or documents produced pursuant to standard condition C14 of The Company Transmission Licence, as from time to time revised in accordance with The Company Transmission Licence;
“High Voltage Lines”	electric lines of a nominal voltage of or exceeding 132 kilovolts;
“HV”	of a nominal voltage exceeding 650 volts;
“Intellectual Property”	patents, trademarks, service marks, rights in designs, trade names, copyrights and topography rights (whether or not any of the same is registered and including applications for registration of any of the same) and rights under licences and consents in relation to any of the same and all rights or forms of protection of a similar nature or having equivalent or similar effect to any of the same which may subsist

		anywhere in the world;
“Licence”		any licence granted pursuant to Section 6 of the Act;
“Location Manager”		[];
“Low Voltage” or “LV”		means a voltage not exceeding 250 volts;
“Medium Voltage” or “MV”		means a voltage exceeding 250 volts but not exceeding 650 volts;
“Modification”		any alteration to or replacement of RTL Assets pursuant to clause 3.1 of this Agreement and “Modify” and “Modified” shall be construed accordingly;
“National Electricity Transmission System”	Electricity	the system consisting (wholly or mainly) of high voltage electric wires owned or operated by transmission licensees within Great Britain and Offshore and used for the transmission of electricity from one power station to a sub-station or to another power station or between sub-stations or to or from any external interconnection and includes any electrical plant or apparatus or meters owned or operated by any transmission

licensee within Great Britain and Offshore in connection with the transmission of electricity but shall not include Remote Transmission Assets;

“Offshore”

Means, wholly or partly, in the Offshore Waters and when used in conjunction with another term and the terms together are not otherwise defined means that the associated term is to be read accordingly.

“Offshore Platform”

a single structure comprising of Plant and Apparatus located Offshore which includes one or more Offshore Grid Entry Points and which is more particularly described in Schedule 2

“Offshore Waters”

has the meaning given to “offshore waters” in Section 90(9) of the Energy Act 2004

“Party”

each person for the time being and from time to time party to this Agreement and any successor(s) in title to, or permitted assign(s) of, such person;

“Permitted Purpose”

means the maintenance, inspection, testing, removal, operation,

	modification or repair of the RTL Assets;
“Plant”	fixed and moveable items used in the generation and/or supply and/or transmission of electricity other than Apparatus;
“Regulations”	the Electricity Safety Quality and Continuity Regulations 2002 as amended from time to time;
“Relevant Transmission Licensee”	means [<i>insert name of Offshore Transmission Owner</i>];
“Relocation Proposal”	a proposal by User to the RTL pursuant to sub-clause 5.1 for the relocation of any of the RTL Assets;
“Remote Transmission Assets”	any Plant and Apparatus or meters owned by The Company which (a) are embedded in a Distribution System or a user system and which are not directly connected by Plant and/or Apparatus owned by The Company to a sub-station owned by The Company and (b) are by agreement between The Company and such public distribution system operator or user under the direction and control of such public distribution system operator or user;
“Right of Access”	full right and liberty during the currency of this Agreement to enter

upon and through and remain upon [any part] [those parts of the Offshore Platform identified on the Plan] of User's Offshore Platform PROVIDED to the extent necessary for a Permitted Purpose and subject to the provisions of clause 5;

"RTL Assets"

those assets listed in Schedule 1 (including any plinths or other structures (excluding buildings) to or upon which the same are affixed and to or upon which no assets of any other person are affixed and any straps, bolts or other such things for attachment thereto) as any of the same may be Modified pursuant to this Agreement;

"RTL Licence"

the licence granted to the RTL under Section 6 of the Act;

"Secretary of State"

has the meaning given to that term in the Act;

"Services"

in the context of Clause 8, the goods and services specified in Schedule 5;

"Site Specific Safety Rules"

means the rules, procedures or current arrangements for and relating to safety co-ordination across

boundaries (to permit work to or testing on the system of one of the Parties which, for this to be done safely, requires isolation and/or other precautions on Plant and/ or MV and/or LV Apparatus whether at, adjacent to or remote from the location of the work or testing) which the Parties mutually agree to use their best endeavours to formulate as soon as possible after the date of this Agreement and on the basis that any dispute as to their content shall be resolved in accordance with the provisions of Clause 10;

“The Company” National Grid Electricity Transmission plc (No: 2366977) whose registered office is at 1-3 Strand, London WC2N 5EH;

“The Company Transmission Licence” the licence granted to The Company under Section 6(1)(b) of the Act;

“User’s Licence” the licence granted to the User under Section 6 of the Act;

In this Agreement:

- (i) unless the context otherwise requires all references to a

particular clause, sub-clause, paragraph or Schedule shall be a reference to that clause, sub-clause, paragraph or Schedule in or to this Agreement;

- (ii) the table of contents and headings are inserted for convenience only and shall be ignored in construing this Agreement;
- (iii) references to the words “include” or “including” are to be construed without limitation to the generality of the preceding words;
- (iv) unless there is something in the subject matter or the context which is inconsistent therewith, any reference to an Act of Parliament or any Section thereof or Schedule thereto, or other provision thereof or any instrument, order or regulation made thereunder shall be construed at the particular time as including a reference to any modification, extension, replacement or re-enactment thereof then in force and to all instruments, orders or regulations then in force and made under or deriving validity from the relevant Act of Parliament; and
- (v) references to the masculine shall include the feminine and references in the singular shall include the plural and vice versa and words denoting natural persons shall include companies, corporations and any other legal entity and vice versa.

2. RIGHT TO INSTALL AND RETAIN ASSET

2.1 Subject to sub-clause 5.1, User hereby grants to the RTL the right to install and thereafter retain and replace as provided in this Agreement RTL Assets on User’s Offshore Platform in such places as are currently proposed (subject to such variations between the date hereof and the

actual date of installation as may be agreed to by User) and such right shall extend to any Modified RTL Assets. User shall maintain any shelter and/or support enjoyed by any RTL Assets at the date of this Agreement or, if later, when relocated on User's Offshore Platform in accordance with clause 5 and grants to the RTL a Right of Access for the purpose of the maintenance, inspection, testing, removal, operation, Modification or repair of any RTL Assets.

3. MODIFICATIONS REPLACEMENTS AND ALTERATIONS

3.1 The RTL may at its own expense replace or alter any RTL Assets provided that:-

3.1.1 the replacement RTL Assets or the RTL Assets as so altered:-

- (i) are placed in the same or approximately the same position;
- (ii) fulfil the same or a similar purpose;
- (iii) can, where relevant, be accommodated in and on existing buildings or structures;
- (iv) do not require additional or improved facilities or services from User;
- (v) do not restrict the actual and intended use of User's Offshore Platform and any equipment thereon or therein to any materially greater extent than the RTL Assets so replaced or altered; and
- (vi) are either of the same or a similar or smaller size or the alteration is effected substantially within the space

occupied by such RTL Assets to enable the RTL Assets to be used up to their full capability; and

3.1.2 prior written notification has been given to User.

3.2 If any replacement or alteration permitted by clause 3.1 shall require minor alterations or work to the existing buildings or structures housing or supporting the RTL Assets in question, such alterations or works may be carried out (with the prior written approval of User (such approval not to be unreasonably withheld or delayed)) but at the cost of the RTL.

3.3 To the extent that any of the conditions of clause 3.1 are not in User's reasonable opinion met in relation to any replacement or alteration, User may by notice in writing require the RTL promptly to remove such replacement or alteration and, if the RTL fails to do so, may remove the same itself at the cost and expense of the RTL. On such removal, the RTL may reinstate the RTL Assets so replaced or altered.

3.4 For the avoidance of doubt it is hereby agreed that any dispute between the Parties regarding this clause shall be determined in accordance with the provisions of Clause 10 of this Agreement.

4. SECURITY AND COMPLIANCE WITH STATUTES etc

4.1 User undertakes to maintain and provide security in relation to the RTL Assets in accordance with the arrangements set out in Part I of Schedule 3.

4.2 Each Party shall procure that, as between the Parties, all reasonable and necessary steps are taken, as and when necessary or desirable, in co-operation with the other (and, so far as applicable, with any third

party), to ensure compliance with the provisions (each such provision or part thereof being in this clause 4 an "Obligation") of:-

- (i) all statutes and Directives applicable to any RTL Assets and/or any part (including the whole) of User's Offshore Platform;
- (ii) any statute or Directive which may affect any other property (of whatever nature) of either Party as a result of the existence, nature, location, or manner of operation of any RTL Assets; and
- (iii) any statute or Directive requiring the reporting of any occurrence relating to or affecting any RTL Assets and/or User's Offshore Platform (including the Reporting of Injuries Diseases and Dangerous Occurrence Regulations 1985 and the Regulations).

4.3 Each Party shall, so far as it is aware of the same, unless it has reasonable grounds for believing that the other Party possesses the information, keep the other Party informed of all matters relating to any Obligation or potential Obligation and/or the extent to which such Obligation may be applicable.

4.4 In the event of any dispute as to responsibility, as between the Parties, pursuant to clause 4.2, for compliance with an Obligation, that responsibility shall be allocated, so far as practicable, on the basis that:-

- (i) each Party shall refrain from taking or permitting any act or omission which would prevent compliance with an Obligation; and
- (ii) positive action required in relation to a Party's property as a

consequence of the existence, nature, location or manner of operation of that property or any other property of that Party shall be the responsibility of that Party, and, to the extent that such action is required in respect of or affecting any property of the other Party (or property of a third party located in or on that other Party's Offshore Platform), such action may be taken with the prior approval of that other Party (such approval, subject to (i) above, not to be unreasonably withheld or delayed).

4.5 The provisions for safety co-ordination between the Parties contained in Part II of Schedule 3 shall apply.

5. RELOCATIONS

5.1 At any time and from time to time during the term of this Agreement, User may with the prior written consent of the RTL (such consent not to be unreasonably withheld or delayed) require the RTL to relocate any RTL Assets to a different location on the User Offshore Platform, such consent to be sought and given or refused in accordance with the following procedure:-

5.1.1 User shall serve a written notice on the RTL, which notice shall specify:-

- (a) the RTL Assets which User wishes to be relocated;
- (b) the reasons for such wish;
- (c) the proposed new location for such RTL Assets; and
- (d) the timing of the carrying out of such relocation.

5.1.2 The RTL shall within one month of receipt of any such notice

(or such longer period as shall be reasonably necessary) serve a counter notice stating:-

- (a) whether or not in its reasonable opinion such Relocation Proposal is acceptable to it;
- (b) if the Relocation Proposal is not acceptable to the RTL, the grounds for such opinion and the terms of any alternative proposal (the "Alternative Relocation Proposal") covering so far as relevant the matters referred to in items (a) - (d) of clause 5.1.1 which would be acceptable to the RTL; and
- (c) in respect of the Relocation Proposal (if accepted) or of any Alternative Relocation Proposal, the costs likely to be incurred in connection with considering the Relocation Proposal or the Alternative Relocation Proposal and effecting the said relocation of the RTL Assets and the proper and reasonable costs of relocating any other equipment that may be necessary as a result of the relocation of those RTL Assets and any consequential losses including payments to third parties incurred as a result of the relocation of those RTL Assets and the proposed manner and timing of payment of the same by User.

5.1.3 If within one month of the date of such counter notice (or such longer period as shall be reasonably necessary) User has not withdrawn the Relocation Proposal and the Parties have not agreed upon it or the Alternative Relocation Proposal (if any) or a variation of either of them (such agreement to include

agreement on the costs referred to in item (c) of clause 5.1.2)
the matter shall be dealt with in accordance with Clause 10.

5.2 Upon approval or settlement of any Relocation Proposal, Alternative Relocation Proposal or variation thereof pursuant to clause 5.1, the RTL shall [(conditionally upon it being able to obtain all necessary licences and consents which it will use reasonable endeavours to do)] relocate or procure the relocation of the relevant RTL Assets as quickly as reasonably practicable (having regard to, amongst other things, technical and operational requirements [and to the availability of all necessary licences and consents]).

5.3 User shall render all reasonable assistance to the RTL in connection with such relocation [licences and consents] and pay to the RTL all costs referred to in item (c) of clause 5.1.2 as agreed or settled pursuant to clause 5.1 provided that all reasonable endeavours are used to minimise such costs and in the event that a Relocation Proposal is withdrawn or consent thereto is reasonably withheld pursuant to clause 5.1, User shall pay to the RTL all costs reasonably incurred by the RTL in connection with considering the Relocation Proposal and any counter notice.

5.4 Such of the provisions of this Agreement as are appropriate and relevant (including the provisions of this clause 5), shall continue to apply to any relocated RTL Assets.

6. REMOVALS

6.1 In the event that there shall cease to be a Bilateral Connection Agreement relating to any RTL Assets on User's Offshore Platform the RTL shall remove all RTL Assets from User's Offshore Platform within [

] or such longer period as shall be agreed between the User and the RTL and in accordance with the provisions relating thereto contained in the Connection Agreement and the Bilateral Connection Agreement.

- 6.2 Where the RTL is obliged to remove any of the RTL Assets from User's Offshore Platform, under this Clause 6, and fails to do so in accordance with the relevant provisions, (whether they be contained in this Clause 6, Clause 3 or Clause 5) User shall be entitled to remove those RTL Assets to land belonging to the RTL and the RTL shall provide all reasonable assistance to enable User safely so to do and shall pay and reimburse to User all costs and expenses reasonably incurred by User in so doing.

7. RIGHTS OF ACCESS

- 7.1 A Right of Access includes the right to bring on to User's Offshore Platform such vehicles, plant, machinery and maintenance or construction materials as shall be reasonably necessary for the Permitted Purpose.
- 7.2 A Right of Access given to the RTL may be exercised by any person, including third party contractors, reasonably nominated from time to time by the RTL. To the extent (if any) that any particular authorisation or clearances may be required to be given by User and the procedures for giving and obtaining the same are not for the time being stipulated in arrangements made pursuant to clause 7.3, the same shall be given within a reasonable time from the date of the request therefor, save in the case of emergency in which case it shall be given without delay.
- 7.3 The RTL shall procure that all reasonable arrangements and provisions are made and/or revised from time to time, as and when necessary or

desirable, to facilitate the safe exercise by it of any Right of Access with the minimum of disruption, disturbance or inconvenience to User. Such arrangements and provisions shall provide for User to have the right to make directions or regulations from time to time in relation to a specified matter. Matters to be covered by such arrangements and/or provision shall include:-

- (i) the identification of any relevant RTL Assets;
- (ii) the particular access routes applicable to the Offshore Platform in question having particular regard for the weight and size limits on those routes;
- (iii) any limitations on times of exercise of a Right of Access;
- (iv) any requirements as to prior notification and as to authorisation or security clearance of individuals exercising such Rights of Access, and procedures for obtaining the same;
- (v) the means of communication between the Parties and all employees and/or contractors who may be authorised from time to time by the RTL to exercise a Right of Access of any relevant directions or regulations made by the RTL;
- (vi) the identification of and arrangements applicable to Emergency Personnel.
- (vii) any limitation or restriction on the exercise of such Right of Access to the extent that in the circumstances is reasonable.

7.4 The RTL shall procure that any such arrangements and/or provisions (or directions or regulations issued by User pursuant thereto) made from time to time between the Parties shall be observed and performed

by it and all persons authorised by it to exercise any Right of Access.

7.4.1 The RTL shall procure that all reasonable steps are taken in the exercise of any Right of Access to:

- (a) avoid or minimise damage to User's Offshore Platform, or any other property thereon or therein;
- (b) cause as little disturbance and inconvenience as possible to User or other occupier of User's Offshore Platform;

and shall promptly make good any damage caused to User's Offshore Platform and/or such other property in the course of the exercise of such rights and shall indemnify User against all actions, claims, proceedings, losses, costs and demands arising out of such exercise.

7.4.2 Subject to clause 7.4.1, all such rights shall be exercisable free of any charge or payment of any kind.

7.5 Subject to any contrary arrangements for the time being made under clause 7.3,

7.5.1 a Right of Access for operation or inspection shall be available without prior notice;

7.5.2 a Right of Access for the purpose of maintenance, testing or repair of HV Apparatus shall only be exercisable on the giving of at least [seven days] prior written notice to User except in the case of loss of generation or demand or other emergency (in which event User shall render all possible assistance in procuring that the Right of Access shall be exercisable as soon as possible); and

7.5.3 a Right of Access for the purpose of Modifying any RTL Asset shall be exercisable only after [two weeks] prior written notice to User.

8. SERVICES AND USE OF ASSETS

8.1 Subject as hereinafter provided, in relation to the Facilities, User shall, if required by the RTL, make the Facilities in question available for use by the RTL to such extent as is necessary for the purposes of the RTL's undertaking but not so as to prejudice the use now or hereafter of such Facilities by User for its undertaking.

8.2 Subject as hereinafter provided, in relation to each of the Services, User shall, if required by the RTL, provide the same to the RTL. Such provision shall be of such a quality and quantity and shall be provided at such times as the RTL shall reasonably request. User shall not be required to exceed the level of quality or quantity of the Services as is anticipated by the Parties at the date of this Agreement, unless specifically agreed otherwise between the Parties.

8.3 Where the use of any Facilities made available or such Services are supplied as aforesaid, the Parties shall procure that all reasonable arrangements and provisions are made and/or revised from time to time, as and when necessary or desirable between the local personnel employed by each of them in that regard, such arrangements to include:-

8.3.1 the identification of the Facilities and/or Services in question including (where relevant) the extent of their availability;

8.3.2 the hours during which such use or provision shall be allowed or made;

- 8.3.3 any requirements as to notification of use or call for supply or temporary suspension thereof;
 - 8.3.4 any requirements as to authorisation or security clearance of individuals and the procedures for obtaining the same; and
 - 8.3.5 any safety requirements;
- 8.4 The provision of use of the Facilities listed in Schedule 4, Part One and the supply of the Services listed in Schedule 5, Part One shall not be terminated unless User ceases to require the Facilities or Services for its own use in which case the supply of the Services or use of the Facilities may be terminated by not less than one year's notice in writing;
- 8.5 The provision of use of the Facilities listed in Schedule 4, Part Two and the supply of the Services listed in Schedule 5, Part Two shall continue until terminated by not less than six months notice in writing by either Party. User shall maintain the Facilities in accordance with Good Industry Practice.

9. NON-INTERFERENCE

- 9.1 User agrees that neither it nor its agents, employees and invitees will interfere in any way with any of the RTL Assets without the consent of the RTL. For the purposes of this clause "interfere" shall include:
- 9.1.1 disconnecting or altering the connection of any RTL Assets to any system of cables, foundations, pipes, drains or other media to which it may be connected from time to time or to prevent supply of any substance or thing through such connected system;

9.1.2 affixing or removing any item or substance of any nature whatsoever to or from any RTL Assets;

9.1.3 damaging any RTL Assets;

9.1.4 allowing any other person to interfere with any RTL Assets;

9.1.5 altering any meters or settings on any RTL Assets.

9.1.6 the obstruction of access to any RTL Assets.

9.2 The obligations contained in this clause 9 shall be suspended to the extent that emergency action is taken by Emergency Personnel in good faith to protect the health and safety of persons or to prevent damage to property. All reasonable care shall be taken in the course of such emergency action. When the emergency has ended, any damaged property will be reinstated by the RTL, save for damage occurring by reason of lack of reasonable care in the course of the emergency action taken by User which shall be the responsibility of User.

10. DISPUTE RESOLUTION

10.1 Any dispute arising under this Agreement between Location Managers of the Parties shall, if not resolved within 14 days of first arising, be referred at the instance of either party to the respective line managers, or those fulfilling a similar function whether or not so called, of User and the RTL who shall use all reasonable endeavours to resolve the matter in dispute within one month.

10.2 Save where expressly stated in this Agreement to the contrary (including the procedure for initial dispute resolution contained in Clause 10.1) and subject to any contrary provision of the Act, any Licence, or the Regulations, or the rights, powers, duties and

obligations of the Authority or the Secretary of State under the Act, any Licence or otherwise howsoever, any dispute or difference of whatever nature howsoever arising under out of or in connection with this Agreement between the Parties shall (subject to any relevant initial dispute resolution procedures referred to in Clause 10.1 having been exhausted) be and is hereby referred to arbitration pursuant to the arbitration rules of the Electricity Supply Industry Arbitration Association in force from time to time.

- 10.3 Whatever the nationality residence or domicile of any Party and wherever the dispute or difference or any part thereof arose the law of England and Wales shall be the proper law of any reference to arbitration hereunder and in particular (but not so as to derogate from the generality of the foregoing) the provisions of the Arbitration Act 1996 (including any modification, extension, replacement or re-enactment thereof for the time being in force) shall apply to any such arbitration wherever the same or any part of it shall be conducted.

11. GOVERNING LAW AND JURISDICTION

- 11.1 This Agreement shall be governed by and construed in all respects in accordance with English law.
- 11.2 Subject and without prejudice to clause 10 and to clause 11.4 the Parties irrevocably agree that only the courts of England and Wales and the courts of Scotland are to have jurisdiction to settle any dispute which may arise out of or in connection with this Agreement and that accordingly any suit, action or proceeding (together in this clause 11 referred to as "Proceedings") arising out of or in connection with this Agreement may be brought in such courts.

- 11.3 Each Party irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any Proceedings in any such court as is referred to in this clause 11 and any claim that any such Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any Proceedings brought in the courts of England and Wales or the courts of Scotland shall be conclusive and binding upon such Party and may be enforced in the courts of any other jurisdiction.
- 11.4 For the avoidance of doubt nothing contained in the foregoing provisions of this clause 11 shall be taken as permitting a Party to commence Proceedings in the courts where this Agreement otherwise provides for proceedings to be referred to arbitration.

12. CONFIDENTIALITY

- 12.1 For the purposes of this Clause 12 except where the context otherwise requires:
- 12.1.1 “Authorised Recipient”, in relation to any Protected Information, means any Business Person who, before the Protected Information had been divulged to him by the RTL or any subsidiary of the RTL, had been informed of the nature and effect of this clause 12 and who requires access to such Protected Information for the proper performance of his duties as a Business Person in the course of Permitted Activities;
- 12.1.2 “Business Person” means any person who is a Licensed Business Person, or a Corporate Functions Person and “Business Personnel” shall be construed accordingly.
- 12.1.3 “Confidential Information” means all data and other information

supplied to User under the provisions of this Agreement.

12.1.4 “Corporate Functions Person” means any person who:-

- (a) is a director of the RTL; or
- (b) is an employee of the RTL or any of its subsidiaries carrying out any administrative, finance or other corporate services of any kind which in part relate to the Licensed Business; or
- (c) is engaged as an agent of or adviser to or performs work in relation to or services for the Licensed Business.

12.1.5 “Licensed Business” means any business or activity of the RTL or any of its associates authorised by its RTL Licence;

12.1.6 “Licensed Business Person” means any employee of the RTL or any director or employee of its subsidiaries who is engaged solely in its Licensed Business and “Licensed Business Personnel” shall be construed accordingly;

12.1.7 “Permitted Activities” means activities carried on for the purposes of the Licensed Business;

12.1.8 “Protected Information” means any information relating to the affairs of a Party which is furnished to Business Personnel pursuant to this Agreement unless, prior to such information being furnished, such Party has informed the recipient thereof by notice in writing or by endorsement on such information, that the said information is not to be regarded as Protected Information.

12.2 Confidentiality for the RTL and its Subsidiaries

The RTL and its subsidiaries in each of their capacities in this Agreement shall secure that Protected Information is not:-

12.2.1 divulged by Business Personnel to any person unless that person is an Authorised Recipient;

12.2.2 used by Business Personnel for the purposes of obtaining for the RTL or any of its subsidiaries or for any other person:-

(a) any Licence; or

(b) any right to purchase or otherwise acquire, or to distribute, electricity including by means of an electricity purchase contract (as defined in The Company Transmission Licence); or

(c) any contract or arrangement for the supply of electricity to customers or suppliers; or

(d) any contract for the use of any electrical lines or electrical plant belonging to or under the control of a supplier.

12.2.3 used by Business Personnel for the purpose of carrying on any activities other than Permitted Activities except with the consent in writing of the Party to whose affairs such Protected Information relates.

12.3 Nothing in this Clause 12 shall apply:

12.3.1 to any Protected Information which, before it is furnished to Business Personnel is in the public domain;

12.3.2 to any Protected Information which, after it is furnished to Business Personnel:

- (a) is acquired by the RTL or any subsidiary of the RTL in circumstances in which this Clause 12 does not apply; or
- (b) is acquired by the RTL or any subsidiary of the RTL in circumstances in which this Clause 12 does apply and thereafter ceases to be subject to the restrictions imposed by this Clause 12; or
- (c) enters the public domain otherwise than as a result of a breach by the RTL or any subsidiary of the RTL of its obligations in this Clause 12.

12.3.3 to the disclosure of any Protected Information to any person if the RTL or any subsidiary is required or permitted to make such disclosure to such person:

- (a) in compliance with the duties of the RTL or any associate under the Act or any other requirement of a Competent Authority; or
- (b) in compliance with the conditions of its RTL Licence or any document referred to in its RTL Licence with which the RTL is required to comply; or
- (c) in compliance with any other requirement of law; or
- (d) in response to a requirement of any recognised stock exchange or regulatory authority or the Panel on Takeovers and Mergers; or

- (e) pursuant to the Arbitration Rules for the Electricity Supply Industry Arbitration Association or pursuant to any judicial or other arbitral process or tribunal.

12.3.4 to any Protected Information to the extent that the RTL or any of its subsidiaries is expressly permitted or required to disclose that information under the terms of any agreement or arrangement (including the Fuel Security Code) with the Party to whose affairs such Protected Information relates.

12.4 The RTL and its subsidiaries may use all and any information or data supplied to or acquired by it, from or in relation to the other Party to this Agreement in performing its Permitted Activities and may pass the same to subsidiaries of the RTL which carry out such activities and the User hereto agrees to provide all information to the RTL and its subsidiaries for such purpose.

12.5 The Company and its subsidiaries may use all and any information or data supplied to or acquired by it from the RTL pursuant to Clause 12.3.3 in relation to this Agreement in performing its activities under The Company Transmission Licence including for the following purposes:

12.5.1 the operation and planning of the National Electricity Transmission System;

12.5.2 the calculation of charges and preparation of offers of terms for connection to or use of the National Electricity Transmission System;

and the User agrees to provide all information to the RTL and its subsidiaries for such purposes.

12.6 The RTL undertakes that, having regard to the activities in which any Business Person is engaged and the nature and effective life of the Protected Information divulged to him by virtue of such activities, neither the RTL nor any of its subsidiaries shall unreasonably continue (taking into account any industrial relations concerns reasonably held by it) to divulge Protected Information or permit Protected Information to be divulged to any Business Person:

(a) who has notified the RTL or the relevant subsidiary of his intention to become engaged as an employee or agent of any other person (other than of the RTL or any subsidiary thereof);
or

(b) who is authorised by licence or exemption to generate or supply electricity.

12.7 Without prejudice to other provisions of this clause 12 the RTL shall procure that any additional copies of the Protected Information, whether in hard copy or computerised form, will clearly identify the Protected Information as protected.

12.8 The RTL undertakes to use all reasonable endeavours to procure that no employee is a Corporate Functions Person unless the same is necessary for the proper performance of his duties.

12.9 Confidentiality for User

12.9.1 User hereby undertakes with the RTL and its subsidiaries that it shall preserve the confidentiality and secrecy of, and not directly or indirectly reveal, report, publish, disclose or transfer or use for its own purposes Confidential Information except:

- (a) in the circumstances set out in Clause 12.9.2;
- (b) to the extent expressly permitted by this Agreement; or
- (c) with the consent in writing of the RTL.

12.9.2 Exceptions: the circumstances referred to in Clause 12.9.1(a) are:

- (a) where the Confidential Information, before it is furnished to User, is in the public domain; or
- (b) where the Confidential Information, after it is furnished to User:
 - (i) is acquired by User in circumstances in which this Clause 12 does not apply; or
 - (ii) is acquired by User in circumstances in which this Clause 12 does apply and thereafter ceases to be subject to the restrictions imposed by this Clause 12; or
 - (iii) enters the public domain otherwise than as a result of a breach by User of its obligations in this Clause 12; or
- (c) if User is required or permitted to make disclosure of the Confidential Information to any person:
 - (i) in compliance with the duties of User under the Act or any other requirement of a Competent Authority;
 - (ii) in compliance with the conditions of any Licence or

any document referred to in any Licence with which User is required to comply;

- (iii) in compliance with any other requirement of law;
- (iv) in response to a requirement of any stock exchange or regulatory authority or the Panel on Takeovers and Mergers; or
- (v) pursuant to the Arbitration Rules for the Electricity Supply Industry Arbitration Association or pursuant to any judicial or other arbitral process or tribunal; or

- (d) where Confidential Information is furnished by User to the employees, directors, agents, lenders, consultants and professional advisers of User in each case on the basis set out in Sub-Clause 12.10.

12.10 With effect from the date of this Agreement User shall adopt procedures within its organisation for ensuring the confidentiality of all Confidential Information which it is obliged to preserve as confidential under this Clause 12. These procedures will include:

12.10.1 the Confidential Information will be disseminated within User only on a “need to know” basis;

12.10.2 employees, directors, agents, lenders, consultants and professional advisers of User in receipt of Confidential Information will be made fully aware of User’s obligations of confidence in relation thereto.

13. TITLE TO ASSETS

- 13.1 The RTL acknowledges that it does not have and will not acquire any title, right or interest in User's Offshore Platform save for such rights as are expressly granted herein or otherwise provided nevertheless that, if according to any rule of law, the RTL could acquire any such title, right or interest in any of User's Offshore Platform, the RTL undertakes to do all that is required to transfer such right or interest to User to ensure that User shall not, by reason of such right or interest arising, have its full rights in such Offshore Platform diminished (and in the interim to hold such rights in trust for User) and shall if requested by User, be obliged forthwith to establish trust arrangements valid under Scottish law so as to ensure that any such right or interest shall be held on behalf of User.
- 13.2 User agrees that it shall not by any act or default render the RTL Assets liable to any distress execution or other legal process, and in the event that the RTL Assets shall become so liable, shall forthwith give notice of any such proceedings to the RTL and shall forthwith notify any third party instituting any such process of the ownership of such RTL Assets.
- 13.3 If User desires to mortgage or charge User's Offshore Platform or its interest therein on which any RTL Assets are located or to enter into any arrangement which, if made, might affect the rights of the RTL expressly granted herein, then User shall ensure that the RTL Assets are not and will not be subject to the rights granted therein and are not and will not be affected by the mortgage, legal charge or other agreement or arrangement, and shall give prior written notification thereof to the RTL.
- 13.4 In the event that User shall wish to grant rights over or dispose of any interest in [or change the use of User's Offshore Platform] User shall

notify the RTL of such wish and fully consult the RTL in respect thereof and shall not grant such rights or make such disposal or change of use save on terms securing to the reasonable satisfaction of that other the Rights of Access granted in respect of User's Land Offshore Platform.

14. LIMITATION OF LIABILITY

14.1 Subject to sub-clauses 5.3, 6.2, 9.2 and 14.5 and save as provided in this sub-clause 14.1 and sub-clause 14.2 neither Party ("the Party Liable") nor any of its officers, employees or agents shall be liable to the other Party for loss arising from any breach of this Agreement other than for loss directly resulting from such breach and which at the date hereof was reasonably foreseeable as not unlikely to occur in the ordinary course of events from such breach and which resulted from:

14.1.1 physical damage to the property of the other Party, its officers, employees or agents; and/or

14.1.2 the liability of the other Party to any other person for loss arising from physical damage to the property of any person.

14.2 Nothing in this Agreement shall exclude or limit the liability of the Party Liable for death or personal injury resulting from the negligence of the Party Liable or any of its officers, employees or agents and the Party Liable shall indemnify and keep indemnified the other Party, its officers, employees or agents, from and against all such and any loss or liability which the other Party may suffer or incur by reason of any claim on account of death or personal injury resulting from the negligence of the Party Liable or any of its officers, employees or agents.

14.3 Subject to sub-clauses 5.3, 6.2, 9.2 and 14.5 neither Party, nor any of its officers, employees or agents shall in any circumstances whatsoever

be liable to the other Party for:-

14.3.1 any loss of profit, loss of revenue, loss of use, loss of contract or loss of goodwill; or

14.3.2 any indirect or consequential loss; or

14.3.3 loss resulting from the liability of the other Party to any other person howsoever and whensoever arising save as provided in sub-clauses 14.1.2 and 14.2.

14.4 The rights and remedies provided by this Agreement to the Parties are exclusive and not cumulative and exclude and are in place of all substantive (but not procedural) rights or remedies express or implied and provided by common law or statute in respect of the subject matter of this Agreement, including any rights either Party may possess in tort which shall include actions brought in negligence and/or nuisance. Accordingly, each of the Parties hereby waives in the fullest extent possible all such rights and remedies provided by common law or statute, and releases the Party Liable, its officers, employees and agents to the same extent from all duties, liabilities, responsibilities or obligations provided by common law or statute in respect of the matters dealt with in this Agreement and undertakes not to enforce any of the same except as expressly provided herein.

14.5 Save as otherwise expressly provided in this Agreement, this clause 14 insofar as it excludes or limits liability shall override any other provision in this Agreement provided that nothing in this clause 14 shall exclude or restrict or otherwise prejudice or affect any of:

14.5.1 the rights, powers, duties and obligations of either Party which are conferred or created by the Act, the User's Licence, RTL's

Licence or the Regulations or any amendment or re-enactment thereof; or

14.5.2 the rights, powers, duties and obligations of the Authority or the Secretary of State under the Act, any such licence as aforesaid or otherwise howsoever.

14.6 Each of the sub-clauses of this clause 14 shall:

14.6.1 be construed as a separate and severable contract term, and if one or more of such sub-clauses is held to be invalid, unlawful or otherwise unenforceable the other or others of such sub-clauses shall remain in full force and effect and shall continue to bind the Parties; and

14.6.2 survive termination of this Agreement.

14.7 Each Party agrees that the other Party holds the benefit of sub clauses 14.1, 14.2 and 14.3 above for itself and as trustee and agent for its officers, employees and agents

14.8 Each Party hereby acknowledges and agrees that the provisions of this clause 14 have been the subject of discussion and negotiation and are fair and reasonable having regard to the circumstances as at the date hereof.

15. INTELLECTUAL PROPERTY

All Intellectual Property relating to the subject matter of this Agreement conceived, originated, devised, developed or created by a Party, its officers, employees, agents or consultants during the currency of this Agreement shall vest in such Party as the sole beneficial owner thereof save where the Parties agree in writing otherwise.

16. FORCE MAJEURE

If either Party (the “Non-Performing Party”) shall be unable to carry out any of its obligations under this Agreement due to a circumstance of Force Majeure this Agreement shall remain in effect but save as otherwise provided herein the Non-Performing Party’s obligations hereunder shall be suspended without liability for a period equal to the circumstance of Force Majeure provided that:

- (i) the Non-Performing Party gives the other Party prompt notice describing the circumstance of Force Majeure, including the nature of the occurrence, its expected duration and the particular obligations affected by it, and continues to furnish regular reports with respect thereto during the period of Force Majeure;
- (ii) the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure;
- (iii) no liabilities of either Party that arose before the Force Majeure causing the suspension of performance are excused as a result of the Force Majeure;
- (iv) the non-performing Party uses all reasonable efforts to remedy its inability to perform; and
- (v) as soon as practicable after the event which constitutes Force Majeure the Parties shall discuss how best to continue their operations so far as possible in accordance with this Agreement.

17. WAIVER

No delay by or omission of a Party in exercising any right, power, privilege or remedy under this Agreement shall operate to impair such right, power, privilege or remedy or be construed as a waiver thereof. Any single or partial exercise of any such right, power, privilege or remedy shall not preclude any other or future exercise thereof or the exercise of any other right, power, privilege or remedy.

18. NOTICES

18.1 Any notice or other communication to be given by one Party to the other under, or in connection with the matters contemplated by, this Agreement shall be addressed to the recipient and sent to the address, telex number or facsimile number of such other Party given in Schedule 6 and marked for the attention of the person so given or to such other address, telex number and/or facsimile number and/or marked for such other attention as such other Party may from time to time specify by notice given in accordance with this clause 18 to the Party giving the relevant notice or other communication to it.

18.2 Any notice or other communication to be given by one Party to the other Party under, or in connection with the matters contemplated by, this Agreement shall be in writing and shall be given by letter delivered by hand or sent by first class prepaid post (airmail if overseas) or telex or facsimile, and shall be deemed to have been received:

18.2.1 in the case of delivery by hand, when delivered; or

18.2.2 in the case of first class prepaid post, on the second day following the day of posting or (if sent airmail from overseas) on the fifth day following the day of posting; or

18.2.3 in the case of telex, on the transmission of the automatic

answerback of the addressee (where such transmission occurs before 1700 hours on the day of transmission) and in any other case on the day following the day of transmission; or

18.2.4 in the case of facsimile, on acknowledgement by the addressee's facsimile receiving equipment (where such acknowledgement occurs before 1700 hours on the day of acknowledgement) and in any other case on the day following the day of acknowledgement.

19. VARIATIONS

The provisions of Schedules 1, 3, 4, 5 and 6 may be varied from time to time by written memorandum signed by an authorised officer of each of the Parties. Subject thereto no variations to this Agreement shall be effective unless made by way of supplemental deed.

20. OVERRIDING PROVISIONS & GOOD INDUSTRY PRACTICE

20.1 In the event of any conflict between RTL's or User's obligations hereunder and their obligations under the User's Licence and RTL's Licence, the Act, any direction of the Secretary of State, the Authority or ruling of the Competition Commission, the Grid Code, Connection Agreement or the Bilateral Connection Agreement, the provisions of the User's Licence and RTL's Licence, the Act, the Grid Code, the Connection Agreement or Bilateral Connection Agreement the direction of the Secretary of State, the Authority, or ruling of the Competition Commission shall prevail and accordingly the RTL and User respectively shall not be responsible for any failure to perform their respective obligations hereunder to the extent that any such failure is directly attributable to proper compliance with such provisions, rulings

or directions.

20.2 Both parties shall observe their respective obligations hereunder in accordance with Good Industry Practice.

21. ASSIGNMENT AND SUB-CONTRACTING

21.1 The rights and obligations of a Party may not be assigned (otherwise than to an Affiliate or by way of a charge or an assignment by way of security) without the consent of the other Party, such consent not to be unreasonably withheld.

21.2 Each Party shall have the right to sub-contract or delegate the performance of any of its obligations or duties arising under this Agreement without the consent of the other. The sub-contracting by either Party of the performance of any obligations or duties under this Agreement shall not relieve such Party from the liability for performance of such obligation or duty.

22. ILLEGALITY AND PARTIAL INVALIDITY

22.1 If at any time any provision of this Agreement should become or be declared unlawful, invalid, illegal or unenforceable in any respect under the law of any jurisdiction, neither the validity, legality or enforceability of the remaining provisions nor the validity, legality or enforceability of such provision under the law of any other jurisdiction shall be affected.

22.2 If any part of a provision of this Agreement is or becomes or is declared invalid, unlawful, illegal or unenforceable but the rest of such provision would remain valid, lawful or enforceable if part of the wording were deleted the provision shall apply with such modifications as may be necessary to make it valid, lawful, enforceable and effective but without

affecting the meaning of legality, validity or enforceability of any other provision of this Agreement.

23. TERM AND TERMINATION

This Agreement shall continue until no RTL Assets are on User's Offshore Platform and no Facilities or Services are shared or provided.

24. ENTIRE AGREEMENT

24.1 This Agreement contains the entire agreement between the Parties with respect to the subject-matter hereof, and expressly excludes any warranty, condition or other undertaking implied at law or by custom, and supersedes all previous agreements and understandings between the Parties with respect thereto and:

- (i) each of the Parties acknowledges and confirms that it does not enter into this Agreement in reliance on any representation, warranty or other undertaking not fully reflected in the terms of this Agreement; but
- (ii) the RTL acknowledges that User may have entered or may enter into agreements with other parties who hold a Licence containing similar rights and/or liabilities to those contained in this Agreement affecting User's Offshore Platform and any assets thereon. User shall, when entering into such agreement with any such party use reasonable endeavours to avoid conflicts between the provisions thereof and the provisions of this Agreement but in the event of any conflict User shall use all reasonable endeavours to procure that appropriate arrangements are made to settle the same to give

full effect (so far as practicable) to the rights and liabilities under this Agreement and under such other agreements as aforesaid. In the event of any dispute as to such conflict and/or arrangements the dispute shall be dealt with in accordance with Clause 10.

IN WITNESS whereof this Agreement has been entered into as a deed the day and year first above written.

SCHEDULE 1

RTL ASSETS ON USER OFFSHORE PLATFORM

SCHEDULE 2

USER'S OFFSHORE PLATFORM

SCHEDULE 3

Part I

Security Details (Clause 4.1)

User's Offshore Platform

Part II

Plant MV LV Apparatus Safety Co-Ordination Procedures (Cl. 4.5)

- (1) The Parties will comply with the Site Specific Safety Rules and any agreed modifications thereto.
- (2) The Parties will arrange for the Site Specific Safety Rules to be written down and to be implemented by the person or persons responsible on behalf of the relevant Parties for the co-ordination of safety.

SCHEDULE 4

USER OWNED FACILITIES

PART ONE

PART TWO

SCHEDULE 5
SHARED SERVICES PROVIDED BY USER

PART ONE

PART TWO

SCHEDULE 6

Addresses, Fax Nos etc (Clause 19.)

[Insert details of Relevant Transmission Licensee]

[]

Telephone:
Facsimile:

[Insert details of User]

[]

Telephone:
Facsimile:

THE COMMON SEAL of)
)
[RELEVANT TRANSMISSION LICENSEE])
was hereunto affixed in the presence of:-)

THE COMMON SEAL of)
[])
was hereunto affixed in the presence of:-)

END OF SECTION O PART I C

CUSC - EXHIBIT O - PART II C

THE CONNECTION AND USE OF SYSTEM CODE

INTERFACE AGREEMENTS

PART II B- USER ASSETS ON RTL OFFSHORE PLATFORM

CUSC - EXHIBIT O - PART II C

DATED _____ 200[]

(1) [Insert name of Relevant Transmission Licensee (RTL)]

- and -

(2)

(User)

INTERFACE AGREEMENT

Relating to User Assets on
RTL Offshore Platform at []

I N D E X

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INTERFACE AGREEMENT
(ASSET LICENCE FACILITY AGREEMENT)
(USER ASSETS)

THIS DEED OF AGREEMENT is made on the _____ day of _____ 200[]

BETWEEN

- (1) **[Insert name of Relevant Transmission Licensee]** a company registered in [] with number [] whose registered office is at [(“RTL”, 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

Certain assets of the User are to be installed on the Offshore Platform title to which is vested in RTL and this Agreement is entered into by the Parties to give effect to appropriate arrangements in respect of such assets and also the use of certain facilities provided by RTL.

NOW IT IS HEREBY AGREED as follows:-

1. DEFINITIONS AND INTERPRETATION

In this Agreement, the following words and expressions shall, unless the subject-matter or context otherwise requires or is inconsistent therewith, bear the following meanings:-

“Act” _____ the Electricity Act 1989 as amended by Utilities Act 2000;

“Affiliate”	in relation to User means any holding company or subsidiary of that Party or any subsidiary of a holding company of User, in each case within the meaning of Sections 736, 736A and 736B of the Companies Act 1985 as substituted by Section 144 of the Companies Act 1989 and if that section is not in force at the date of this Agreement as if such section were in force at such date;
“Apparatus”	all equipment in which electrical conductors are used, supported or of which they may form a part;
“Authority”	the Gas and Electricity Markets authority established by Section 1 of the Utilities Act 2000;
“Authorised Electricity Operator”	any person (other than The Company in its capacity as operator of the National Electricity Transmission System) who is authorised to generate, participate in the transmission of, distribute or supply electricity and for the purposes of Standard Condition C4 of the Transmission Licence shall include any person who has made

application to be so authorised which application has not been refused and any person transferring electricity to or from Great Britain across an interconnector or who has made application for use of interconnector which has not been refused;

“Bilateral Connection Agreement”

the Bilateral Connection Agreement entered into between the User and The Company pursuant to the Connection Agreement and dated [];

“Connection Agreement”

the Connection and Use of System Code given contractual force by the CUSC Framework Agreement entered into by, amongst others, the User regarding, amongst other things, the connection of User’s Plant and Apparatus to the National Electricity Transmission System and the use by the User of such system;

“Competent Authority”

the Secretary of State, the Authority and any local or national agency, authority, department, inspectorate, minister (including the Scottish Ministers), ministry, official or public or statutory person (whether

autonomous or not) of, or of the government of, the United Kingdom or the European Community;

“Connection Site” [];

“CUSC Framework Agreement” means the agreement of that title, in the form approved by the Secretary of State, by which the Connection Agreement is made contractually binding between the parties to that agreement, as amended from time to time with the approval of the Secretary of State;

“Customer” a person to whom electrical power is provided (whether or not he is the provider of such electrical power) other than power to meet station demand of that person;

“Directive” includes any present or future directive, requirement, instruction, direction or rule of any Competent Authority, (but only, if not having the force of law, if compliance with the Directive is in accordance with the general practice of persons to whom the Directive is addressed) and includes any modification, extension

“Distribution System”

or replacement thereof then in force;

the system consisting (wholly or mainly) of electric lines owned or operated by any Authorised Electricity Operator and used for the distribution of electricity from grid supply points or generation sets or other entry points to the point of delivery to Customers or Authorised Electricity Operators, and includes any Remote Transmission Assets operated by such Authorised Electricity Operator and any electrical plant and meters owned or operated by the Authorised Electricity Operator in connection with the distribution of electricity, but shall not include any part of the National Electricity Transmission System;

“Emergency Personnel”

in relation to a Party, all employees of that Party who have appropriate knowledge and experience and are recognised by that Party as being able to carry out competently and safely emergency action for the purposes of clause 9;

“Facilities”	those assets or services listed in Schedule 4
“Force Majeure”	in relation to a Party, any event or circumstance which is beyond the reasonable control of that Party, and which results in or causes the failure of that Party to perform any of its obligations under this Agreement including any act of God, strike, lockout or other industrial disturbance, act of the public enemy, war declared or undeclared, threat of war, terrorist act, blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, lightning, fire, storm, flood, earthquake, accumulation of snow or ice, lack of water arising from weather or environmental problems, explosion, fault or failure of plant and apparatus which could not have been prevented by Good Industry Practice, governmental restraint, Act of Parliament legislation, bye-law, and Directive (not being any order, regulation or directive under Section 32, 33, 34 or 35 of the Act) Provided

that lack of funds shall not be interpreted as a cause beyond the reasonable control of that Party and provided, for the avoidance of doubt, that weather conditions which are reasonably to be expected at the location of the event or circumstance are also excluded as not being beyond the reasonable control of that **CUSC Party**;

“Fuel Security Code”

the document of that title designated as such by the Secretary of State as from time to time amended;

“Good Industry Practice”

in relation to any undertaking and any circumstances, the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances;

“Grid Code”

the document or documents produced pursuant to standard condition C14 of The Company Transmission Licence, as from time to time revised in accordance with

	The Company Transmission Licence;
“High Voltage Lines”	electric lines of a nominal voltage of or exceeding 132 kilovolts;
“HV”	of a nominal voltage exceeding 650 volts;
“Intellectual Property”	patents, trademarks, service marks, rights in designs, trade names, copyrights and topography rights (whether or not any of the same is registered and including applications for registration of any of the same) and rights under licences and consents in relation to any of the same and all rights or forms of protection of a similar nature or having equivalent or similar effect to any of the same which may subsist anywhere in the world;
“Licence”	any licence granted pursuant to Section 6 of the Act;
“Location Manager”	[];
“Low Voltage” or “LV”	Means a voltage not exceeding 250 volts;
“Medium Voltage” or “MV”	means a voltage exceeding 250 volts

but not exceeding 650 volts;

“Modification”

any alteration to or replacement of User Assets pursuant to clause 3.1 of this Agreement and “Modify” and “Modified” shall be construed accordingly;

“National
Transmission System”

Electricity the system consisting (wholly or mainly) of high voltage electric wires owned or operated by transmission licensees within Great Britain and Offshore and used for the transmission of electricity from one power station to a sub-station or to another power station or between sub-stations or to or from any external interconnection and includes any electrical plant or apparatus or meters owned or operated by any transmission licensee within Great Britain and Offshore in connection with the transmission of electricity but shall not include Remote Transmission Assets;

“Offshore”	Means, wholly or partly, in the Offshore Waters and when used in conjunction with another term and the terms together are not otherwise defined means that the associated term is to be read accordingly.
“Offshore Platform”	a single structure comprising of Plant and Apparatus located Offshore which includes one or more Offshore Grid Entry Points and which is more particularly described in Schedule 2
“Offshore Waters”	has the meaning given to “offshore waters” in Section 90(9) of the Energy Act 2004
“Party”	each person for the time being and from time to time party to this Agreement and any successor(s) in title to, or permitted assign(s) of, such person;
“Permitted Purpose”	means the maintenance, inspection, testing, removal, operation, modification or repair of the User’s Assets;
“Plant”	fixed and moveable items used in the generation and/or supply and/or transmission of electricity other than

“Regulations”	Apparatus; the Electricity Safety Quality and Continuity Regulations 2002 as amended from time to time;
“Relocation Proposal”	a proposal by RTL to the User pursuant to sub-clause 5.1 for the relocation of any of the User Assets;
“Remote Transmission Assets”	any Plant and Apparatus or meters owned by The Company which (a) are embedded in a Distribution System or a user system and which are not directly connected by Plant and/or Apparatus owned by The Company to a sub-station owned by The Company and (b) are by agreement between The Company and such public distribution system operator or user under the direction and control of such public distribution system operator or user;
“Right of Access”	full right and liberty during the currency of this Agreement to enter upon and through and remain upon [any part] [those parts of the Offshore Platform identified on the Plan] of RTL’s Offshore Platform PROVIDED to the extent necessary for a Permitted Purpose and subject to the provisions of clause 5;

“Relevant Transmission Licensee”	means [insert name of Offshore Transmission Owner]
“RTL Licence”	the licence granted to the RTL under Section 6 of the Act;
“Secretary of State”	has the meaning given to that term in the Act;
“Services”	In the context of Clause 8, the goods and services specified in Schedule 5;
“Site Specific Safety Rules”	the rules, procedures or current arrangements for and relating to safety co-ordination across boundaries (to permit work to or testing on the System of one of the Parties which, for this to be done safely, requires isolation and/or other precautions on Plant and/ or MV and/or LV Apparatus whether at, adjacent to or remote from the location of the work or testing) which the Parties mutually agree to use their best endeavours to formulate as soon as possible after the date of this Agreement and on the basis that any dispute as to their content shall be resolved in accordance with the provisions of Clause 10;

“The Company”	National Grid Electricity Transmission plc (No: 2366977) whose registered office is at 1-3 Strand, London WC2N 5EH;
“The Company Transmission Licence”	the licence granted to The Company under Section 6(1)(b) of the Act;
“User’s Assets”	those assets listed in Schedule 1 (including any plinths or other structures (excluding buildings) to or upon which the same are affixed and to or upon which no assets of any other person are affixed and any straps, bolts or other such things for attachment thereto) as any of the same may be Modified pursuant to this Agreement;
“User’s Licence”	the licence granted to the User under Section 6 of the Act;

In this Agreement:-

- (i) unless the context otherwise requires all references to a particular clause, sub-clause, paragraph or Schedule shall be a reference to that clause, sub-clause, paragraph or Schedule in or to this Agreement;

- (ii) the table of contents and headings are inserted for convenience only and shall be ignored in construing this Agreement;
- (iii) references to the words “include” or “including” are to be construed without limitation to the generality of the preceding words;
- (iv) unless there is something in the subject matter or the context which is inconsistent therewith, any reference to an Act of Parliament or any Section thereof or Schedule thereto, or other provision thereof or any instrument, order or regulation made thereunder shall be construed at the particular time as including a reference to any modification, extension, replacement or re-enactment thereof then in force and to all instruments, orders or regulations then in force and made under or deriving validity from the relevant Act of Parliament; and
- (v) references to the masculine shall include the feminine and references in the singular shall include the plural and vice versa and words denoting natural persons shall include companies, corporations and any other legal entity and vice versa.

2. RIGHT TO INSTALL AND RETAIN ASSET

- 2.1 Subject to sub-clause 5.1, the RTL hereby grants to User the right to install and thereafter retain and replace as provided in this Agreement User Assets on the RTL’s Offshore Platform in such places as are currently proposed (subject to such variations between the date hereof and the actual date of installation as may be agreed to by the RTL) and such right shall extend to any Modified User Assets. The RTL shall maintain any shelter and/or support enjoyed by any User Assets at the

date of this Agreement [or, if later, when relocated on the RTL's Offshore Platform in accordance with clause 5 and grants to User a Right of Access for the purpose of the maintenance, inspection, testing, removal, operation, modification or repair of any of User Assets.

3. MODIFICATIONS REPLACEMENTS AND ALTERATIONS

3.1 User may at its own expense replace or alter any User Assets provided that:-

3.1.1 the replacement User Assets or the User Assets as so altered:-

- (i) are placed in the same or approximately the same position;
- (ii) fulfil the same or a similar purpose;
- (iii) can, where relevant, be accommodated in and on existing buildings or structures;
- (iv) do not require additional or improved facilities or services from the RTL;
- (v) do not restrict the actual and intended use of the RTL's Offshore Platform and any equipment thereon or therein to any materially greater extent than the User Assets so replaced or altered; and
- (vi) are either of the same or a similar or smaller size or the alteration is effected substantially within the space occupied by such User Assets to enable the User Assets to be used up to their full capability; and

3.1.2 prior written notification has been given to the RTL.

- 3.2 If any replacement or alteration permitted by clause 3.1 shall require minor alterations or works to the existing buildings or structures housing or supporting the User Asset in question, such alterations or works may be carried out (with the prior written approval of the RTL (such approval not to be unreasonably withheld or delayed)) but at the cost of User.
- 3.3 To the extent that any of the conditions of clause 3.1 are not in RTL's reasonable opinion met in relation to any replacement or alteration, the RTL may by notice in writing require User promptly to remove such replacement or alteration and, if User fails to do so, may remove the same itself at the cost and expense of User. On such removal, User may reinstate the User Assets so replaced or altered.
- 3.4 For avoidance of doubt it is hereby agreed that any dispute between the Parties regarding this clause shall be determined in accordance with the provisions of Clause 10 of this Agreement.

4. SECURITY AND COMPLIANCE WITH STATUTES etc

- 4.1 The RTL undertakes to maintain and provide security in relation to User Assets in accordance with the arrangements set out in Part I of Schedule 3.
- 4.2 Each Party shall procure that, as between the Parties, all reasonable and necessary steps are taken, as and when necessary or desirable, in co-operation with the other Party (and, so far as applicable, with any third party), to ensure compliance with the provisions (each such provision or part thereof being in this clause 4 an "Obligation") of:-
- (i) all statutes and Directives applicable to any User Assets and/or any part (including the whole) of the RTL's Offshore Platform;

- (ii) any statute or Directive which may affect any other property (of whatever nature) of either Party as a result of the existence, nature, location, or manner of operation of any User Assets; and
- (iii) any statute or Directive requiring the reporting of any occurrence relating to or affecting any User Assets and/or the RTL's Offshore Platform (including the Reporting of Injuries Diseases and Dangerous Occurrence Regulations 1985 and the Regulations).

4.3 Each Party shall, so far as it is aware of the same, unless it has reasonable grounds for believing that the other Party possesses the information, keep the other Party informed of all matters relating to any Obligation or potential Obligation and/or the extent to which such Obligation may be applicable.

4.4 In the event of any dispute as to responsibility, as between the Parties, pursuant to clause 4.2, for compliance with an Obligation, that responsibility shall be allocated, so far as practicable, on the basis that:-

- (i) each Party shall refrain from taking or permitting any act or omission which would prevent compliance with an Obligation; and
- (ii) positive action required in relation to a Party's property as a consequence of the existence, nature, location or manner of operation of that property or any other property of that Party shall be the responsibility of that Party, and, to the extent that such action is required in respect of or affecting any property of

the other Party (or property of a third party located in or on that other Party's Offshore Platform), such action may be taken with the prior approval of that other Party (such approval, subject to (i) above, not to be unreasonably withheld or delayed).

4.5 The provisions for safety co-ordination between the Parties contained in Part II of Schedule 3 shall apply.

5. RELOCATIONS

5.1 At any time and from time to time during the term of this Agreement, the RTL may with the prior written consent of User (such consent not to be unreasonably withheld or delayed) require User to relocate any User Assets to a different location on the RTL Offshore Platform, such consent to be sought and given or refused in accordance with the following procedure:-

5.1.1 The RTL shall serve a written notice on User, which notice shall specify:-

- (a) the User Assets which the RTL wishes to be relocated;
- (b) the reasons for such wish;
- (c) the proposed new location for such User Assets; and
- (d) the timing of the carrying out of such relocation.

5.1.2 User shall within one month of receipt of any such notice (or such longer period as shall be reasonably necessary) serve a counter notice stating:-

- (a) whether or not in its reasonable opinion such Relocation Proposal is acceptable to it;

- (b) if the Relocation Proposal is not acceptable to User, the grounds for such opinion and the terms of any alternative proposal (the "Alternative Relocation Proposal") covering so far as relevant the matters referred to in items (a) - (d) of clause 5.1.1 which would be acceptable to User; and
- (c) in respect of the Relocation Proposal (if accepted) or of any Alternative Relocation Proposal, the costs likely to be incurred in connection with considering the Relocation Proposal or the Alternative Relocation Proposal and effecting the said relocation of the User Assets and the proper and reasonable costs of relocating any other equipment that may be necessary as a result of the relocation of those User Assets and any consequential losses including payments to third parties incurred as a result of the relocation of those User Assets and the proposed manner and timing of payment of the same by the RTL.

5.1.3 If within one month of the date of such counter notice (or such longer period as shall be reasonably necessary) the RTL has not withdrawn the Relocation Proposal and the Parties have not agreed upon it or the Alternative Relocation Proposal (if any) or a variation of either of them (such agreement to include agreement on the costs referred to in item (c) of clause 5.1.2) the matter shall be dealt with in accordance with Clause 10.

5.2 Upon approval or settlement of any Relocation Proposal, Alternative Relocation Proposal or variation thereof pursuant to clause 5.1, User shall [(conditionally upon it being able to obtain all necessary licences

and consents which it will use reasonable endeavours to do)) relocate or procure the relocation of the relevant User Assets as quickly as reasonably practicable (having regard to, amongst other things, technical and operational requirements [and to the availability of all necessary licences and consents]).

5.3 The RTL shall render all reasonable assistance to User in connection with such relocation [licences and consents] and pay to User all costs referred to in item (c) of clause 5.1.2 as agreed or settled pursuant to clause 5.1 provided that all reasonable endeavours are used to minimise such costs and in the event that a Relocation Proposal is withdrawn or consent thereto is reasonably withheld pursuant to clause 5.1, the RTL shall pay to User all costs reasonably incurred by User in connection with considering the Relocation Proposal and any counter notice.

5.4 Such of the provisions of this Agreement as are appropriate and relevant (including the provisions of this clause 5), shall continue to apply to any relocated User Assets.

6. REMOVALS

6.1 In the event that there shall cease to be a Bilateral Connection Agreement relating to any User Assets on the RTL's Offshore Platform User shall remove all User Assets from the RTL's Offshore Platform within [] or such longer period as shall be agreed between the RTL and the User and in accordance with the provisions relating thereto contained in the Connection Agreement and the Bilateral Connection Agreement.

6.2 Where User is obliged to remove any User Assets from the RTL's Offshore Platform, under this Clause 6, and fails to do so in accordance with the relevant provisions, (whether they be contained in this clause 6, clause 3 or clause 5) the RTL shall be entitled to remove those User Assets to land belonging to User and User shall provide all reasonable assistance to enable the RTL safely so to do and shall pay and reimburse to the RTL all costs and expenses reasonably incurred by the RTL in so doing.

7. RIGHTS OF ACCESS

7.1 A Right of Access includes the right to bring on to the RTL's Offshore Platform such vehicles, plant, machinery and maintenance or construction materials as shall be reasonably necessary for the Permitted Purpose.

7.2 A Right of Access given to User may be exercised by any person, including third party contractors, reasonably nominated from time to time by User. To the extent (if any) that any particular authorisation or clearances may be required to be given by the RTL and the procedures for giving and obtaining the same are not for the time being stipulated in arrangements made pursuant to clause 7.3, the same shall be given within a reasonable time from the date of the request therefor, save in the case of emergency in which case it shall be given without delay.

7.3 User shall procure that all reasonable arrangements and provisions are made and/or revised from time to time, as and when necessary or desirable, to facilitate the safe exercise by it of any Right of Access with the minimum of disruption, disturbance or inconvenience to the RTL. Such arrangements and provisions shall provide for the RTL to have the right to make directions or regulations from time to time in relation

to a specified matter. Matters to be covered by such arrangements and/or provision shall include:-

- (i) the identification of any relevant User Assets;
- (ii) the particular access routes applicable to the Offshore Platform in question having particular regard for the weight and size limits on those routes;
- (iii) any limitations on times of exercise of a Right of Access;
- (iv) any requirements as to prior notification and as to authorisation or security clearance of individuals exercising such Rights of Access, and procedures for obtaining the same;
- (v) the means of communication between the Parties and all employees and/or contractors who may be authorised from time to time by User to exercise a Right of Access of any relevant directions or regulations made by the RTL;
- (vi) the identification of and arrangements applicable to Emergency Personnel.
- (vii) Any limitation or restriction on the exercise of such Right of Access to the extent that in the circumstances is reasonable

7.4 User shall procure that any such arrangements and/or provisions (or directions or regulations issued by the RTL pursuant thereto) made from time to time between the Parties shall be observed and performed by it and all persons authorised by it to exercise any Right of Access.

7.4.1 User shall procure that all reasonable steps are taken in the exercise of any Right of Access to:-

- (a) avoid or minimise damage to the RTL's Offshore Platform, or any other property thereon or therein;
- (b) cause as little disturbance and inconvenience as possible to the RTL or other occupier of the RTL's Offshore Platform;

and shall promptly make good any damage caused to the RTL's Offshore Platform and/or such other property in the course of the exercise of such rights and shall indemnify the RTL against all actions, claims, proceedings, losses, costs and demands arising out of such exercise.

7.4.2 Subject to clause 7.4.1, all such rights shall be exercisable free of any charge or payment of any kind.

7.5 Subject to any contrary arrangements for the time being made under clause 7.3,

7.5.1 a Right of Access for operation or inspection shall be available without prior notice;

7.5.2 a Right of Access for the purpose of maintenance, testing or repair of HV Apparatus shall only be exercisable on the giving of at least [seven days] prior written notice to the RTL except in the case of loss of generation or demand or other emergency (in which event the RTL shall render all possible assistance in procuring that the Right of Access shall be exercisable as soon as possible); and

7.5.3 a Right of Access for the purpose of Modifying any User Assets shall be exercisable only after [two weeks] prior written notice to the RTL.

8. SERVICES AND USE OF ASSETS

8.1 Subject as hereinafter provided, in relation to the Facilities, RTL shall, if required by User, make the Facilities in question available for use by User to such extent as is necessary for the purposes of User's undertaking but not so as to prejudice the use now or hereafter of such Facilities by the RTL for its undertaking.

8.2 Subject as hereinafter provided, in relation to each of the Services, the RTL shall, if required by User, provide the same to User. Such provision shall be of such a quality and quantity and shall be provided at such times as User shall reasonably request. The RTL shall not be required to exceed the level of quality or quantity of the Services as are anticipated by the Parties at the date of this Agreement, unless specifically agreed otherwise between the Parties.

8.3 Where the use of any Facilities is made available or such Services are supplied as aforesaid, the Parties shall procure that all reasonable arrangements and provisions are made and/or revised from time to time, as and when necessary or desirable between the local personnel employed by each of them in that regard, such arrangements to include:-

8.3.1 the identification of the Facilities and/or Services in question including (where relevant) the extent of their availability;

8.3.2 the hours during which such use or provision shall be allowed or made;

- 8.3.3 any requirements as to notification of use or call for supply or temporary suspension thereof;
 - 8.3.4 any requirements as to authorisation or security clearance of individuals and the procedures for obtaining the same; and
 - 8.3.5 any safety requirements.
- 8.4 The provision of use of the Facilities listed in Schedule 4, Part One and the supply of the Services listed in Schedule 5, Part One shall not be terminated unless the RTL ceases to require the Facilities or Services for its own use in which case the supply of the Services or use of the Facilities may be terminated by not less than one year's notice in writing;
- 8.5 The provision of use of the Facilities listed in Schedule 4, Part Two and the supply of the Services listed in Schedule 5, Part Two shall continue until terminated by not less than six months notice in writing by either Party. The RTL shall maintain the Facilities in accordance with Good Industry Practice.

9. NON-INTERFERENCE

- 9.1 The RTL agrees that neither it nor its agents, employees and invitees will interfere in any way with any of User Assets without the consent of User. For the purposes of this clause "interfere" shall include:-
- 9.1.1 disconnecting or altering the connection of any User Assets to any system of cables, foundations, pipes, drains or other media to which it may be connected from time to time or to prevent supply of any substance or thing through such connected system;

- 9.1.2 affixing or removing any item or substance of any nature whatsoever to or from any User Assets;
 - 9.1.3 damaging any User Assets;
 - 9.1.4 allowing any other person to interfere with any User Assets;
 - 9.1.5 alter any meters or settings on any User Assets;
 - 9.1.6 the obstruction of access to any User Assets.
- 9.2 The obligations contained in this clause 9 shall be suspended to the extent that emergency action is taken by Emergency Personnel in good faith to protect the health and safety of persons or to prevent damage to property. All reasonable care shall be taken in the course of such emergency action. When the emergency has ended, any damaged property will be reinstated by User, save for damage occurring by reason of lack of reasonable care in the course of the emergency action taken by the RTL which shall be the responsibility of the RTL.

10. DISPUTE RESOLUTION

- 10.1 Any dispute arising under this Agreement between Location Managers of the Parties shall, if not resolved within 14 days of first arising, be referred at the instance of either party to the respective line managers, or those fulfilling a similar function whether or not so called, of the RTL and User who shall use all reasonable endeavours to resolve the matter in dispute within one month.
- 10.2 Save where expressly stated in this Agreement to the contrary (including the procedure for initial dispute resolution contained in clause 10.1) and subject to any contrary provision of the Act, any Licence, or the Regulations, or the rights, powers, duties and obligations of the

Authority or the Secretary of State under the Act, any Licence or otherwise howsoever, any dispute or difference of whatever nature howsoever arising under out of or in connection with this Agreement between the Parties shall (subject to any relevant initial dispute resolution procedures referred to in Clause 10.1 having been exhausted) be and is hereby referred to arbitration pursuant to the arbitration rules of the Electricity Supply Industry Arbitration Association in force from time to time.

- 10.3 Whatever the nationality residence or domicile of any Party and wherever the dispute or difference or any part thereof arose the law of England and Wales shall be the proper law of any reference to arbitration hereunder and in particular (but not so as to derogate from the generality of the foregoing) the provisions of the Arbitration Act 1996 (including any modification, extension, replacement or re-enactment thereof for the time being in force) shall apply to any such arbitration wherever the same or any part of it shall be conducted.

11. GOVERNING LAW AND JURISDICTION

- 11.1 This Agreement shall be governed by and construed in all respects in accordance with English law.
- 11.2 Subject and without prejudice to clause 10 and to clause 11.4 the Parties irrevocably agree that only the courts of England and Wales and the courts of Scotland are to have jurisdiction to settle any dispute which may arise out of or in connection with this Agreement and that accordingly any suit, action or proceeding (together in this clause 11 referred to as "Proceedings") arising out of or in connection with this Agreement may be brought in such courts.

- 11.3 Each Party irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any Proceedings in any such court as is referred to in this clause 11 and any claim that any such Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any Proceedings brought in the courts of England and Wales or the courts of Scotland shall be conclusive and binding upon such Party and may be enforced in the courts of any other jurisdiction.
- 11.4 For the avoidance of doubt nothing contained in the foregoing provisions of this clause 11 shall be taken as permitting a Party to commence Proceedings in the courts where this Agreement otherwise provides for proceedings to be referred to arbitration.

12. CONFIDENTIALITY

- 12.1 For the purposes of this Clause 12 except where the context otherwise requires:-

12.1.1 “Authorised Recipient”, in relation to any Protected Information, means any Business Person who, before the Protected Information had been divulged to him by the RTL or any subsidiary of the RTL, had been informed of the nature and effect of this clause 12 and who requires access to such Protected Information for the proper performance of his duties as a Business Person in the course of Permitted Activities;

12.1.2 “Business Person” means any person who is a Licensed Business Person, or a Corporate Functions Person and “Business Personnel” shall be construed accordingly.

- 12.1.3 “Confidential Information” means all data and other information supplied to User under the provisions of this Agreement.
- 12.1.4 “Corporate Functions Person” means any person who:-
- (a) is a director of the RTL; or
 - (b) is an employee of the RTL or any of its subsidiaries carrying out any administrative, finance or other corporate services of any kind which in part relate to the Licensed Business; or
 - (c) is engaged as an agent of or adviser to or performs work in relation to or services for the Licensed Business.
- 12.1.5 “Licensed Business” means any business of RTL or any of its associates authorised by its RTL Licence;
- 12.1.6 “Licensed Business Person” means any employee of the RTL or any Authority or employee of its subsidiaries who is engaged solely in its Licensed Business and “Licensed Business Personnel” shall be construed accordingly;
- 12.1.7 “Permitted Activities” means activities carried on for the purposes of the Licensed Business;
- 12.1.8 “Protected Information” means any information relating to the affairs of a Party which is furnished to Business Personnel pursuant to this Agreement unless, prior to such information being furnished, such Party has informed the recipient thereof by notice in writing or by endorsement on such information, that the said information is not to be regarded as Protected Information;

12.2 Confidentiality for the RTL and its Subsidiaries

The RTL and its subsidiaries in each of their capacities in this Agreement shall secure that Protected Information is not:-

12.2.1 divulged by Business Personnel to any person unless that person is an Authorised Recipient;

12.2.2 used by Business Personnel for the purposes of obtaining for the RTL or any of its subsidiaries or for any other person:-

(a) any Licence; or

(b) any right to purchase or otherwise acquire, or to distribute, electricity including by means of an electricity purchase contract (as defined in The Company Transmission Licence); or

(c) any contract or arrangement for the supply of electricity to customers or suppliers; or

(d) any contract for the use of any electrical lines or electrical plant belonging to or under the control of a supplier.

12.2.3 used by Business Personnel for the purpose of carrying on any activities other than Permitted Activities except with the consent in writing of the Party to whose affairs such Protected Information relates.

12.3 Nothing in this Clause 12 shall apply:-

12.3.1 to any Protected Information which, before it is furnished to Business Personnel is in the public domain;

12.3.2 to any Protected Information which, after it is furnished to Business Personnel:-

- (a) is acquired by the RTL or any subsidiary of the RTL in circumstances in which this Clause 12 does not apply; or
- (b) is acquired by the RTL or any subsidiary of the RTL in circumstances in which this Clause 12 does apply and thereafter ceases to be subject to the restrictions imposed by this Clause 12; or
- (c) enters the public domain otherwise than as a result of a breach by the RTL or any subsidiary of the RTL of its obligations in this Clause 12.

12.3.3 to the disclosure of any Protected Information to any person if the RTL or any subsidiary is required or permitted to make such disclosure to such person:-

- (a) in compliance with the duties of the RTL or any associate under the Act or any other requirement of a Competent Authority; or
- (b) in compliance with the conditions of its RTL Licence or any document referred to in its RTL Licence with which the RTL is required to comply; or
- (c) in compliance with any other requirement of law; or
- (d) in response to a requirement of any recognised stock exchange or regulatory authority or the Panel on Take-overs and Mergers; or

- (e) pursuant to the Arbitration Rules for the Electricity Supply Industry Arbitration Association or pursuant to any judicial or other arbitral process or tribunal.

12.3.4 to any Protected Information to the extent that the RTL or any of its subsidiaries is expressly permitted or required to disclose that information under the terms of any agreement or arrangement (including the Grid Code and the Fuel Security Code) with the Party to whose affairs such Protected Information relates.

12.4. The RTL and its subsidiaries may use all and any information or data supplied to or acquired by it, from or in relation to the other Party to this Agreement in performing its Permitted Activities and may pass the same to subsidiaries of the RTL which carry out such activities and the User hereto agrees to provide all information to the RTL and its subsidiaries for such purposes.

12.5 The Company and its subsidiaries may use all and any information or data supplied to or acquired by it from the RTL pursuant to Clause 12.3.3 in relation to this Agreement in performing its activities under The Company Transmission Licence including for the following purposes:

12.5.1 the operation and planning of the National Electricity Transmission System;

12.5.2 the calculation of charges and preparation of offers of terms for connection to or use of the National Electricity Transmission System;

and the User agrees to provide all information to the RTL and its subsidiaries for such purposes.

12.6 The RTL undertakes that, having regard to the activities in which any Business Person is engaged and the nature and effective life of the Protected Information divulged to him by virtue of such activities, neither the RTL nor any of its subsidiaries shall unreasonably continue (taking into account any industrial relations concerns reasonably held by it) to divulge Protected Information or permit Protected Information to be divulged to any Business Person:

- (a) who has notified the RTL or the relevant subsidiary of his intention to become engaged as an employee or agent of any other person (other than of the RTL or any subsidiary thereof);
- (b) who is authorised by licence or exemption to generate or supply electricity.

12.7 Without prejudice to other provisions of this clause 12 the RTL shall procure that any additional copies of the Protected Information, whether in hard copy or computerised form, will clearly identify the Protected Information as protected.

12.8 The RTL undertakes to use all reasonable endeavours to procure that no employee is a Corporate Functions Person unless the same is necessary for the proper performance of his duties.

12.9 Confidentiality for User

12.9.1 User hereby undertakes with the RTL and its subsidiaries that it shall preserve the confidentiality and secrecy of, and not

directly or indirectly reveal, report, publish, disclose or transfer or use for its own purposes Confidential Information except:-

- (a) in the circumstances set out in Clause 12.9.2;
- (b) to the extent expressly permitted by this Agreement; or
- (c) with the consent in writing of the RTL.

12.9.2 Exceptions: the circumstances referred to in Clause 12.9.1(a) are:-

- (a) where the Confidential Information, before it is furnished to User, is in the public domain; or
- (b) where the Confidential Information, after it is furnished to User:-
 - (i) is acquired by User in circumstances in which this Clause 12 does not apply; or
 - (ii) is acquired by User in circumstances in which this Clause 12 does apply and thereafter ceases to be subject to the restrictions imposed by this Clause 12; or
 - (iii) enters the public domain otherwise than as a result of a breach by User of its obligations in this Clause 12; or
- (c) if User is required or permitted to make disclosure of the Confidential Information to any person:-

- (i) in compliance with the duties of User under the Act or any other requirement of a Competent Authority;
 - (ii) in compliance with the conditions of any Licence or any document referred to in any Licence with which User is required to comply;
 - (iii) in compliance with any other requirement of law;
 - (iv) in response to a requirement of any stock exchange or regulatory authority or the Panel on Takeovers and Mergers; or
 - (v) pursuant to the Arbitration Rules for the Electricity Supply Industry Arbitration Association or pursuant to any judicial or other arbitral process or tribunal; or
- (d) where Confidential Information is furnished by User to the employees, directors, agents, lenders, consultants and professional advisers of User in each case on the basis set out in Sub-Clause 12.10.

12.10 With effect from the date of this Agreement User shall adopt procedures within its organisation for ensuring the confidentiality of all Confidential Information which it is obliged to preserve as confidential under this Clause 12. These procedures will include:

12.10.1 the Confidential Information will be disseminated within User only on a “need to know” basis;

12.10.2 employees, directors, agents, lenders, consultants and professional advisers of User in receipt of Confidential

Information will be made fully aware of User's obligations of confidence in relation thereto.

13. TITLE TO ASSETS

- 13.1 User acknowledges that it does not have and will not acquire any title, right or interest in the RTL's Offshore Platform save for such rights as are expressly granted herein or otherwise provided nevertheless that, if according to any rule of law, User could acquire any such title, right or interest in any of the RTL's Offshore Platform, then the User undertakes to do all that is required to transfer such right or interest to the RTL to ensure that the RTL shall not, by reason of such right or interest arising, have its full rights in such Offshore Platform diminished (and in the interim to hold such rights in trust for the RTL) and shall if requested by the RTL, be obliged forthwith to establish trust arrangements valid under Scottish law so as to ensure that any such right or interest shall be held on behalf of RTL .
- 13.2 The RTL agrees that it shall not by any act or default render User Assets liable to any distress execution or other legal process, and in the event that User Assets shall become so liable, shall forthwith give notice of any such proceedings to User and shall forthwith notify any third party instituting any such process of the ownership of such User Assets.
- 13.3 If the RTL desires to mortgage or charge RTL's Offshore Platform or its interest therein on which any User Assets are located or to enter into any arrangement which, if made, might affect the rights of User expressly granted herein, then the RTL shall ensure that User Assets are not and will not be subject to the rights granted therein and are not and will not be affected by the mortgage, legal charge or other

agreement or arrangement, and shall give prior written notification thereof to User.

- 13.4 In the event that the RTL shall wish to grant rights over or dispose of any interest in [or change the use of] the RTL's Offshore Platform the RTL shall notify User of such wish and fully consult User in respect thereof and shall not grant such rights or make such disposal or change of use save on terms securing to the reasonable satisfaction of that other the Rights of Access granted in respect of the RTL's Offshore Platform.

14. LIMITATION OF LIABILITY

- 14.1 Subject to sub-clauses 5.3, 6.2, 9.2, and 14.5 and save as provided in this sub-clause 14.1 and sub-clause 14.2 neither Party ("the Party Liable") nor any of its officers, employees or agents shall be liable to the other Party for loss arising from any breach of this Agreement other than for loss directly resulting from such breach and which at the date hereof was reasonably foreseeable as not unlikely to occur in the ordinary course of events from such breach and which resulted from:-

14.1.1 physical damage to the property of the other Party, its officers, employees or agents; and/or

14.1.2 the liability of the other Party to any other person for loss arising from physical damage to the property of any person.

- 14.2 Nothing in this Agreement shall exclude or limit the liability of the Party Liable for death or personal injury resulting from the negligence of the Party Liable or any of its officers, employees or agents and the Party Liable shall indemnify and keep indemnified the other Party, its officers, employees or agents, from and against all such and any loss or liability

which the other Party may suffer or incur by reason of any claim on account of death or personal injury resulting from the negligence of the Party Liable or any of its officers, employees or agents.

14.3 Subject to sub-clauses 5.3, 6.2, 9.2, and 14.5 neither Party, nor any of its officers, employees or agents shall in any circumstances whatsoever be liable to the other Party for:-

14.3.1 any loss of profit, loss of revenue, loss of use, loss of contract or loss of goodwill; or

14.3.2 any indirect or consequential loss; or

14.3.3 loss resulting from the liability of the other Party to any other person howsoever and whensoever arising save as provided in sub-clauses 14.1.2 and 14.2.

14.4 The rights and remedies provided by this Agreement to the Parties are exclusive and not cumulative and exclude and are in place of all substantive (but not procedural) rights or remedies express or implied and provided by common law or statute in respect of the subject matter of this Agreement, including any rights either Party may possess in tort which shall include actions brought in negligence and/or nuisance. Accordingly, each of the Parties hereby waives in the fullest extent possible all such rights and remedies provided by common law or statute, and releases the Party Liable, its officers, employees and agents to the same extent from all duties, liabilities, responsibilities or obligations provided by common law or statute in respect of the matters dealt with in this Agreement and undertakes not to enforce any of the same except as expressly provided herein.

14.5 Save as otherwise expressly provided in this Agreement, this clause 14 insofar as it excludes or limits liability shall override any other provision in this Agreement provided that nothing in this clause 14 shall exclude or restrict or otherwise prejudice or affect any of:-

14.5.1 the rights, powers, duties and obligations of either Party which are conferred or created by the Act, the User's Licence, the RTL's Licence or the Regulations or any amendment or re-enactment thereof; or

14.5.2 the rights, powers, duties and obligations of the Authority or the Secretary of State under the Act, any such licence as aforesaid or otherwise howsoever.

14.6 Each of the sub-clauses of this clause 14 shall:-

14.6.1 be construed as a separate and severable contract term, and if one or more of such sub-clauses is held to be invalid, unlawful or otherwise unenforceable the other or others of such sub-clauses shall remain in full force and effect and shall continue to bind the Parties; and

14.6.2 survive termination of this Agreement.

14.7 Each Party agrees that the Other Party holds the benefit of sub clauses 14.1, 14.2 and 14.3 above for itself and as trustee and agent for its officers, employees and agents

14.8 Each Party hereby acknowledges and agrees that the provisions of this clause 14 have been the subject of discussion and negotiation and are fair and reasonable having regard to the circumstances as at the date hereof.

15. INTELLECTUAL PROPERTY

All Intellectual Property relating to the subject matter of this Agreement conceived, originated, devised, developed or created by a Party, its officers, employees, agents or consultants during the currency of this Agreement shall vest in such Party as the sole beneficial owner thereof save where the Parties agree in writing otherwise.

16. FORCE MAJEURE

If either Party (the “Non-Performing Party”) shall be unable to carry out any of its obligations under this Agreement due to a circumstance of Force Majeure this Agreement shall remain in effect but save as otherwise provided herein the Non-Performing Party’s obligations hereunder shall be suspended without liability for a period equal to the circumstance of Force Majeure provided that:-

- (i) the Non-Performing Party gives the other Party prompt notice describing the circumstance of Force Majeure, including the nature of the occurrence, its expected duration and the particular obligations affected by it, and continues to furnish regular reports with respect thereto during the period of Force Majeure;
- (ii) the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure;
- (iii) no liabilities of either Party that arose before the Force Majeure causing the suspension of performance are excused as a result of the Force Majeure;

- (iv) the non-performing Party uses all reasonable efforts to remedy its inability to perform; and
- (v) as soon as practicable after the event which constitutes Force Majeure the Parties shall discuss how best to continue their operations so far as possible in accordance with this Agreement.

17. WAIVER

No delay by or omission of a Party in exercising any right, power, privilege or remedy under this Agreement shall operate to impair such right, power, privilege or remedy or be construed as a waiver thereof. Any single or partial exercise of any such right, power, privilege or remedy shall not preclude any other or future exercise thereof or the exercise of any other right, power, privilege or remedy.

18. NOTICES

- 18.1 Any notice or other communication to be given by one Party to the other under, or in connection with the matters contemplated by, this Agreement shall be addressed to the recipient and sent to the address, telex number or facsimile number of such other Party given in Schedule 6 and marked for the attention of the person so given or to such other address, telex number and/or facsimile number and/or marked for such other attention as such other Party may from time to time specify by notice given in accordance with this clause 18 to the Party giving the relevant notice or other communication to it.

18.2 Any notice or other communication to be given by one Party to the other Party under, or in connection with the matters contemplated by, this Agreement shall be in writing and shall be given by letter delivered by hand or sent by first class prepaid post (airmail if overseas) or telex or facsimile, and shall be deemed to have been received:-

18.2.1 in the case of delivery by hand, when delivered; or

18.2.2 in the case of first class prepaid post, on the second day following the day of posting or (if sent airmail from overseas) on the fifth day following the day of posting; or

18.2.3 in the case of telex, on the transmission of the automatic answerback of the addressee (where such transmission occurs before 1700 hours on the day of transmission) and in any other case on the day following the day of transmission; or

18.2.4 in the case of facsimile, on acknowledgment by the addressee's facsimile receiving equipment (where such acknowledgement occurs before 1700 hours on the day of acknowledgement) and in any other case on the day following the day of acknowledgement.

19. VARIATIONS

The provisions of Schedules 1, 3, 4, 5 and 6 may be varied from time to time by written memorandum signed by an authorised officer of each of the Parties. Subject thereto no variations to this Agreement shall be effective unless made by way of supplemental deed.

20. OVERRIDING PROVISIONS & GOOD INDUSTRY PRACTICE

20.1 In the event of any conflict between the RTL's or User's obligations hereunder and their obligations under the User's Licence and RTL's Licence, the Act, any direction of the Secretary of State, the Authority or ruling of the Competition Commission, the Grid Code, Connection Agreement or the Bilateral Connection Agreement, the provisions of the User's Licence and RTL's Licence, the Act, the Grid Code, Connection Agreement or Bilateral Connection Agreement, the direction of the Secretary of State, the Authority, or ruling of the Competition Commission shall prevail and accordingly the RTL and User respectively shall not be responsible for any failure to perform their respective obligations hereunder to the extent that any such failure is directly attributable to proper compliance with such provisions, rulings or directions.

20.2 Both parties shall observe their respective obligations hereunder in accordance with Good Industry Practice

21. ASSIGNMENT AND SUB-CONTRACTING

21.1 The rights and obligations of a Party may not be assigned (otherwise than to an Affiliate or by way of a charge or an assignment by way of security) without the consent of the other Party, such consent not to be unreasonably withheld.

21.2 Each Party shall have the right to sub-contract or delegate the performance of any of its obligations or duties arising under this Agreement without the consent of the other. The sub-contracting by either Party of the performance of any obligations or duties under this Agreement shall not relieve such Party from the liability for performance of such obligation or duty.

22. ILLEGALITY AND PARTIAL INVALIDITY

22.1 If at any time any provision of this Agreement should become or be declared unlawful, invalid, illegal or unenforceable in any respect under the law of any jurisdiction, neither the validity, legality or enforceability of the remaining provisions nor the validity, legality or enforceability of such provision under the law of any other jurisdiction shall be affected.

22.2 If any part of a provision of this Agreement is or becomes or is declared invalid, unlawful, illegal or unenforceable but the rest of such provision would remain valid, lawful or enforceable if part of the wording were deleted the provision shall apply with such modifications as may be necessary to make it valid, lawful, enforceable and effective but without affecting the meaning of legality, validity or enforceability of any other provision of this Agreement.

23. TERM AND TERMINATION

This Agreement shall continue until no User Assets are on the RTL's Offshore Platform and no Facilities or Services are shared or provided.

24. ENTIRE AGREEMENT

24.1 This Agreement contains the entire agreement between the Parties with respect to the subject-matter hereof, and expressly excludes any warranty, condition or other undertaking implied at law or by custom, and supersedes all previous agreements and understandings between the Parties with respect thereto and:-

- (i) each of the Parties acknowledges and confirms that it does not enter into this Agreement in reliance on any representation,

warranty or other undertaking not fully reflected in the terms of this Agreement; but

- (ii) User acknowledges that the RTL may have entered or may enter into agreements with other parties who hold a licence containing similar rights and/or liabilities to those contained in this Agreement affecting the RTL's Offshore Platform and any assets thereon. The RTL shall, when entering into such agreement with any such party, use reasonable endeavours to avoid conflicts between the provisions thereof and the provisions of this Agreement but in the event of any conflict the RTL shall use all reasonable endeavours to procure that appropriate arrangements are made to settle the same to give full effect (so far as practicable) to the rights and liabilities under this Agreement and under such other agreements as aforesaid. In the event of any dispute as to such conflict and/or arrangements the dispute shall be dealt with in accordance with Clause 10.

IN WITNESS whereof this Agreement has been entered into as a Deed the day and year first above written.

SCHEDULE 1

User's Assets on RTL Offshore Platform

SCHEDULE 2

RTL's Offshore Platform

SCHEDULE 3

Part I

Security Details (Clause 4.1)

Part II

Plant MV LV Apparatus Safety Co-Ordination Procedures (Cl.4.5)

- (1) The Parties will comply with the Site Specific Safety Rules and any agreed modifications thereto.
- (2) The Parties will arrange for the Site Specific Safety Rules to be written down and to be implemented by the person or persons responsible on behalf of the relevant Parties for the co-ordination of safety.

SCHEDULE 4
RTL OWNED FACILITIES

Part One

Part Two

SCHEDULE 5

SHARED SERVICES PROVIDED BY RTL

Part One

Part Two

SCHEDULE 6

Addresses, Fax Nos etc (Cl. 18.)

[Insert details of RTL]

[]

Telephone:

Facsimile:

[Insert details of User]

[]

Telephone:

Facsimile:

THE COMMON SEAL of)
[RELEVANT TRANSMISSION LICENSEE].....)
was hereunto affixed in the presence of:-)

THE COMMON SEAL of)
[)
was hereunto affixed in the presence of:-)

END OF SECTION O PART II C

CUSC – EXHIBIT P

**THE CONNECTION AND USE OF SYSTEM CODE – STTEC REQUEST
FORM**

DIRECTLY CONNECTED POWER STATION

EMBEDDED POWER STATION

INTERCONNECTOR OWNER

DISTRIBUTION INTERCONNECTOR

Please study the following notes before completing and signing the STTEC Request Form.

1. National Grid Company plc ("**The Company**") requires the information requested in this form for the purposes of considering and assessing whether or not to grant your **STTEC Request**. It is essential that the **User** supplies all information requested and provides all the confirmations required and that every effort should be made to ensure that such informations and confirmations are accurate.

Please note the same terms used in this form are defined in the Interpretation in Definitions (contained in Section 11 to the **CUSC**) and when this occurs the expressions have capital letters at the beginning of each word and are in bold.

2. Where **The Company** considers that any information provided by the **User** is incomplete or unclear then **The Company** will reject the **STTEC Request**.
3. The **User** may not make any change to the information provided.
4. **The Company** shall charge the **User**, and the **User** shall pay to **The Company** the non-refundable **STTEC Request Fee**. The fee will be charged by **The Company** in accordance with the **Charging Statements**. No **STTEC Request** will be considered until such payment has been received.
5. **The Company** will consider the **STTEC Request** in accordance with the terms of Paragraph 6.31 of the **CUSC**.
6. **The Company** may publish certain information in relation to **STTEC Requests** as specified in Paragraph 6.31.6 of **CUSC**.
7. Please complete this form and email it to [] and fax it to [].

The Company – REQUEST FOR SHORT TERM CAPACITY

Please ensure that you have studied the notes before completing and signing this form.

A. Details of User

Name:

Address:

Fax No.:

Email Address:

Registered Number:

Name Title and Contact Details (including email address) for the person authorised to deal with this **STTEC Request** for and on behalf of the **User**.

.....
.....

B. Bilateral Agreement details

Please detail the **Bilateral Agreement** reference number.

.....
....

C. Connection Site

Please detail the **Connection Site** or site of **Connection** to which the **STTEC Request** relates.

.....
.....

D. Type of STTEC Request

Please indicate whether the **STTEC Request** is a **Request for a STTEC Authorisation** or an **Application for a STTEC Offer**.

.....
.....

E. STTEC Period

Please provide the dates of the **STTEC Period** commencing on a Monday to which the **STTEC Request** relates.

For a **Request for a STTEC Authorisation**:

<u>STTEC Period</u>	<u>From</u> Must be a Monday	<u>To</u> 28 days later
28 days

For an **Application for a STTEC Offer**:

<u>STTEC Period</u>	<u>From</u>	<u>To</u>
No. of Days [28/35/42]	Must be a Monday	[28/35/42] days later
.....

F. Minimum and Maximum Levels (in whole MW)

Please provide details of the minimum and maximum level (in whole MW) of **Short Term Capacity** requested.

Minimum [] MW (Positive only)

Maximum [] MW (Positive only)
STTEC + TEC \leq CEC (on a station basis)

STTEC REQUEST FORM

1. We agree to pay the **STTEC Request Fee** on the terms specified in the **Notes** to this **Request Form**.
2. We confirm that the data submissions in respect of the **Connection Site** or site of **Connection** under the **Grid Code** are complete, accurate and up to date.
3. We confirm that our **STTEC Request** for the maximum level of **STTEC** requested plus **Transmission Entry Capacity** (plus any **STTEC** previously granted for any part of the **STTEC Period**) shall not exceed the total station **Connection Entry Capacity**.

Signed for and on behalf of the **User**

EXHIBIT Q

THE CONNECTION AND USE OF SYSTEM CODE

BELLA APPLICATION

EMBEDDED EXEMPTABLE LARGE POWER STATION

PLEASE STUDY THE FOLLOWING NOTES BEFORE COMPLETING AND SIGNING THIS APPLICATION FORM.

1. National Grid Company plc requires the information requested in this application form for the purposes of preparing a **BELLA Offer** the "**Offer**". It is essential that the **Applicant** should supply all information requested in this application form and that every effort should be made to ensure that such information should be accurate.
2. Please note that certain expressions which are used in this application form are defined in the Interpretations in Definitions (contained in Section 11 of the **CUSC**) and when this occurs the expressions have capital letters at the beginning of each word and are in bold.
3. Should **The Company** consider that any information provided is incomplete or unclear or **The Company** require further information in order that it may prepare the **Offer**, the **Applicant** will be requested to provide further information or clarification.
4. Should there be any change in any information provided by the **Applicant** after it has been submitted to **The Company**, the **Applicant** must immediately inform **The Company** of such a change.
5. **The Company** shall charge the **Applicant**, and the **Applicant** shall pay to **The Company**, **The Company's Engineering Charges** in relation to the application. An advance will be charged by **The Company** in accordance with the **Charging Statements**. No application will be considered until such advance has been paid. The balance of **The Company Engineering Charges** shall be notified and invoiced by **The Company** to the **Applicant** together with a breakdown of such charges and the **Applicant** shall pay the same within 28 days of the date of **The Company's** invoice. In the event that the advance and any other payments exceed the appropriate **The Company Engineering Charges** the excess shall be repaid forthwith to the **Applicant**. If **The Company** does not make an **Offer** to the **Applicant** in accordance with Paragraph 1.5 of the **CUSC** otherwise than by reason of withdrawal of the application by the **Applicant**, **The Company** will return the charges to the **Applicant**.
6. The effective date upon which the application is made shall be the later of the date when **The Company** has received the application fee under Paragraph 5 above, the date when **The Company** is reasonably satisfied that the **Applicant** has completed Sections A-C, and the date when the **Public Distribution System Operator(s)** to whom the **Applicant** is connecting makes an effective **Modification Application** to **The Company**. **The Company** shall notify the **Applicant** of such date.
7. **The Company** will make the **Offer**, in accordance with the terms of Paragraph 1.5 of the **CUSC**

8. **The Company** will make the **Offer** as soon as is reasonably practicable and in any event within 3 months of the effective date of the application or such longer period as the **Authority** agrees to. The **Offer** may, where it is necessary to carry out additional extensive system studies to evaluate more fully the impact the impact of the proposed development, indicate the areas that require more detailed analysis. Before such additional studies are required, the **Applicant** shall indicate whether it wishes **The Company** to undertake the work necessary to proceed to make a revised **Offer** within the 3 month period or, where relevant the timescale consented to by the **Authority**. To enable **The Company** to carry out any of the above mentioned necessary detailed system studies the **Applicant** may, at the request of **The Company**, be required to provide some or all of the **Detailed Planning Data** listed in Part 2 of the Appendix to the **Planning Code** which is part of the **Grid Code**.
9. In the course of processing your application, it may be necessary for **The Company** to consult the appropriate **Public Distribution System Operator(s)** on matters of technical compatibility of the **National Electricity Transmission System** with their **Distribution Systems** or to consult the **Relevant Transmission Licensees** to establish the works required on the **National Electricity Transmission System**. **The Company** shall need your authorisation to the release to the **Public Distribution System Operator(s)** or the **Relevant Transmission Licensees** of certain information contained in your application. If it is found by the **Public Distribution System Operator(s)** that any work is required on their **Distribution Systems** then it will be for the **Public Distribution System Operator(s)** and the **Applicant** to reach agreement in accordance with Paragraph 6.10.3 of the **CUSC**.
10. **The Company 's** offer will be based to the extent appropriate upon its standard form terms for a **BELLA**. The **Applicant** should bear in mind **The Company** standard form terms when making this application.
11. In particular please note that **The Company** will require as a condition of **Offer** that the **Applicant's Plant** or **Apparatus** should meet or provide the relevant technical requirements set out in the appendices of the **BELLA** to the **Offer**.
12. **Applicants** should appreciate that they will be required to perform **Mandatory Ancillary Services** to ensure that system operational standards can be achieved. This requirement may have implications towards plant specification. You should be satisfied before an application is made that your intended plant design can meet the requirements. The **Applicants** are therefore recommended to contact **The Company 's** headquarters for further information where our staff will be pleased to help.
13. Please complete this application form in black print and return it duly signed to Customer Agreements Manager, National Grid Company Plc, Warwick Technology Park, Gallows Hill, Warwick CV34 6DA (Tel No. 01926 653000).

14. For most up to date contact details Applicants are advised to contact The Company Website at www.nationalgrid.com/uk.
15. Applicants have the ability to choose whether they wish to apply on a fixed or variable application fee basis. Fixed application fee is derived from analysis of historical costs of similar applications. Variable application fee is based on an advance of the Transmission Licensee's Engineering and out of pocket expenses and will vary according to the size of the scheme and the amount of work involved. Applicants are requested to indicate their preferred application fee in question 6. Applicants are advised that further information can be obtained from the Charging Statements which can be found on National Grid Electricity Transmission plc's website. If Applicants require further assistance they are recommended to contact National Grid Electricity Transmission plc's Headquarters, where our staff will be pleased to help.

APPLICATION FOR A BELLA

Please study the notes before completing and signing this application form

A. Details of Applicant

1. Name:

.....
.....

2. Address:

.....
.....

3. Registered Office/Address [including email address for CUSC notices]:

.....
.....

4. Name, Title and Address of Contacts for the purposes of this application given description of the field of the responsibility of each person:

.....
.....

5. If the Applicant is an agent please give name(s) and addresses of person(s) for whom the Applicant is acting:

.....
.....

6. Please confirm whether you agree to us sending the **Offer** in electronic form instead of hard copy and, if so, confirm the address for this as follows.

Yes []

No []

Email address

7. Please identify which application fee basis you wish to use for this application.

Fixed application fee

Variable application fee

B. The Proposed Point of Connection to a Distribution System

1. Please identify [preferably by reference to an extract from ordnance survey map] the intended point of connection to the Distribution System.

.....
.....

C. Technical Information

1. Please provide the **Data** listed in Part 1 of the Appendix to the **Planning Code**. Note: the **Data** concerned forms part of the **Planning Code** and **Data Registration Code**. Applicants should refer to these sections of the **Grid Code** for an explanation.
2. Please indicate any terms which you are prepared to offer for:
 - A. Black Start Capability
 - B. Gas Turbine Fast Unit Fast Start
 - C. Synchronous Compensation
 - D. Pump Storage Units Spinning-in-Air
 - E. Pump Storage
 - F. Pump Storage Plant Fast Start from Standstill
 - G. Demand Reduction
 - H. Adjustment to Pumped Storage Unit Pumping Programme
 - I. Hot Standby

D. Enabling Works

1. We confirm we do not/do want the **Enabling Works** to be greater in scope than the **MITS Connection Works**.
2. If you want the **Enabling Works** to be greater in scope than the **MITS Connection Works** specify the concerns, reasons or technical requirements that you are seeking to address by this.

BELLA APPLICATION

Please study the notes before completing and signing this application form

1. We hereby apply for a **BELLA**.
2. We will promptly inform **The Company** of any change in the information given in this application as quickly as practicable after becoming aware of any such change.
3. We authorise the release of certain information to the appropriate **Public Distribution System Operators** or the **Relevant Transmission Licensees** should it be considered necessary.
4. We confirm that we are applying in the category of an **Embedded Exemptable Large Power Station** whose **Boundary Point Metering System** is [to be] registered in **SMRS** or in **CMRS** by a **User** who is responsible for the **Use of System Charges** associated with the **BM Unit** [to be] registered in **CMRS**.

Signed:
for and on behalf of the **Applicant**

Date:

END OF EXHIBIT Q

CUSC - EXHIBIT R

THE CONNECTION AND USE OF SYSTEM CODE

BELLA OFFER

EMBEDDED EXEMPTABLE LARGE POWER STATION

Our Ref: []

Date: []

The Company Secretary
[]

Dear Sir

BELLA Offer
[Site of Connection]/[Reference]

Set out below is our offer to enter into a **BELLA** in respect of [Sites/Sub Station]. Please note that certain expressions which are used in this Offer are defined in the Interpretation and Definitions (contained in Section 11 of **CUSC**) and where this occurs the expressions have capital letters at the beginning of each word and are in bold.

1. **The Company** offers to enter into a **BELLA** reference no. [] in the form and terms attached at Section A.
2. It is a condition of this offer that:
 - (i) if not already a **CUSC Party** you enter into a **CUSC Accession Agreement**;
 - (ii) you satisfy **The Company** that you have entered into a **Distribution Agreement** with the owner/operator of the **Distribution System** for the connection of the **User's Plant** to and the use of such **Distribution System**.
3. The technical conditions with which you must comply as a term of this offer are set out in the **Grid Code**. Additional or different technical conditions are set out in the appendices to the **BELLA**. It is your responsibility to ensure that your equipment complies with the requirements of the relevant conditions.
4. This offer is open for acceptance according to the terms of Paragraph 1.5 of the **CUSC**. Please note your right to make an application to the Authority to settle the terms of the **Offer** pursuant to Paragraph 1.6 of the **CUSC**.
5. Please note the provisions of Paragraph 6.10.4 of the **CUSC** in respect of interactive offers which, inter alia, allows **The Company** to vary the terms of this **Offer** if a **Connection** or **Modification Offer**, which interacts with this **Offer**, is accepted first. In terms of Paragraph 6.10.4 of the **CUSC**, **The Company** will advise you of another offer being made by **The Company**, which may interact with your **Offer**.
6. To accept this offer, please sign (and where issued by email, having printed off 2 copies of each) and return the originals of the **BELLA** [and **CUSC Accession Agreement**] attached to this offer as Section A. **The Company** will then itself execute the Agreements and one original of each will be returned to you for your retention. The Agreements are only affective in accordance with their terms once they have been countersigned by **The Company**.
7. This **Offer** is made on the basis of the **Connect and Manage Arrangements** [except that as requested the **Enabling Works** are greater in scope than the **MITS Connection Works**].

CUSC v1.3

8.. All communications in relation to this offer should, in the first instance, be directed to [].

Yours faithfully

.....
for and on behalf of National Grid Company plc

SECTION A
FORM OF BELLA AND CUSC ACCESSION AGREEMENT

V1.0

CUSC – EXHIBIT S

***THE CONNECTION AND USE OF SYSTEM CODE – LDTEC REQUEST
FORM***

DIRECTLY CONNECTED POWER STATION

EMBEDDED POWER STATION

INTERCONNECTOR OWNER

DISTRIBUTION INTERCONNECTOR

Please study the following notes before completing and signing the LDTEC Request Form.

1. National Grid Electricity Transmission plc ("**NGC**") requires the information requested in this form for the purposes of considering and assessing whether or not to grant your **LDTEC Request**. It is essential that the **User** supplies all information requested and provides all the confirmations required and that every effort should be made to ensure that such information and confirmations are accurate.

Please note the same terms used in this form are defined in the Interpretation in Definitions (contained in Section 11 to the **CUSC**) and when this occurs the expressions have capital letters at the beginning of each word and are in bold.

2. Where **NGC** considers that any information provided by the **User** is incomplete or unclear then **NGC** will reject the **LDTEC Request**.
3. The **User** may not make any change to the information provided.
4. **NGC** shall charge the **User**, and the **User** shall pay to **NGC** the non-refundable **LDTEC Request Fee**. The fee will be charged by **NGC** in accordance with the **Charging Statements**. No **LDTEC Request** will be considered until such payment has been received.
5. **NGC** will consider the **LDTEC Request** in accordance with the terms of Paragraph 6.31 of the **CUSC**.
6. **NGC** may publish certain information in relation to **LDTEC Requests** as specified in Paragraph 6.32.7 of **CUSC**.
7. Please complete this form and email it to [] and fax it to [].

NGC – REQUEST FOR SHORT TERM CAPACITY

Please ensure that you have studied the notes before completing and signing this form.

A. Details of User

Name:

Address:

Fax No.:

Email Address:

Registered Number:

Name Title and Contact Details (including email address) for the person authorised to deal with this **LDTEC Request** for and on behalf of the **User**.

.....

B. Bilateral Agreement details

Please detail the **Bilateral Agreement** date and reference number.

.....

C. Connection Site

Please detail the **Connection Site** or site of **Connection** to which the **LDTEC Request** relates.

.....

D. LDTEC Period

Please provide the dates of the **LDTEC Period** commencing on a Monday to which the **LDTEC Request** relates.

LDTEC Period	From	To
No. of Weeks	00.00 from [Monday]	23.59 [on any day no later than last day of Financial year]

.....

E. Minimum and Maximum Levels (in whole MW)

Please provide details of the minimum and maximum level (in whole MW) of **Short Term Capacity** requested.

Minimum [] MW (Positive only)

Maximum [] MW (Positive only)
LDTEC + STTEC + TEC < CEC (on a station basis)

F. Type of LDTEC

Please confirm what type of **LDTEC** is being requested

[**LDTEC Block** only]

[**LDTEC Indicative Block** only]

[**LDTEC Block** and **LDTEC Indicative Block**]

LDTEC Request Form

1. We agree to pay the **LDTEC Request Fee** on the terms specified in the **Notes** to this **Request Form**.
2. We confirm that the data submissions in respect of the **Connection Site** or site of **Connection** under the **Grid Code** are complete, accurate and up to date.
3. We confirm that our **LDTEC Request** for the maximum level of **LDTEC** requested plus **Transmission Entry Capacity** (plus any **STTEC** or **LDTEC** previously granted for any part of the **LDTEC Period**) shall not exceed the total station **Connection Entry Capacity**.

We consent to the disclosure of information by **NGC** in accordance with **CUSC** Paragraph 6.32.7.

Signed for and on behalf of the **User**

V1.0

CUSC EXHIBIT T

LDTEC AVAILABILITY NOTIFICATION

To [Title and Contact Details of **User**]

[Date]

Regarding **Bilateral Agreement** [reference number]

NGC hereby notifies the **User** that its **Available LDTEC** shall be:

[] MW (positive number)

for the **LDTEC Week[s]** commencing []

Signed on behalf of **NGC**

CUSC - EXHIBIT U

**THE CONNECTION AND USE OF SYSTEM CODE
REQUEST FOR A STATEMENT OF WORKS
USER THAT OWNS OR OPERATES A DISTRIBUTION SYSTEM**

**PLEASE STUDY THE FOLLOWING NOTES BEFORE COMPLETING AND
SIGNING THIS APPLICATION FORM.**

- 1 **The Company** requires the information requested in this application form for the purposes of assessing the impact of a **Relevant Embedded Medium Power Station** or a **Relevant Embedded Small Power Station** upon the **National Electricity Transmission System**. It is essential that the **User** submitting this **Request for a Statement of Works** should supply all information requested in this application form and that every effort should be made to ensure that such information should be accurate. Please note certain information provided in this application may be used in accordance with Paragraph 6.35
- 2 Please note that certain expressions which are used in this application form are defined in the Interpretation and Definitions (contained in Section 11 of the **CUSC**) and when this occurs the expressions have capital letters at the beginning of each word and are in bold.
- 3 Should **The Company** consider that any information provided is incomplete or unclear or should **The Company** require further information in order that it may assess the impact of a **Relevant Embedded Medium Power Station** or a **Relevant Embedded Small Power Station** upon the **National Electricity Transmission System**, the **User** submitting this **Request for a Statement of Works** will be requested to provide further information or clarification.
- 4 Should there be any change in any information provided by the **User** submitting this **Request for a Statement of Works** after it has been submitted to **The Company**, the **User** submitting this **Request for a Statement of Works** must immediately inform **The Company** of such a change.
- 5 **The Company** shall charge the **User** submitting this **Request for a Statement of Works**, and the **User** submitting this **Request for a Statement of Works** shall pay to **The Company**, **The Company's** Engineering Charges in relation to the assessment. An advance will be charged by **The Company** in accordance with the **Charging Statements**. No **Request for a Statement of Works** will be considered until such advance has been paid. The balance of **The Company** Engineering Charges shall be notified and invoiced by **The Company** to the **User** submitting this **Request for a Statement of Works** together with a breakdown of such charges and the **User** submitting this **Request for a Statement of Works** shall pay the same within 28 days of the date of **The Company's** invoice. In the event that the advance and any other payments exceed the appropriate **The Company** Engineering Charges the excess shall be repaid forthwith to the **User** submitting this **Request for a Statement of Works**.
- 6 The effective date upon which the application is made shall be the later of the date when **The Company** has received the advance application

fee pursuant to Paragraph 5 above or the date when **The Company** is reasonably satisfied that the **User** submitting this **Request for a Statement of Works** has completed Sections A-D. **The Company** shall notify the **User** submitting this **Request for a Statement of Works** of such date.

- 7 **The Company** will assess the **Request for the Statement of Works** in accordance with the terms of Paragraph 6.5.5 (**Statement of Works**) and (where applicable) Paragraph 6.9 (**Modifications**) and Paragraph 6.10 (**Modifications** and **New Connection Sites**) of the **CUSC** and the **Transmission Licence**.
- 8 **The Company** will assess the **Request for a Statement of Works** as soon as is reasonably practicable and, in any event, will respond to the **User** with a **Statement of Works** in accordance with Paragraph 6.5.5.3 within 28 days of the effective date of the application or such later period as the **Authority** agrees to.
- 9 In the course of processing your **Request for a Statement of Works**, it may be necessary for **The Company** to consult the appropriate **Distribution System Operator(s)** on matters of technical compatibility of the **National Electricity Transmission System** with their **Distribution System(s)** or to consult the **Relevant Transmission Licensees** to establish the works required on the **National Electricity Transmission System**. On grounds of commercial confidentiality **The Company** shall need your authorisation to the release to the **Distribution System Operator(s)** or the **Relevant Transmission Licensees** of certain information contained in your application. Any costs incurred by **The Company** in consulting the **Distribution System Operator(s)** or **Relevant Transmission Licensees** would be included in the **The Company Charges** for the application. If it is found by the **Distribution System Operator(s)** that any work is required on their **Distribution System(s)**, then it will be for the **Distribution System Operator(s)** and the **User submitting this Request for a Statement of Works** to reach agreement in accordance with Paragraph 6.10.3 of the **CUSC**.
- 10 If the **User** submitting this **Request for a Statement of Works** is not already a **CUSC Party** the **User** submitting this **Request for a Statement of Works** will be required as part of this application form to undertake that he will comply with the provisions of the **Grid Code** for the time being in force. Copies of the **Grid Code** and the **CUSC** are available on the **The Company** website at www.nationalgrid.com/uk and the **User** submitting this **Request for a Statement of Works** is advised to study them carefully. Further copies are available on payment of **The Company's** copying charge, postage and packing. **Data** submitted pursuant to this application shall be deemed submitted pursuant to the **Grid Code**.
- 11 Any **Modification Offer** following the signed completion of a

Confirmation of Project Progression will be based to the extent appropriate upon its standard form terms for a **Modification Offer** and the **Charging Statements**.

- 12 Where the Applicant completes and signs a **Confirmation of Project Progression** following the **Statement of Works**, the Applicant has the ability to choose whether they wish to apply on a fixed price or variable price application fee basis. Fixed price application fee is derived from analysis of historical costs of similar applications. Variable price application fee is based on an advance of the Transmission Licensee's Engineering and out of pocket expenses and will vary according to the size of the scheme and the amount of work involved. Applicants are requested to indicate their preferred basis in the **Confirmation of Project Progression**. Applicants are advised that further information (including circumstances when the application fee may be refunded under the Statement of Use of System Charging Methodology) can be obtained from the Charging Statements which can be found on National Grid Electricity Transmission plc's website. If Applicants require further assistance they are recommended to contact National Grid Electricity Transmission plc's Headquarters', where our staff will be pleased to help.
- 13 Please complete this application form in black print and return it duly signed to **CUSC Panel Secretary**, National Grid Electricity Transmission plc, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA (Telephone No. 01926 65 3000).

For the most up to date contact details **Users** submitting this **Request for a Statement of Works** are advised to contact the **The Company** website at:

www.nationalgrid.com/uk

**A. DETAILS OF USER
SUBMITTING THIS REQUEST
FOR A STATEMENT OF WORKS**

1. Name:

2. Address:

3. Registered Office/Address (including e-mail address for CUSC notices and Registration Number):

4. Name, title and address of contacts for the purposes of this application, giving description of the field of responsibility of each person:

.....

5. If **User submitting this Request for a Statement of Works** is an agent, please give name(s) and address(es) of person(s) for whom the **User submitting this Request for a Statement of Works** is acting:

.....

B THE PROPOSED POINT OF CONNECTION TO A DISTRIBUTION SYSTEM

1. Please identify (preferably by reference to an extract from Ordnance Survey Map) the intended location of the **Plant** and **Apparatus** (the "User Development") which it is desired should be connected to the **Distribution System**.

.....
.....
.....

2. Please identify the intended **Grid Supply Point** through which that part of the **User's Distribution System** to which the **Relevant Embedded Medium Power Station** or **Relevant Embedded Small Power Station** is connected, connects to the **National Electricity Transmission System**.

.....
.....
.....

C TECHNICAL INFORMATION

Please provide the **Data** listed in Part 1 of the Appendix to the **Planning Code** in respect of the relevant **Distribution System** and the **Embedded Power Station** to the extent that the data will change from previously submitted Committed Project Planning Data or Connected Planning Data. Note: the **Data** concerned form part of the **Planning Code** and **Data Registration Code**. **User** submitting this **Request for a Statement of Works** should refer to these sections of the **Grid Code** for an explanation.

D PROGRAMME

Please provide the anticipated date when the **Embedded Power Station(s)** will have its connection **Energised** and/or commence use of the **Distribution System**

REQUEST FOR A STATEMENT OF WORKS

Please study the notes before completing and signing this application form.

- 1 We hereby submit a **Request for a Statement of Works** in respect of [.....] **Embedded Power Station** that is connecting to and/or using [.....]**Distribution System**.
- 2 We will promptly inform **The Company** of any change in the information given in this **Request for a Statement of Works** as quickly as practicable after becoming aware of any such change.
- 3 If we are not already a **CUSC Party** we undertake for the purposes of this application to be bound by the terms of the **Grid Code** from time to time in force and to sign a **CUSC Accession Agreement**.
- 4 We authorise the release of certain information, on the grounds of commercial confidentiality, to the appropriate operators of **Distribution System's** or **Relevant Transmission Licensees** should it be considered necessary.
- 5 We confirm that we do/do not meet the **Approved Credit Rating** and **The Company Credit Rating**.
- 6 We confirm that we are applying in the category of **Distribution System** directly connected to the **National Electricity Transmission System**.

Signed:

.....
For and on behalf of the Applicant

Date:.....

END OF EXHIBIT S

**EXHIBIT V
STATEMENT OF WORKS**

The Company Secretary
DNO name
Address1
Address2
Town
Postcode

Name.uk.ngrid.com
Direct tel +44 (0)
Direct fax +44 (0)

www.nationalgrid.com

XX Month Year

For the Attention of ##

Dear Sir/Madam

**Re: Statement of Works Dated XXXXXX
[Generator]
[at GSP]
[User Agreement Reference No A/###/###-##EX(##) (“Bilateral
Agreement”)]**

I refer to your **Request for a Statement of Works** dated [] in relation to the possible connection of the above Licence Exempt **Embedded Generator** in your **Distribution System** (the “Project”).

We have now undertaken an initial assessment of the significance of the Project and [believe the **Power Station** has a significant impact on the **National Electricity Transmission System** (for the avoidance of doubt, such significant impact involves either party in an expenditure of more than £10,000] would advise you of the following implications:-

- i. Requirement for works on the **National Electricity Transmission System** where such works are not at a **Connection Site**

Yes/No
- ii. Requirement for works to the **National Electricity Transmission System** at a **Connection Site (Grid Supply Point)**

Yes/No

- iii. Necessity for **Site Specific Requirements** (at the site of connection) of the **Power Station**) **Yes/No**

If no works have been identified include the following:

[As this **Statement of Works** does not specify any works as being required nor any **Site Specific Requirements** as being necessary, our letter completes the process required for in respect of your **Request for a Statement of Works** for the purposes of Paragraph 6.5.1(a)(i)]

If works have been identified include the following:

[This **Statement of Works** will remain valid for a period of 90 **Business Days** from the date hereof, i.e. until

XX Month Year (“Expiry Date”)

After the Expiry Date this Statement of Works will lapse.

Should your customer wish to progress the Project, you will need to advise us of this fact by signing and returning to **The Company** the **Confirmation of Progression** form attached hereto by the **Expiry Date**.

Any signed **Confirmation of Progression** (together with the appropriate fee) received by **The Company** by the **Expiry Date**, together with the information included in the **Request for a Statement of Works**, shall be deemed to be **Modification Application** for the purposes of the **Charging Statements** and for Paragraphs 1.3.2, 6.9.2, 6.9.3 and 6.10 of the **CUSC** which shall apply thereto.

Modification Applications (including deemed **Modification Applications**) will only be valid under this process if received by **The Company** on or before the **Expiry Date**. In such event the **Expiry Date** shall not be extended, and this **Statement of Works** will lapse after the **Expiry Date** except where **The Company** agrees in writing that a revised **Statement of Works** is not reasonably required.

This **Statement of Works** has been assessed as at the date of issue. In the event that the system background changes on or before the **Expiry Date** of this **Statement of Works**, or before the **User** has completed, signed and returned the **Confirmation of Project Progression** with the appropriate fee, **The Company** reserves the right to revise any and all aspects of this **Statement of Works** and will notify the **User** of any changes to this **Statement of Works**.

This **Statement of Works** is made on the basis of and is only valid in respect of the information provided by the **User** in the **Request for a Statement of Works**. If the **User** wishes to make any changes to any information submitted with the **Request for a Statement of Works** a new **Request for Statement of Works** must be submitted to **The Company** before **Energisation** of the connection can take place. Please note, you may not energise the connection of the Project without having received a written notification from **The Company** that the process set out in Paragraph 6.5 of CUSC has been complied with in full.

Please note this **Statement of Works** should be forwarded to the **Power Station** as soon as reasonably practicable in accordance with Paragraph 6.5.5.3 of the CUSC.

Yours faithfully

For and on behalf of
National Grid Electricity Transmission plc

XX Month Year

For the Attention of ##

Dear Sir/Madam

Re: Statement of Works Dated XXXXXX
[Generator]
[at GSP]
[User Agreement Reference No A/###/###-##EX(##) (“Bilateral Agreement”)]

CONFIRMATION OF PROJECT PROGRESSION

We confirm that we have received agreement from the proposed power station developer in relation to the above **Statement of Works** that he/ she wish to progress with the Project.

We confirm that the information provided in the **Request for a Statement of Works** submitted on [#####] is correct and remains valid and we confirm that we will continue to comply with the terms of the **Request for a Statement of Works**.

We agree that by signing and returning this **Confirmation of Progression** (together with the appropriate fee) it shall, together with the information included in the **Request for a Statement of Works** and any further details as required by **The Company** pursuant to Paragraph 6.5.5.5, be treated as a **Modification Application**. We agree that any **Modification Offer** may comprise an agreement to vary the **Bilateral Agreement** and a **Construction Agreement**.

We wish to proceed on a [fixed] [variable] price application basis and enclosed the sum of £[#####] including VAT as set out in the current **Charging Statements** and hereby request a **Modification Offer** in respect of the **Statement of Works**.

We confirm we do not/do want the **Enabling Works** to be greater in scope than the **MITS Connection Works**. *[If you want the **Enabling Works** to be*

*greater in scope than the **MITS Connection Works** specify the concerns, reasons or technical requirements that you are seeking to address by this.*

Please note this **Confirmation of Project Progression** should be forwarded to the **Power Station** as soon as reasonably practicable in accordance with Paragraph 6.5.5.4 of the CUSC.

Signed

For and on Behalf of
Date

CUSC – EXHIBIT W

***THE CONNECTION AND USE OF SYSTEM CODE – TEMPORARY TEC
EXCHANGE RATE REQUEST FORM***

DIRECTLY CONNECTED POWER STATION

EMBEDDED POWER STATION

INTERCONNECTOR OWNER

DISTRIBUTION INTERCONNECTOR

Please study the following notes before completing and signing the Temporary TEC Exchange Rate Request Form.

1. National Grid Electricity Transmission plc ("**The Company**") requires the information requested in this form for the purposes of considering and assessing whether or not to grant your **Temporary TEC Exchange Rate Request**. It is essential that both **Joint TEC Exchange Users** supply all information requested and provides all the confirmations required and that every effort should be made to ensure that such information and confirmations are accurate.

Please note the same terms used in this form are defined in the Interpretation in Definitions (contained in Section 11 to the **CUSC**) and when this occurs the expressions have capital letters at the beginning of each word and are in bold.

2. Where **The Company** considers that any information provided by the **Joint TEC Exchange Users** is incomplete or unclear then **The Company** will reject the **Temporary TEC Exchange Rate Request**.
3. Neither **Joint TEC Exchange Users** may make any change to the information provided.
4. **The Company** shall charge the **Joint TEC Exchange Users**, and the **Joint TEC Exchange Users** shall pay to **The Company** the **Temporary TEC Exchange Rate Request Fee**. The fee will be charged by **The Company** in accordance with the **Charging Statements**. No **Temporary TEC Exchange Rate Request** will be considered until such payment has been received.
5. **The Company** will consider the **Temporary TEC Exchange Rate Request** in accordance with the terms of Paragraph 6.34 of the **CUSC**.
6. **The Company** may publish certain information in relation to **Temporary TEC Exchange Rate Requests** as specified in Paragraph 6.34.7 of **CUSC**.
7. Please complete this form and email it to [] and fax it to [].

REQUEST FOR A TEMPORARY TEC EXCHANGE RATE

Please ensure that you have studied the notes before completing and signing this form.

Temporary TEC Exchange Donor User

A1. Details of User

Name:

Address:

Fax No.:

Email Address:

Registered Number:

Name Title and Contact Details (including email address) for the person authorised to deal with this **Temporary TEC Exchange Rate Request** for and on behalf of the **User**.

.....

B1. Bilateral Agreement details

Please detail the **Bilateral Agreement** date and reference number.

.....

C1. Connection Site

Please detail the **Connection Site** or site of **Connection** to which the **Temporary TEC Exchange Rate Request** relates.

.....

Temporary TEC Exchange Recipient User

A2. Details of User

Name:

Address:

Fax No.:

Email Address:

Registered Number:

Name Title and Contact Details (including email address) for the person authorised to deal with this **Temporary TEC Exchange Rate Request** for and on behalf of the **User**.

.....

B2. Bilateral Agreement details

Please detail the **Bilateral Agreement** date and reference number.

.....

C2. Connection Site

Please detail the **Connection Site** or site of **Connection** to which the **Temporary TEC Exchange Rate Request** relates.

.....

D. Temporary TEC Exchange Period

Please provide the dates of the **Temporary TEC Exchange Period** (being for a minimum of four weeks and commencing on a Monday) to which the **Temporary TEC Exchange Rate Request** relates.

Temporary TEC Exchange Period

<u>From</u>		<u>To</u>
No. of Weeks	00.00 from	23.59
	[Monday]	[on any day no later than last day of Financial Year]

.....

E. MW donated by the Temporary TEC Exchange Donor User

Please provide details the level (in whole MW) of **Temporary Donated TEC**.

[.....] MW (Positive only)

Temporary TEC Exchange Rate Request Form

1. We agree to pay the **Temporary TEC Exchange Rate Request Fee**.
2. As Temporary **TEC Exchange Donor User** we confirm that the data submissions in respect of our **Connection Site** or site of **Connection** under the **Grid Code** are complete, accurate and up to date.
3. As Temporary **TEC Exchange Recipient User** we confirm that the data submissions in respect of our **Connection Site** or site of **Connection** under the **Grid Code** are complete, accurate and up to date
4. We consent to the disclosure of information by **The Company** in accordance with **CUSC** Paragraph 6.34.7

Signed for and on behalf of the:

Temporary TEC Exchange Donor User

.....

Temporary TEC Exchange Recipient User

.....

CUSC – EXHIBIT X

THE CONNECTION AND USE OF SYSTEM CODE – TEMPORARY TEC EXCHANGE NOTIFICATION OF INTEREST FORM

The Company will use the information provided in this form to enable it to publish information about the potential willingness of **User's** to enter into a **Temporary TEC Exchange Rate Request**.

Please complete this form and email it to [] and fax it to []

Details of the time period

Date must be within the current Financial Year

The earliest start date:

The earliest end date:

Details of the capacity that could be donated

Must be a whole number of MWs and shall not exceed the User's TEC

.....MW [must be positive]

Details of the User

The name of the **User**

.....

Preferred contact details of the **User**

.....

The **Connection Site** or site of **Connection**

.....

Date by which prospective recipients should contact the **User** if interested in proceeding with a **Temporary TEC Exchange**

Date must be within the current Financial Year

.....

We consent to the disclosure of information by **The Company** in accordance with **CUSC** Paragraph 6.34.7

Signed for and on behalf of the **User**

.....
To avoid any misunderstanding this is not to be construed as constituting an offer or invitation to treat in respect any TEC Exchange Trade

SCHEDULE 2 - EXHIBIT 1

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]

[FOR A DIRECTLY CONNECTED DISTRIBUTION SYSTEM]

[FOR A NON-EMBEDDED CUSTOMER SITE]

[FOR AN INTERCONNECTOR OWNER]

At []

Reference: []

CONTENTS

1. **Definitions, Interpretation and Construction**
 2. **Commencement**
 3. **The Connection Site and Transmission Connection Assets**
 4. **Connection Charges**
 - [5. **Use of System]** (*power station only*)
 6. **Credit Requirements**
 7. **Connection Entry Capacity and Transmission Entry Capacity**
 8. **Compliance with Site Specific Technical Conditions**
 - [9. **Electrical Boundary]** (*Non Standard Boundary only*)
 - [10. **Restrictions on Availability]** (*power station with Design Variation and/or Offshore Standard Design only*) [and **ET Restrictions on Availability]** (*power station connected via an ET Offshore Transmission System only*)
 11. **Term**
 12. **Variations**
 13. **General Provisions**
 14. **Outage of GIS Assets**
 15. **OTSDUW Build** *offshore power station providing offshore transmission system under OTSDUW build arrangements only*
- Appendix A The Connection Site and Transmission Connection Assets**
- Appendix B Connection Charges**
- Appendix C Connection Entry Capacity and Transmission Entry Capacity (Power Stations and Interconnector Owners)**
- Appendix F1 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**
- Appendix F5 Site Specific Technical Conditions - Load Shedding Frequency Sensitive Relays**

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 **National Electricity 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 **National Electricity 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**.
- (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**.]
- [(G) This **Bilateral Connection Agreement** is entered into on the basis of the **Connect and Manage Arrangements**. [*Directly Connected power Station and Distribution System where associated with Connect and Manage Power Station.*]]

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:-

“**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**;

["**Circuit []**" [insert detailed description of circuit(s) affected by the **Design Variation**] (*power station with **Design Variation** and/or **Offshore Standard Design** and/or **Non Standard Boundary** only*);]

["**ET Conditions**" any reduction in the **Maximum Export Capacity** and/or **Maximum Import Capacity** or disconnection or deenergisation of the **Offshore Transmission System** at the **ET Interface Point**;] (*power station connected via **ET Offshore Transmission System** only*)

["**ET Condition Period**" the period of time during which the **ET Conditions** apply;] (*power station connected via **ET Offshore Transmission System** only*)

["**ET Interface Point**" means [insert details];] (*power station connected via **ET Offshore Transmission System** only*)

"**GIS Assets**" the assets between the electrical boundary and the point within the **Gas Insulated Switchgear** where the busbar connects to the **Transmission** circuit which connects the **User** to the **National Electricity Transmission System**;

[where the boundary is in accordance with **CUSC** Paragraph 2.12.1(f) (i) only]

"**GIS Asset Outage**" the unavailability of the **GIS Assets** as a result of:

(a) a planned or unplanned incident occurring directly on the **GIS Assets** or

(b) the **GIS Assets** requiring to be **Deenergised** for health and safety reasons to allow for the planned or unplanned availability of a circuit in the immediate vicinity of the **GIS Assets**;

[where the boundary is in accordance with **CUSC** Paragraph 2.12.1(f) (i) only]

"**GIS Asset Outage Period**" the period of time during which the **GIS Asset Outage** applies;

[where the boundary is in accordance with **CUSC** Paragraph 2.12.1(f) (i) only]

["**Maximum Export Capacity**" the figure specified as such in Appendix C Part 4;] (*power station connected via **ET Offshore Transmission System** only*);

["**Maximum Import Capacity**" the figure specified as such in Appendix C Part 4;] (*power station connected via **ET Offshore Transmission System** only*)

["**Outage Conditions []**" the unavailability of **Circuit []** as a result of

(a) a [planned]/[unplanned]/[planned or unplanned] incident occurring directly on **Circuit []**; or

(b) **Circuit []** requiring to be **Deenergised** for health and safety reasons to allow for the planned or unplanned availability of a circuit in the immediate vicinity of **Circuit []**; (*power station with **Design Variation** and/or **Offshore Standard Design** and/or **Non Standard Boundary** only*)

["**Outage Period**" the period of time during which the **Outage Conditions** and/or reduced circuit capability apply; (*power station with **Design Variation** and/or **Offshore Standard Design** and/or **Non Standard Boundary** only*)

["**Notification of Circuit Restrictions**"] means the notification issued by **The Company** to the **User** in accordance with Clause [10.8] of this **Bilateral Connection Agreement**; (*power station with **Design Variation** and/or **Offshore Standard Design** and/or **Non Standard Boundary** only*)

"**Notification of GIS Asset Outage**" means the notification issued by **The Company** to the **User** in accordance with Clause [14.2] of this **Bilateral Connection Agreement**;

*[where the boundary is in accordance with **CUSC** Paragraph 2.12.1(f) (i) only]*

["**Notification of Outage Conditions**"] means the notification issued by **The Company** to the **User** in accordance with Clause [10.4] of this **Bilateral Connection Agreement**; (*power station with **Design Variation** and/or **Offshore Standard Design** and/or **Non Standard Boundary** only*)

["**Notification of Restrictions on Availability**"] means a **Notification of Outage Conditions** and/or a **Notification of Circuit Restrictions** as applicable; (*power station with **Design Variation** and/or **Offshore Standard Design** and/or **Non Standard Boundary** only*)

["**Notification of ET Restrictions on Availability**"] means the notification issued by **The Company** to the **User** in accordance with Clause [10.11] of this **Bilateral Connection Agreement** advising of the **ET Conditions**; (*power station via an **ET Offshore Transmission System** only*)

["**Relevant Circuits**"] means [Circuit []]; (*power station with **Design Variation** and/or **Offshore Standard Design** and/or **Non Standard Boundary** only*)

["**Transmission Related Agreement**"] means the agreement of even date entered into between the parties for the provision of and payment for **Balancing Services** in respect of **Bid-Offer Acceptances**; (*power station with **Design Variation** and/or **Offshore Standard Design** and/or **Non Standard Boundary** and/or via an **ET Offshore Transmission System** only*)

2. COMMENCEMENT

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

3. THE CONNECTION SITE AND TRANSMISSION CONNECTION ASSETS

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

4. CONNECTION CHARGES

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 [**CUSC Implementation Date**] [or] [**Charging Date**].

5. **[USE OF SYSTEM** (*power station only*)

The right to use the **National Electricity Transmission System** shall commence on and **Use of System Charges** shall be payable by the **User** from the [**CUSC Implementation Date**] [or] [**Charging Date**].]

6. **CREDIT REQUIREMENTS**

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**.

7. **CONNECTION ENTRY CAPACITY AND TRANSMISSION ENTRY CAPACITY**

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

7.2 Appendix C Part 3 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.

7.3 **The Company** shall monitor the **Users** compliance with its obligation relating to **Transmission Entry Capacity** against the sum of metered volumes of the **BM Units** set out in Part 3 of Appendix C submitted by the **User** for each **Settlement Period**.

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. **[ELECTRICAL BOUNDARY** (*Non Standard Boundary only*)

The division of ownership of **Plant** and **Apparatus** at the **Connection Site** shall be at [define ownership boundary]. For the avoidance of doubt, nothing in this Clause 9 shall effect any transfer of ownership in any **Plant** or **Apparatus**.]

10. **[RESTRICTIONS ON AVAILABILITY** (*power station with Design Variation and/or Offshore Standard Design and/or Non Standard Boundary only*) **[AND ET RESTRICTIONS ON AVAILABILITY - ET Offshore Transmission System only]**

10.1 [The division of ownership of **Plant** and **Apparatus** in Clause 9 above is contrary to the principles of ownership set out in **CUSC** Paragraph 2.12.]

10.2 [In addition the] [The] **User** acknowledges that the connection design which provides for connection to the **National Electricity Transmission System** is [a variation to the connection design as provided for in Chapter 2 or Chapter 4 (as appropriate) of the **NETS SQSS**] [of an **Offshore Standard Design – User connected at Offshore Transmission System** only [and the **User** further acknowledges that the **User** is connected at an **ET Offshore Transmission System** and that as such its rights under **CUSC** Paragraph 2.3 (Export of Power from Connection Site) and Paragraph 2.4 (Import of Power to Connection Site) are subject to the availability of the **Maximum Export Capacity** and **Maximum Import Capacity** and to the **ET Offshore Transmission System** not being disconnected from or deenergised at the **ET Interface Point- ET Offshore Transmission System** only] and the following provisions shall apply.

[10.3 It is a condition of the **NETS SQSS** that any **Design Variation** satisfies the criteria set out in paragraphs 2.15 to 2.18 (inclusive) for an Onshore Connection or 7.21 to 7.24 (inclusive) for an Offshore Connection of the **NETS SQSS** and on that basis [and in light of the non standard principles of ownership] the following provisions will apply.

*power station with **Design Variation** and/or **Non Standard Boundary** only]*

10.4 **The Company** shall issue to the **User** a notice that advises the **User** of the occurrence of the **Outage Conditions** and where practicable the expected **Outage Period**. Such notice shall be issued:

10.4.1 In the event that the **Notification of Circuit Outage** relates to a **Planned Outage** on the **National Electricity Transmission System**, where practicable, be in accordance with **Grid Code** OC2 requirements; or

10.4.2 In the event that the **Notification of Circuit Outage** relates to something other than a **Planned Outage** on the **National Electricity Transmission System** or relates to a **Planned Outage** on the **National Electricity Transmission System** but it is not practicable for such notice to be in accordance with **Grid Code** OC2 requirements, as soon as reasonably practicable and **The Company** and the **User** shall agree as soon as practicable after the date hereof the method of such notification.

10.4.3 **The Company** shall promptly notify the **User** when the **Outage Period** will or has ceased.

10.5 **The Company** shall be entitled to revise the **Notification of Circuit Outage** given under Clause 10.4 above at any time.

10.6 The **User** will acknowledge receipt of such **Notification of Circuit Outage** and where practicable shall revise its **Output Useable** forecast for the affected **BM Unit** accordingly.

10.7 Following such **Notification of Circuit Outage** in accordance with Clause 10.4:

10.7.1 [(i) In respect of the **Outage Conditions** [], the **User** shall (i) ensure that the **Maximum Export Limit** and **Maximum Import Limit** for the **BM Units** relating to

the **Power Station** reflects the outage of the **Relevant Circuits** and (ii) operate its **Power Station** to reflect the outage of the **Relevant Circuits** for all **Settlement Periods** or parts thereof falling within the **Outage Period**.]

10.7.2 In the event that the **User** does not comply with Clauses [] above, **The Company** shall issue **Bid-Offer Acceptances** to the **User** to reduce the export from and/or import to the affected **BM Unit** so that the effect is as if the **User** had complied with the relevant Clause, and the provisions of the **Transmission Related Agreement** shall apply.

10.8 **The Company** shall issue to the **User** a notice that advises the **User** of the occurrence of an event leading to a reduced circuit capability of **Circuit []** and where practicable the expected **Outage Period**. Such notice (including any revision) shall be issued:

10.8.1 In the event that the **Notification of Circuit Restriction** relates to a **Planned Outage** on the **National Electricity Transmission System**, where practicable, be in accordance with **Grid Code** OC2 requirements; or

10.8.2 In the event that the **Notification of Circuit Restriction** relates to something other than a **Planned Outage** on the **National Electricity Transmission System** or relates to a **Planned Outage** on the **National Electricity Transmission System** but it is not practicable for such notice to be in accordance with **Grid Code** OC2 requirements, such notice shall be given as soon as reasonably practicable and **The Company** and the **User** shall agree as soon as practicable after the date hereof the means of such notification.

10.8.4 **The Company** shall promptly notify the **User** when the period of reduced circuit capability will or has ceased.

10.9 **The Company** shall be entitled to revise the **Notification of Circuit Restriction** given under Clause 10.8 above at any time.

10.10 Following such **Notification of Circuit Restriction** in accordance with Clause 10.8:

10.10.1 [(i) In respect of the reduction in capability of **Circuit []**, the **User** shall (i) ensure that the **Maximum Export Limit** and **Maximum Import Limit** for the **BM Units** relating to the **Power Station** reflects the reduction in capability of the **Relevant Circuits** and (ii) operate its **Power Station** to reflect the reduction in capability of the **Relevant Circuits** for all **Settlement Periods** or parts thereof falling within the **Outage Period**.]

10.10.2 In the event that the **User** does not comply with Clauses [] above, **The Company** shall issue **Bid-Offer Acceptances** to the **User** to reduce the export from and/or import to the affected **BM Unit** so that the effect is as if the **User** had complied with the relevant Clause, and the provisions of the **Transmission Related Agreement** shall apply.

10.11 **The Company** shall issue to the **User** a notice that advises the **User** of the occurrence of the **ET Conditions** and where practicable the expected **ET Condition Period**. Such notice shall be issued as soon as reasonably practicable and **The**

Company and the **User** shall agree as soon as practicable after the date hereof the method of such notification.

10.12 **The Company** shall promptly notify the **User** when the **ET Condition Period** will or has ceased.

10.13 **The Company** shall be entitled to revise the **Notification of ET Restrictions on Availability** given under Clause 10.11 above at any time.

10.14 The **User** will acknowledge receipt of such **Notification of ET Restrictions on Availability** and where practicable shall revise its **Output Useable** forecast for the affected **BM Unit** to reflect the reduction in capability specified in the **Notification of Restrictions on Availability**.

10.15 Following such **Notification of ET Restrictions on Availability** in accordance with Clause 10.11:

10.15.1 the **User** shall (i) ensure that the **Maximum Export Limit** and **Maximum Import Limit** for the **BM Units** relating to the **Power Station** reflect the reduction in capability specified in the **Notification of ET Restrictions on Availability** and (ii) operate its **Power Station** to reflect the reduction in capability specified in the **Notification of ET Restrictions on Availability** for all **Settlement Periods** or parts thereof falling within the **ET Condition Period**.]

10.15.2 In the event that the **User** does not comply with Clause 10.15.1 above, **The Company** shall issue **Bid-Offer Acceptances** to the **User** to reduce the export from and/or import to the affected **BM Unit** so that the effect is as if the **User** had complied with the Clause, and the provisions of the **Transmission Related Agreement** shall apply.

10.16 Where the **User** becomes aware or is notified by **The Company** of any breach of Clauses 14.6 above the **User** shall forthwith take all reasonable steps to comply with the provisions of that Clause.

10.17 Where the **User** becomes aware or is notified by **The Company** of any breach of Clauses 10.7 or 10.10 [or 10.15] above the **User** shall forthwith take all reasonable steps to comply with the provisions of that Clause.

10.18 Where the **User** breaches in whole or in part the provisions of Clause 10.7 or Clause 10.10 [or 10.15] above, the **User** shall at **The Company's** request explain to **The Company's** satisfaction (acting reasonably) the reason for the breach and demonstrate to **The Company's** satisfaction that appropriate steps have been taken to ensure that such breach will not reoccur. In the event that the **User** does not do this **The Company** may give notice to the **User** reducing the **Transmission Entry Capacity** of the **Connection Site** and Appendix C of this **Bilateral Connection Agreement** shall be varied accordingly. This **Transmission Entry Capacity** shall apply until such time as the **User** has explained to **The Company's** reasonable satisfaction the reason for the breach and has demonstrated that appropriate steps have been taken to ensure that such breach

will not reoccur and Appendix C shall be automatically amended thereafter to reflect the reinstatement of the **Transmission Entry Capacity**.

10.19] If within 3 months of a breach of Clause 10.7 or Clause 10.10 [or 10.15] above which entitled **The Company** to take action under Clause 10.12\18 above, the **User** has still failed to provide the explanation and/or demonstration required by **The Company** under Clause 10.12\18 then **The Company** may treat such breach as an **Event of Default** for the purposes of Section 5 of the **CUSC** and following such breach may give notice of termination to the **User** whereupon this **Bilateral Connection Agreement** shall terminate and the provisions of **CUSC** Paragraph 5.4.7 shall apply.

10.20 For the avoidance of doubt any **Deenergisation** resulting from the **Outage Conditions** as set out in the relevant **Notification of Restrictions on Availability** [or **ET Conditions** as set out in the relevant **Notification of ET Restrictions on Availability**] constitutes an **Allowed Interruption**.

10.21.1 **The Company** and the **User** shall act in accordance with **Good Industry Practice** to minimise so far as reasonably practicable the occurrence and duration of (i) the **Outage Conditions** and (ii) an **Event** leading to reduced circuit capability of the **Relevant Circuits**. **The Company** and the **User** will, recognising the effect of the **Outage Conditions** and the reduced circuit capability on the **User's** operations, coordinate the **Outage Conditions** and the reduced circuit capability on the **National Electricity Transmission System** (where they occur as a result of a **Planned Outage**) and the **User's Plant and Apparatus** in accordance with **Good Industry Practice** and to the extent practicable. **The Company** and the **User** acknowledge however that even where **Planned Outages** are coordinated and agreed that **The Company** and/or the **User** may need to cancel or change such **Planned Outage**.

10.21.2 **The Company** and the **User** hereby acknowledge and agree that, where reasonably practicable, alternative operating arrangements shall be implemented to minimise the effect of **Outage Conditions** and reduced circuit capability [, including, but not limited to [describe potential arrangements]]. In the event that **The Company** and the **User** implement alternative operating arrangements in respect of an **Outage Condition** and reduced circuit capability, the provisions of Clauses 10.7 and 10.10 shall not apply to the extent that the alternative operating arrangements mitigate the restrictions (whether in whole or in part) that would otherwise apply to the **User** under this Clause 10 for all **Settlement Periods** or parts thereof falling within the **Outage Period** or period of reduced circuit capability.

[10.22 In the event that the **National Electricity Transmission System** conditions subsequently change such that the conditions required for a design variation under the **NETS SQSS** are no longer met then **The Company** shall be entitled to revise Clause 1, this Clause 10 and the **Outage Conditions** as necessary to ensure that such **NETS SQSS** conditions continue to be met. *power station with Design Variation only*]

11. TERM

Subject to the provisions for earlier termination set out in the **CUSC** this **Bilateral Connection Agreement** shall continue until the **User's Equipment** is **Disconnected** from the **National Electricity Transmission System** at the **Connection Site** (or in the case of **OTSDUW Build**, the **OTSUA** is **Disconnected** from the **National Electricity Transmission System** at the **Transmission Interface Site** prior to the **OTSUA Transfer Time**) in accordance with Section 5 of the **CUSC**.

12. VARIATIONS

12.1.1 Subject to Clause 12.2, 12.3, 12.4 [and 12.5 *Offshore only*] 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**.

12.2 **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.

12.3 **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**.

12.4 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**.

[12.5 **The Company** has the right to vary this **Bilateral Connection Agreement** as necessary as provided for in Clause 1.2.3 of the **Construction Agreement**.
Offshore only]

13. GENERAL PROVISIONS

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

14. **[OUTAGE OF GIS ASSETS** (*power station/Non-Embedded Customer/DNO with boundary in accordance with **CUSC** Paragraph 2.12.1(f) (i) only*)

14.1 The division of ownership of **Plant** and **Apparatus** in Clause [9] above is in accordance with the principles of ownership set out in **CUSC** Paragraph 2.12.1 (f)(i) and as such the following provisions shall apply.

- 14.2 **The Company** shall issue to the **User** a notice that advises the **User** of the occurrence of the **GIS Asset Outage** and where practicable the expected **GIS Asset Outage Period**. Such notice shall be issued:
- 14.2.1 In the event that the **Notification of GIS Asset Outage** relates to a **Planned Outage** on the **National Electricity Transmission System**, where practicable, be in accordance with **Grid Code** OC2 requirements; or
- 14.2.2 In the event that the **Notification of GIS Asset Outage** relates to something other than a **Planned Outage** on the **National Electricity Transmission System** or relates to a **Planned Outage** on the **National Electricity Transmission System** but it is not practicable for such notice to be in accordance with **Grid Code** OC2 requirements, as soon as reasonably practicable and **The Company** and the **User** shall agree as soon as practicable after the date hereof the method of such notification.
- 14.3 **The Company** shall promptly notify the **User** when the **GIS Asset Outage Period** will or has ceased.
- 14.4 **The Company** shall be entitled to revise the **Notification of GIS Asset Outage** given under Clause 14.2 above at any time.
- 14.5 The **User** will acknowledge receipt of such **Notification of GIS Asset Outage** and in the case of a **User** in the category of a **Power Station** shall, where practicable, revise its **Output Useable** forecast for the affected **BM Unit** accordingly.
- 14.6 Following such **Notification of GIS Asset Outage** in accordance with Clause 14.2 a **User** in the category of a **Power Station** shall:
- 14.6.1 (i) ensure that the **Maximum Export Limit** and **Maximum Import Limit** for the **BM Units** relating to the **Power Station** reflects the outage of the **GIS Assets** and (ii) operate its **Power Station** to reflect the **GIS Asset Outage** for all **Settlement Periods** or parts thereof falling within the **GIS Asset Outage Period**.
- 14.6.2 In the event that the **User** does not comply with Clause 14.5 and Clause 14.6.1 above, **The Company** shall issue **Bid-Offer Acceptances** to the **User** to reduce the export from and/or import to the affected **BM Unit** to zero so that the effect is as if the **User** had complied with the Clauses and the provisions of the **Transmission Related Agreement** shall apply.

14.7 For the avoidance of doubt any **Deenergisation** resulting from the **GIS Asset Outage** as set out in the relevant **Notification of GIS Asset Outage** constitutes an **Allowed Interruption** in the case of a **User** in the category of a **Power Station** and shall relieve **The Company** from its obligations under **CUSC** Section 2 Paragraphs 2.2.1 and 2.4 in the case of a **User** in the category of a **Non-Embedded Customer** or a **Distribution System** directly connected to the **National Electricity Transmission System**.

15 OTSDUW Build

15.1 Where the **Transmission Interface Site** is to be **Operational** prior to the **OTSUA Transfer Time**, during such period the following provisions shall apply and the other provisions of this **Bilateral Connection Agreement** shall be construed accordingly.

15.2 The **OTSUA** will be connected to the **National Electricity Transmission System** at the **Transmission Interface Point** and:

- (i) until the **OTSUA Transfer Time** the provisions of **CUSC** Paragraphs 2.2, 2.3 and 2.4 shall apply by reference to the **Transmission Interface Site** rather than the **Connection Site**;
- (ii) until the **OTSUA Transfer Time** the obligation at **CUSC** Paragraph 2.5 shall apply by reference to the **Transmission Plant** and **Transmission Apparatus** at the **Transmission Interface Site**;
- (iii) until the **OTSUA Transfer Time**, in addition to its obligations at Clause 8 of this **Bilateral Connection Agreement**, the **User** shall operate the **OTSUA** in accordance with Appendices OF3 and OF4 to the **Construction Agreement**;
- (iv) until the **OTSUA Transfer Time** the **User** shall comply with the site specific technical conditions set out in Appendix OF5 to the **Construction Agreement** and **CUSC** Paragraph 2.9.3 shall also apply by reference to Appendices OF1, OF3, OF4 and OF5 as attached to the **Construction Agreement**;
- (v) the division of ownership of **Plant** and **Apparatus** at the **Transmission Interface Site** shall be at *[describe electrical or other boundary]* and where there are **GIS Assets** at the **Transmission** substation at the **Transmission Interface Site** the **GIS Outage Restrictions** will apply depending on such boundary;
- (vi) until the **OTSUA Transfer Time** the **Connection Charges** and **Use of System Charges** shall not take account of any **OTSUA** that will, at the **OTSUA Transfer Time**, become **Transmission Connection Assets**;

(vii) at and after the **OTSUA Transfer Time** the **Connection Charges** and **Use of System Charges** shall take account of the **OTSUA** (including any **OTSUA** that will become **Transmission Connection Assets**);

(viii) until the **OTSUA Transfer Time** the **Offshore Restrictions on Availability** shall not apply;

(ix) at the **OTSUA Transfer Time** the **Offshore Restrictions on Availability** shall apply.

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)

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>	<u>Year</u>
		(As at [])	

Part 2 - Post-Vesting Assets

<u>Allocation</u>	<u>Description</u>	<u>Age</u>	<u>Year</u>
		(As at [])	

Part 3 - Energy Metering Systems (*)

<u>Allocation</u>	<u>Description</u>	<u>Age</u>	<u>Year</u>
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(As at [])

(* 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: []

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 = £[]

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: []

APPENDIX C (Power Stations)

**CONNECTION ENTRY CAPACITY AND TRANSMISSION ENTRY CAPACITY [AND
MAXIMUM EXPORT CAPACITY AND MAXIMUM IMPORT CAPACITY - ET Offshore
Transmission System only]**

Company:

Grid Supply Point/Connection Site:

Part 1 Connection Entry Capacity

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

CEC(MW)

CUSC v1.8

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 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)

[Part 4 Maximum Export Capacity and Maximum Import Capacity – ET Offshore Transmission System only]

APPENDIX C (Interconnector Owners)

CONNECTION ENTRY CAPACITY AND TRANSMISSION ENTRY CAPACITY

Company:

Connection Site:

CUSC v1.8

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

APPENDIX F1

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

APPENDIX F5

SITE SPECIFIC TECHNICAL CONDITIONS:

LOAD SHEDDING FREQUENCY SENSITIVE RELAYS

END OF SCHEDULE 2 - EXHIBIT 1

SCHEDULE 2 - EXHIBIT 2

DATED [_____]

NATIONAL GRID ELECTRICITY TRANSMISSION PLC (1)

and

[_____] (2)

**THE CONNECTION AND USE OF SYSTEM CODE
BILATERAL EMBEDDED GENERATION AGREEMENT**

[USE OF SYSTEM FOR AN EMBEDDED POWER STATION]

[USE OF SYSTEM FOR A SMALL POWER STATION TRADING PARTY]

[DISTRIBUTION INTERCONNECTOR OWNER]

At [_____]

Reference: [_____]

CONTENTS

- 1. Definitions, Interpretation and Construction**
- 2. Commencement**
- 3. The Site of Connection to the Distribution System**
- 4. Charging Date**
- 5. Use of System**
- 6. Credit Requirements**
- 7. Entry Access Capacity**
- 8. Compliance with Site Specific Technical Conditions**
- 9. [Restrictions on Availability] (*power stations with Design Variation only*)**
- 10. Term**
- 11. Variations**
- 12. General Provisions**

Appendix A The Site of Connection

Appendix B Charges and Payment

Appendix C Transmission Entry Capacity

Appendix F1 Site Specific Technical Conditions – 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

Appendix F5 Site Specific Technical Conditions - Other

THIS **BILATERAL EMBEDDED GENERATION 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 **National Electricity Transmission System** and the provision of certain **Balancing Services**.
- (B) The **User** has applied for use of the **National Electricity Transmission System** and pursuant to the **Transmission Licence** **The Company** is required to offer terms for use of system.
- (C) The **User** has applied for use of the **National Electricity Transmission System** in the capacity of [] as set out in Paragraph 1.2.4 of the **CUSC**.
- (D) As at the date hereof, **The Company** and the **User** are parties to the **CUSC Framework Agreement** (being an agreement by which the **CUSC** is made contractually binding between the parties). This **Bilateral Embedded Generation Agreement** is entered into pursuant to the **CUSC** and shall be read as being governed by it.

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 9 of the **CUSC** have the same meanings, interpretations or constructions in this **Bilateral Embedded Generation Agreement**. [and the following terms and expressions shall have the meaning set out below:-

["**Circuit []**" [insert detailed description of circuit(s) affected by the design variation] (*power station with **Design Variation** only*);]

["**Outage Conditions []**" the unavailability of **Circuit []** as a result of

(a) a [planned]/ [unplanned]/ [planned or unplanned] incident occurring directly on **Circuit []**; or

(b) **Circuit []** requiring to be **Deenergised** for health and safety reasons to allow for the planned or unplanned availability of a circuit in the immediate vicinity of **Circuit []** (*power station with **Design Variation** only*);]

[“**Outage Period**” the period of time during which the **Outage Conditions** and/or reduced circuit capability apply (*power station with **Design Variation** only*).]]

[“**Notification of Circuit Restrictions**” means the notification issued by **The Company** to the **User** in accordance with Clause [9.2] of this **Bilateral Embedded Generation Agreement**; (*power station with **Design Variation** only*)]

[“**Notification of Outage Conditions**” means the notification issued by **The Company** to the **User** in accordance with Clause [9.4] of this **Bilateral Embedded Generation Agreement**; (*power station with **Design Variation** only*)]

[“**Notification of Restrictions on Availability**” means a **Notification of Outage Conditions** and/or a **Notification of Circuit Restrictions** as applicable; (*power station with **Design Variation** only*)]

[“**Relevant Circuits**” means [**Circuit []**]; (*power station with **Design Variation** only*)]

[“**Transmission Related Agreement**” means the agreement of even date entered into between the parties for the provision of and payment for **Balancing Services** in respect of **Bid-Offer Acceptances**; (*power station with **Design Variation** only*)]

2. COMMENCEMENT

This **Bilateral Embedded Generation Agreement** shall commence on [].

3. THE SITE OF CONNECTION TO THE DISTRIBUTION SYSTEM

The site of **Connection** of the **Embedded Power Station** [**Distribution Interconnector**] to the **Distribution System** to which this **Bilateral Embedded Generation Agreement** relates is more particularly described in Appendix A.

[The sites of **Connection** of the **Embedded Power Stations** [**Distribution Interconnector**] to the relevant **Distribution Systems** to

which this **Bilateral Embedded Generation Agreement** relates are more particularly described in Appendix A.]

4. CHARGING DATE

The date from which **Use of System Charges** shall be payable by the **User** (including **One-Off Charges** where applicable) shall be [].

5. USE OF SYSTEM

The right to use the **National Electricity Transmission System** shall commence on and **Use of System Charges** shall be payable by the **User** from the date hereof.

6. CREDIT REQUIREMENTS

[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 3 of the **CUSC**.]

7. TRANSMISSION ENTRY CAPACITY

7.1 The **Transmission Entry Capacity** of [each of the] site[s] of **Connection** is [are] and the[ir] value[s] for the purposes of Paragraph 3.2 of the **CUSC** are specified in Appendix C.

7.2 Appendix C Part 3 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 prepare and issue a revised Appendix C incorporating this information.

7.3 **The Company** shall monitor the **Users** compliance with its obligation relating to **Transmission Entry Capacity** against the sum of metered volumes of the **BM Units** set out in Part 3 of Appendix C and submitted by the **User** for each **Settlement Period**.

8. COMPLIANCE WITH SITE SPECIFIC TECHNICAL CONDITIONS

The site specific technical conditions applying to [each of] the site[s] of **Connection** are set out in Appendices F1 to F5 to this **Bilateral**

Embedded Generation Agreement as modified from time to time in accordance with Paragraph 6.9 of the **CUSC**.

- 9. [RESTRICTIONS ON AVAILABILITY (power stations with Design Variation only)]**
- 9.1 The design of the connection of the **Distribution System** (to which the **User** is to connect) to the **National Electricity Transmission System** is when studied under Chapter 2 of the **NETS SQSS** a variation to the connection design as provided for in that chapter. It is a condition of the **NETS SQSS** that any variation to the connection design satisfies the criteria set out in paragraphs 2.15 to 2.18 (inclusive) of the **NETS SQSS** and on that basis the following provisions shall apply.
- 9.2 **The Company** shall issue to the **User** a notice that advises the **User** of the occurrence of the **Outage Conditions** and where practicable the expected **Outage Period**. Such notice shall be issued:
- 9.2.1 In the event that the **Notification of Circuit Outage** relates to a **Planned Outage** on the **National Electricity Transmission System**, where practicable, in accordance with **Grid Code OC2** requirements; or
- 9.2.2 In the event that the **Notification of Circuit Outage** relates to something other than a **Planned Outage** on the **National Electricity Transmission System** or it relates to a **Planned Outage** on the **National Electricity Transmission System** but it is not practicable for such notice to be in accordance with **Grid Code OC2** requirements, as soon as reasonably practicable and **The Company** and the **User** shall agree as soon as practicable after the date hereof the method of such notification.
- 9.2.4 **The Company** shall promptly notify the **User** when the **Outage Period** will or has ceased.
- 9.3 **The Company** shall be entitled to revise the **Notification of Circuit Outage** given under Clause 9.2 above at any time.
- 9.4 The **User** will acknowledge receipt of such **Notification of Circuit Outage** and where practicable shall revise its **Output Useable** forecast for the affected **BM Unit** accordingly.
- 9.5 Following such **Notification of Circuit Outage** in accordance with Clause 9.2:
- 9.5.1 [(i) In respect of the **Outage Conditions** [], the **User** shall (i) ensure that the **Maximum Export Limit** and **Maximum Import Limit** for the **BM Units** relating to the **Power Station** reflects the outage of the **Relevant Circuits** and (ii) operate its **Power Station** to reflect the outage of the **Relevant Circuits** for all **Settlement Periods** or parts thereof falling within the **Outage Period**.]

- 9.5.2 In the event that the **User** does not comply with Clauses [] above, **The Company** shall issue **Bid-Offer Acceptances** to the **User** to reduce the export from and/or import to the affected **BM Unit** so that the effect is as if the **User** had complied with the relevant Clause, and the provisions of the **Transmission Related Agreement** shall apply.
- 9.6 **The Company** shall issue to the **User** a notice that advises the **User** of the occurrence of an event leading to a reduced circuit capability of **Circuit []** and where practicable the expected **Outage Period**. Such notice (including any revision) shall be issued:
- 9.6.1 In the event that the **Notification of Circuit Restriction** relates to a **Planned Outage** on the **National Electricity Transmission System**, where practicable, in accordance with **Grid Code OC2** requirements; or
- 9.6.2 In the event that the **Notification of Circuit Restriction** relates to something other than a **Planned Outage** on the **National Electricity Transmission System** or relates to a **Planned Outage** on the **National Electricity Transmission System** but it is not practicable for such notice to be in accordance with **Grid Code OC2** requirements, as soon as reasonably practicable and **The Company** and the **User** shall agree as soon as practicable after the date hereof the means of such notification.
- 9.6.3 **The Company** shall promptly notify the **User** when the period of reduced circuit capability will or has ceased.
- 9.7 **The Company** shall be entitled to revise the **Notification of Circuit Restriction** given under Clause 9.6 above at any time.
- 9.8 Following such **Notification of Circuit Restriction** in accordance with Clause 9.6:
- 9.8.1 [(i) In respect of the reduction in capability of **Circuit []**, the **User** shall (i) ensure that the **Maximum Export Limit** and **Maximum Import Limit** for the **BM Units** relating to the **Power Station** reflects the reduction in capability of the **Relevant Circuits** and (ii) operate its **Power Station** to reflect the reduction in capability of the **Relevant Circuits** for all **Settlement Periods** or parts thereof falling within the **Outage Period**.]
- 9.8.2 In the event that the **User** does not comply with Clauses [] above, **The Company** shall issue **Bid-Offer Acceptances** to the **User** to reduce the export from and/or import to the affected **BM Unit** so that the effect is as if the **User** had complied with the relevant Clause, and the provisions of the **Transmission Related Agreement** shall apply.
- 9.9 Where the **User** becomes aware or is notified by **The Company** of any breach of Clause 9.5 or Clause 9.8 above the **User** shall forthwith take all reasonable steps to comply with the provisions of that Clause.

- 9.10 Where the **User** breaches in whole or in part the provisions of Clause 9.5 or Clause 9.8 above, the **User** shall at **The Company's** request explain to **The Company's** satisfaction (acting reasonably) the reason for the breach and demonstrate to **The Company's** satisfaction that appropriate steps have been taken to ensure that such breach will not reoccur. In the event that the **User** does not do this **The Company** may give notice to the **User** reducing the **Transmission Entry Capacity** of the **Connection Site** and Appendix C of this **Bilateral Embedded Generation Agreement** shall be varied accordingly. This **Transmission Entry Capacity** shall apply until such time as the **User** has explained to **The Company's** reasonable satisfaction the reason for the breach and has demonstrated that appropriate steps have been taken to ensure that such breach will not reoccur and Appendix C shall be automatically amended thereafter to reflect the reinstatement of the **Transmission Entry Capacity**.
- 9.11 If within 3 months of a breach of Clause 9.5 or Clause 9.8 above which entitled **The Company** to take action under Clause 9.10 above, the **User** has still failed to provide the explanation and/or demonstration required by **The Company** under Clause 9.10 then **The Company** may treat such breach as an **Event of Default** for the purposes of Section 5 of the **CUSC** and following such breach may give notice of termination to the **User** whereupon this **Bilateral Embedded Generation Agreement** shall terminate and the provisions of **CUSC** Paragraph 5.4.7 shall apply.
- 9.12 For the avoidance of doubt any **Deenergisation** resulting from the **Outage Conditions** as set out in the relevant **Notification of Restrictions on Availability** constitutes an **Allowed Interruption**.
- 9.13.1 **The Company** and the **User** shall act in accordance with **Good Industry Practice** to minimise so far as reasonably practicable the occurrence and duration of (i) the **Outage Conditions** and (ii) an **Event leading to reduced circuit capability of the relevant circuits**. **The Company** and the **User** will, recognising the effect of the **Outage Conditions** and the reduced circuit capability on the **User's** operations, coordinate the **Outage Conditions** and the reduced circuit capability on the **National Electricity Transmission System** (where they occur as a result of a Planned Outage) and the **User's Plant and Apparatus** in accordance with **Good Industry Practice** and to the extent practicable. **Company** and the **User** acknowledge however that even where **Planned Outages** are coordinated and agreed that **The Company** and/or the **User** may need to cancel or change such **Planned Outage**.
- 9.13.2 **The Company** and the **User** hereby acknowledge and agree that, where practicable, alternative operating arrangements shall be implemented to minimise the effect of **Outage Conditions** [, including, but not limited to [describe potential arrangements]]. In the event that

The Company and the **User** implement alternative operating arrangements in respect of an **Outage Condition**, the provisions of Clause 9.5 and Clause 9.8 shall not apply to the extent that the alternative operating arrangements mitigate the restrictions (whether in whole or in part) that would otherwise apply to the **User** under this Clause 9 for all **Settlement Periods** or parts thereof falling within the **Outage Period**.

- 9.14 In the event that the **National Electricity Transmission System** conditions subsequently change such that the conditions required for a design variation under the **NETS SQSS** are no longer met then **The Company** shall be entitled to revise Clause 1, this Clause 9 and the **Outage Conditions** as necessary to ensure that such **NETS SQSS** conditions continue to be met.]

10. TERM

Subject to the provisions for earlier termination set out in the **CUSC**, this **Bilateral Embedded Generation Agreement** shall continue until all of the **User's** equipment [or **Equipment** for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**] is **Disconnected** from the relevant **Distribution System** at the site[s] of **Connection** as provided in Section 5 of the **CUSC**.

11. VARIATIONS

- 11.1 Subject to 11.2 and 11.3, no variation to this **Bilateral Embedded Generation Agreement** shall be effective unless made in writing and signed by or on behalf of both **The Company** and the **User**.
- 11.2 **The Company** and the **User** shall effect any amendment required to be made to this **Bilateral Embedded Generation 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.
- 11.3 **The Company** has the right to vary Appendix B in accordance with this **Bilateral Embedded Generation 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**.

12. GENERAL PROVISIONS

Paragraph 6.10 and Paragraphs 6.12 to 6.26 of the **CUSC** are incorporated into this **Bilateral Embedded Generation 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)

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

APPENDIX A
THE SITE OF CONNECTION

1. SITE[s] OF CONNECTION

Company

:

Site[s] of Connection :

Owner[s] / Operator[s] of Distribution System:

APPENDIX B
CHARGES AND PAYMENT

Company :

Site of Connection:

1. PART 1: ONE-OFF CHARGES

2. PART 2: MISCELLANEOUS CHARGE(S)

APPENDIX C

TRANSMISSION ENTRY CAPACITY

Part 1 Transmission Entry Capacity

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

	TEC(MW)
Power Station	[]

Part 2 BM Units comprising Power Station

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

APPENDIX FI

SITE SPECIFIC TECHNICAL CONDITIONS:

AGREED BALANCING SERVICES

APPENDIX F2

[NOT USED]

APPENDIX F2

SITE SPECIFIC TECHNICAL CONDITIONS:

SPECIAL AUTOMATIC FACILITIES

APPENDIX F3

SITE SPECIFIC TECHNICAL CONDITIONS: PROTECTION

AND CONTROL RELAY SETTINGS

FAULT CLEARANCE TIMES

APPENDIX F4

SITE SPECIFIC TECHNICAL CONDITIONS:

OTHER

END OF SCHEDULE 2 - EXHIBIT 2

SCHEDULE 2 EXHIBIT 3

PART 1

For use with User's in the categories of (i) Power Stations directly connected to the National Electricity Transmission system, (ii) Embedded Power Stations which are the subject of a Bilateral Embedded Generation Agreement, Interconnectors directly connected to the National Electricity Transmission system or (iv) where, associated with Distributed Generation, a Distribution System directly connected to the National Electricity Transmission System

Please note that as the Connect and Manage Arrangements do not apply to Interconnectors, this construction agreement will be adapted accordingly to reflect that, other than in the context of the Cancellation Charge arrangements, it will be based on the form at PART 2

INDICATIVE

DATED [] 200[1]

NATIONAL GRID ELECTRICITY TRANSMISSION PLC (1)

and

[] (2)

THE CONNECTION AND USE OF SYSTEM CODE

CONSTRUCTION AGREEMENT

CONTENTS

<u>Clause</u>	<u>Title</u>
1	Definitions, Interpretation and Construction
2	Carrying out of the Works
3	Delays
4	Commissioning Programme and Liquidated Damages
5	Approval to Connect/Energise/Become Operational
6	Independent Engineer
7	Becoming Operational
8	Compliance with Site Specific Technical Conditions
9	Provision of Security
10	Event of Default
11	Termination
12	Term
13	CUSC
14	Disputes
15	Variations
16	Distributed Generation
Appendix B1	One Off Works
Appendix G	Transmission Connection Asset Works
Appendix H	Transmission Reinforcement Works
Appendix I	User's Works
Appendix J	Construction Programme
Appendix K	Liquidated Damages

CUSC v1.10

Appendix L Independent Engineer

Appendix MM Attributable Works and Key Consents

Appendix N Third Party Works

THIS CONSTRUCTION AGREEMENT is made on the [] day of [] 200[1]

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** has prepared a Connection and Use of System Code (**CUSC**) setting out the terms of the arrangements for connection to and use of the **National Electricity Transmission System** and the provision of certain **Balancing Services**.
- (B) The **User** has applied for [connection to] [and use of] [modification to its connection to] [or use of] the **National Electricity Transmission System** and pursuant to Standard Condition C8 of the **Transmission Licence**, **The Company** is required to offer terms in accordance with the **CUSC** in this respect **or** [specific recital to reflect that the **Construction Agreement** is an amendment of an existing signed offer pursuant to the **CUSC** amending documents]
- (C) **The Company** and the **User** are parties to the **CUSC Framework Agreement** (being an agreement by which the **CUSC** is made contractually binding between the parties).
- (D) Certain works are required as part of this offer as set out in this **Construction Agreement**.
- (E) This **Construction Agreement** is entered into pursuant to the terms of the **CUSC**.
- (F) This **Construction Agreement** has been prepared under the **Connect and Manage Arrangements**.

NOW IT IS HEREBY AGREED as follows:

1.1. 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** and in

the Bilateral Connection Agreement have the same meanings, interpretations or constructions in this **Construction Agreement**.

“Attributable Works”	those Construction Works identified as such in accordance with the User Commitment Methodology and which are set out in Appendix MM Part 1.
"Authority"	as defined in the CUSC .
“Bilateral Connection Agreement”	the Bilateral Connection Agreement entered into between the parties on even date herewith.
"Bilateral Embedded Generation Agreement"	the Bilateral Embedded Generation Agreement entered into between the parties on even date herewith.
“Cancellation Charge”	as calculated in accordance with the User Commitment Methodology .
"Charging Date"	the date upon which the Construction Works are first Commissioned and available for use by the User or if the Independent Engineer before, on or after the Commissioning Programme Commencement Date shall have certified in writing that the Transmission Connection Assets , are completed to a stage where The Company could commence commissioning and by such date the User’s Works shall not have been so certified then the date falling [] days after the date of such certification, provided that the Transmission Reinforcement Works are Commissioned and Seven Year Statement Works are completed as at that date. In the event that the Transmission Reinforcement Works are not so Commissioned and/or the Seven Year Statement Works are not so completed the Charging Date shall be the date on which they are Commissioned and/or completed as appropriate. <i>[Exclude Seven Year Statement Works from this definition if</i>

they are not also Enabling Works].

“Commissioning Programme Commencement Date”

the date specified in the **Construction Programme** for the commencement of the **Commissioning Programme** or any substituted date fixed under the terms of this **Construction Agreement**

“Commissioning Programme”

the sequence of operations/tests necessary to connect the **User’s Works** and the **Transmission Connection Asset Works** to the **National Electricity Transmission System** for the purpose of making the **User’s Works** available for operation to be determined pursuant to Clause 2.10 of this **Construction Agreement**.

“Completion Date”

[] or such other date as may be agreed in terms of this **Construction Agreement** for completion of the **Construction Works**.

“Connect and Manage

the temporary derogation from the **NETS**

Derogation”	SQSS available to The Company under Standard Condition C17 of the Transmission Licence and/or the Relevant Transmission Licensee under Standard Condition D3 of its transmission licence;
“Connected Planning Data”	data required pursuant to the Planning Code which replaces data containing estimated values assumed for planning purposes by validated actual values and updated estimates for the future and by updated forecasts for forecast data items.
“Consents”	in relation to any Works :- <ul style="list-style-type: none"> (a) all such planning and other statutory consents; and (b) all wayleaves, easements, rights over or interests in land or any other consent; or (c) permission of any kind as shall be necessary for the construction of the Works and for commencement and carrying on of any activity proposed to be undertaken at or from such Works when completed.
“Construction Programme”	the agreed programme for the Works to be carried out by The Company and the User set out in detail in Appendix [J] to this Construction Agreement or as amended from time to time pursuant to Clauses 2.3 and 3.2 of this Construction Agreement .
"Construction Site"	the site where the Transmission Connection Asset Works are being undertaken by or on behalf of The Company ;
“Construction Works”	the Transmission Connection Asset Works, Enabling Works, Seven Year Statement Works and One Off Works and such additional works as are required in order to comply with any

	relevant Consents relating to any such works but excluding for the avoidance of doubt any Third Party Works .
"Dispute Resolution Procedure"	the procedure for referral to arbitration set out in Paragraph 7.4 of the CUSC .
"Enabling Works"	those Transmission Reinforcement Works which are specified in Appendix H Part 1 to this Construction Agreement .
"Event of Default"	any of the events set out in Clause 10 of this Construction Agreement as constituting an event of default.
"Independent Engineer"	<p>the engineer specified in Appendix L to this Construction Agreement. Provided that:-</p> <p>(a) where the parties fail to agree on a suitable engineer within 120 days of the date of this Construction Agreement; or</p> <p>(b) where any Independent Engineer appointed from time to time shall fail, refuse or cease to act in the capacity set out herein and no substitute engineer of suitable standing and qualification can be agreed by the parties within 30 days;</p> <p>then such engineer as the President of the Institution of Electrical Engineers shall, on the application of either party, nominate shall be the Independent Engineer.</p>
"Key Consents"	those Consents required in respect of the [User's/Developer's] Power Station which The Company has identified as such and which are set out in Appendix MM Part 2.
"Liquidated Damages"	the sums specified in or calculated pursuant to Appendix K to this

	Construction Agreement.
“One Off Works”	the works described in Appendix B1 to this Construction Agreement .
Seven Year Statement Works”	the works set out in Table B7 of the statement prepared by The Company pursuant to Standard Condition C11 of the Transmission Licence and issued by The Company in [] which in The Company’s reasonable opinion (and in the absence of the Connect and Manage Derogation are required to be completed before the Completion Date to ensure that the National Electricity Transmission System complies with the requirements of Standard Condition C17 of the Transmission Licence and Standard Condition D3 of any Relevant Transmission Licensee’s transmission licence prior to the Connection of the User’s Equipment in terms of Clause 7.1 [or 7.2] of this Construction Agreement .
“Term”	the term of this Construction Agreement commencing on the date hereof and ending in accordance with Clause 12.
“Third Party Works”	the works to be undertaken on assets belonging to a party other than The Company and the User to enable it to provide or as a consequence of the connection to and/or use of the National Electricity Transmission System by the User as specified in Appendix N;
"Transmission Connection Assets"	the assets specified in Appendix A to the Bilateral Connection Agreement .
“Transmission Connection Asset Works”	the works necessary for construction and installation of the Transmission Connection Assets at the Connection Site specified in Appendix G to this Construction Agreement .

“Transmission Reinforcement Works”

those works other than the **Transmission Connection Asset Works Seven Year Statement Works** and **One Off Works**, which in the reasonable opinion of **The Company** (and in the absence of the **Connect and Manage Derogation**) are all necessary to extend or reinforce the **National Electricity Transmission System** to ensure that the **National Electricity Transmission System** complies with the requirements of Standard Condition C17 of the **Transmission Licence** and Standard Condition D3 of any **Relevant Transmission Licensee’s** transmission system and which are specified in Appendix H to this **Construction Agreement**, where Part 1 is the **Enabling Works** and Part 2 is the **Wider Transmission Reinforcement Works**.

“Trigger Date”

[date] as identified in accordance with the **User Commitment methodology**.

“User’s Works”

those works necessary for installation of the **User’s Equipment** which are specified in Appendix I to this **Construction Agreement**.

“Wider Transmission Reinforcement Works”

those **Transmission Reinforcement Works** which are specified in Appendix H Part 2 to this **Construction Agreement** where Part 2.1 is works required for the **User** and Part 2.2 is works required for wider system reasons.

“Works”

the **Construction Works** and the **User’s Works**.

Users in the capacity of a Directly Connected Power Station or Embedded Power Station (other than those who are a BELLA) insert the following

[Notice of Intent	the notice issued by The Company pursuant to Clause 7.4.4.
Notice of Reduction	the notice issued by The Company pursuant to Clause 7.4.7 including a revised Appendix C specifying the revised Transmission Entry Capacity .
Preliminary Request	the request issued by The Company pursuant to Clause 7.4.1.
Reduction Fee	the fee payable by the User to The Company in respect of the agreement to vary issued pursuant to Clause 7.4.9 such fee being calculated on the same basis as that set out in the Charging Statements as payable on a payment of actual costs basis in respect of a Modification Application..

Users in the capacity of a Directly Connected Distribution System where works are required in respect of a BELLA or a Relevant Embedded Medium Power Station or a Relevant Embedded Small Power Station insert the following (and where the Construction Agreement relates to more than one, for each of the Developers)

[Developer Capacity	the MW figure [<i>for export</i>] specified in the Developer's Data .
Developer	<i>Insert name address and registered number</i> who is party to a BELLA with The Company or the subject of the Request for a Statement of Works .
Developer's Data	the information provided by the [Developer-BELLA] [User in respect of the Developer in the Request for a Statement of Works-relevant embedded medium\small power

station] and set out in Appendix [P].

Developer's Project	the connection of a [xMW wind farm\power station to the User's Distribution System at []]
Notice of Intent	the notice issued by The Company pursuant to Clause 7.4.4.
Notice of Reduction	the notice issued by The Company pursuant to Clause 7.4.7 revising the Developer's Capacity for this Construction Agreement and Appendix A to the BELLA .
Preliminary Request	the request issued by The Company pursuant to Clause 7.4.1.
Reduction Fee	the fee payable by the User to The Company in respect of the agreement to vary issued pursuant to Clause 7.4.9 such fee being calculated on the same basis as that set out in the Charging Statements as payable on a payment of actual costs basis in respect of a Modification Application .

2. CARRYING OUT OF THE WORKS

- 2.1 Forthwith following the date of this **Construction Agreement** (i) in respect of **Connection Sites** in England and Wales **The Company** and the **User** shall agree the **Safety Rules** and **Local Safety Instructions** to apply during the **Construction Programme** and **Commissioning Programme**; and (ii) in respect of **Connection Sites** in Scotland the **User** shall agree with the **Relevant Transmission Licensee** the **Safety Rules** and **Local Safety Instructions** to apply during the **Construction Programme** and **Commissioning Programme**. Failing agreement within three months of the date of this **Construction Agreement** the matter shall be referred to the **Independent Engineer** for determination in accordance with Clause 6 of the **Construction Agreement**.
- 2.2 Subject to Clauses 2.3 and 2.4 of this **Construction Agreement** forthwith following the date of this **Construction Agreement** **The Company** shall use its best endeavours to obtain in relation to the **Construction Works**, and the **User** shall use its best endeavours to obtain in relation to the **User's Works**, all **Consents**. Each shall give advice and assistance to the other to the extent reasonably required by the other in the furtherance of these

obligations. Further, each party shall, so far as it is legally able to do so, grant to, in relation to **Connection Sites** in England and Wales, the other, or in relation to **Connection Sites** in Scotland, the **Relevant Transmission Licensee**, all such wayleaves, easements, servitude rights, rights over or interests (but not estates as regards land in England and Wales and not heritable or leasehold interests as regards land in Scotland) in land or any other consents reasonably required by the other or the **Relevant Transmission Licensee** in order to enable the **Works** to be expeditiously completed and to enable that other to carry out its obligations to the other under this **Construction Agreement** and in all cases subject to such terms and conditions as are reasonable.

2.3 The following additional provisions shall apply in respect of the **Consents** and **Construction Works**:-

2.3.1 All dates specified in this **Construction Agreement** are subject to **The Company** obtaining **Consents** for the **Construction Works** in a form acceptable to it within the time required to carry out the **Construction Works** in accordance with the **Construction Programme**.

2.3.2 In the event of:-

- (a) the **Consents** not being obtained by the required date; or
- (b) the **Consents** being subject to conditions which affect the dates; or
- (c) **The Company** wishing to amend the **Construction Works** to facilitate the granting of the **Consents**,

The Company shall be entitled to revise the **Construction Works** (and as a consequence Appendix A to the **Bilateral Connection Agreement**) and all dates specified in this **Construction Agreement** and the charges specified in Appendix B to the **Bilateral Connection Agreement**. For the avoidance of doubt such revisions shall be at **The Company 's** absolute discretion and the consent of the **User** is not required.

2.3.3 The **User** shall be regularly updated by **The Company** in writing or by such other means as the parties may agree as to progress made by **The Company** from time to time in the obtaining of relevant **Consents** pursuant to its obligations under Clause 2.2 or 2.3 of this **Construction Agreement**.

2.4 Paragraphs 11.2.3 to 11.2.5 of the **CUSC** relating to **Consents** shall apply to the **Construction Agreement** as if set out here in full.

2.5 Prior to the commencement of the **Transmission Connection Asset Works** the **User** shall have the right to terminate this **Construction Agreement** upon

giving not less than 7 (seven) days notice in writing to **The Company**. In the event of the **User** terminating this **Construction Agreement** in terms of this Clause 2.5 the provisions of Clause 11 shall apply].

- 2.6 If the **User** fails to obtain all **Consents** for the **User's Works** having complied with the obligations in Clause 2.2 of this **Construction Agreement** the obligation on the **User** to complete the **User's Works** shall cease and the **User** may by written notice to **The Company** terminate this **Construction Agreement** and the provisions of Clause 11 shall apply
- 2.7 Both parties shall be entitled to contract or sub-contract for the carrying out of their respective parts of the **Works** (which in the case of **The Company** shall include work carried out by a **Relevant Transmission Licensee** or its contractors or sub-contractors). The **User** or any contractor on its behalf shall be responsible for commencing and for carrying out the **User's Works** to such stage of completion as shall render them capable of being **Commissioned** in accordance with the **Construction Programme** and **The Company** or any contractor on its behalf shall be responsible for commencing and carrying out the **Construction Works** to such stage of completion as shall render them capable of being **Commissioned** in accordance with the **Construction Programme**.
- 2.8 The parties shall continuously liaise throughout the **Construction Programme** and **Commissioning Programme** and each shall provide to the other all information relating to its own **Works** reasonably necessary to assist the other in performance of that other's part of the **Works**, and shall use all reasonable endeavours to coordinate and integrate their respective part of the **Works**. There shall be on-site meetings between representatives of the parties at intervals to be agreed between the parties. Each party shall deliver to the other party a written report of progress during each calendar quarter within 7 days of the end of that quarter.

Users in the capacity of a Directly Connected Distribution System where works are required in respect of a BELLA or a Relevant Embedded Medium Power Station or a Relevant Embedded Small Power Station insert the following

- [“2.8 The parties shall continuously liaise throughout the **Construction Programme** and **Commissioning Programme** and each shall provide to the other all information relating to its own **Works** reasonably necessary to assist the other in performance of that other's part of the **Works**, and shall use all reasonable endeavours to coordinate and integrate their respective part of the **Works**. There shall be on-site meetings between representatives of the parties at intervals to be agreed between the parties. The **User** shall also provide to **The Company** such information as **The Company** shall reasonably request and which the **User** is entitled to disclose in respect of the **Developer's Project**. Each party shall deliver to the other party where requested a written report of progress during each calendar quarter (including in the case of the **User** progress on the **Developer's Project** to the extent

that the **User** has such information and is entitled to disclose it) within 7 days of the end of that quarter.”]

- 2.9** During the period of and at the times and otherwise as provided in the **Construction Programme** and the **Commissioning Programme** **The Company** shall allow the **User**, its employees, agents, suppliers, contractors and sub-contractors necessary access to the **Construction Site** and the **User** shall allow **The Company** or, in the case of **Connection Sites** in Scotland, the **Relevant Transmission Licensee** and in either case their employees, agents, suppliers, contractors and sub-contractors necessary access to its site to enable each to carry out the **Transmission Connection Asset Works** and **One Off Works** or **User's Works** but not so as to disrupt or delay the construction and completion of the other's **Works** on the said sites or the operation of the other's **Plant** and **Apparatus** located thereon, such access to be in accordance with any reasonable regulations relating thereto made by the site owner or occupier.
- 2.10** Not later than six months prior to the **Commissioning Programme Commencement Date** **The Company** shall provide the **User** with a draft **Commissioning Programme** for the **Commissioning** of the **Transmission Connection Assets**, and the **User's Equipment**. The **User** shall, as quickly as practicable and in any event within three months of receipt thereof, determine whether or not to approve the proposed **Commissioning Programme** (which approval shall not be unreasonably withheld or delayed) and shall within such three month period either notify **The Company** of its approval or, in the event that the **User** reasonably withholds its approval, notify **The Company** of any changes or variations to the proposed commissioning programme recommended by the **User**. If **The Company** does not accept such changes or variations submitted by the **User** any dispute shall be referred to the **Independent Engineer** for determination. The **Commissioning Programme** agreed between the parties or determined by the **Independent Engineer** as the case may be shall be implemented by the parties and their sub-contractors in accordance with its terms.
- 2.11** If at any time prior to the **Completion Date** it is necessary for **The Company** or **The Company** in its reasonable discretion wishes to make any addition to or omission from or amendment to the **Transmission Connection Asset Works** and/or **Transmission Reinforcement Works** and/or the **One Off Works** and/or the **Third Party Works** **The Company** shall notify the **User** in writing of such addition, omission or amendment and Appendices [B1 (**One Off Works**), G (**Transmission Connection Asset Works**) H (**Transmission Reinforcement Works**), MM (**Attributable Works**) and N (**Third Party Works**)] to this **Construction Agreement** and consequently Appendices [A (**Transmission Connection Assets**) and B (**Connection Charges** and **One Off Charges**)] to the associated **Bilateral Connection Agreement** shall be automatically amended to reflect the change. Provided that where a **User** has elected for the **Actual Attributable Works Cancellation Charge** to be based on the **Fixed Attributable Works Cancellation Charge** the

Attributable Works can only be changed after the **Trigger Date** as provided for in **CUSC** Section 15.

- 2.12** [The **User** shall apply to the Secretary of State for Trade and Industry as part of its application under Section 36 of the Act for its generating station, for deemed planning permission in relation to the substation forming part of the **Transmission Connection Asset Works**. The **User** shall use its best endeavours to procure that the said deemed planning permission is so obtained. **The Company's** obligations under Clause 2.2 of this **Construction Agreement** shall not require it to obtain planning consent for the said substation unless and until the Secretary of State for Trade and Industry shall for whatever reason refuse to deem the grant of planning permission in respect of the same. The **User** shall liaise with **The Company** as to its construction and operational requirements and shall ensure that the said application meets **The Company's** requirements. **The Company** shall provide the **User** with all information reasonably required by it in relation to the application and the **User** shall ensure that all requirements of **The Company** are incorporated in the application for deemed planning consent.]
- 2.13** [The **Enabling Works** are conditional on British Energy Generation Limited and/or Magnox Electric plc (as the case may be) granting approval to the carrying out of the **Construction Works** in terms of the Nuclear Site Licence Provisions Agreement being an agreement dated 30 March 1990 between **The Company** and Nuclear Electric plc (now called Magnox Electric plc) and an agreement dated 31 March 1996 between **The Company** and British Energy Generation Limited (and described as such). In the event of British Energy Generation Limited and/or Magnox Electric plc (as the case may be) not granting approval **The Company** shall be entitled to change the **Construction Works**, the **Construction Programme** and all dates specified in this **Construction Agreement**.]
- 2.14** [It is hereby agreed and declared for the purposes of the Construction (Design and Management) Regulations 1994 that the **User** is the only client in respect of the **User's Works** and **The Company** is the only client in respect of the **Construction Works** and **Wider Transmission Reinforcement Works** and each of the **User** and **The Company** shall accordingly discharge all the duties of clients under the said **Regulations**.]
- 2.15** [**The Company** and the **User** hereby agree and acknowledge that this **Construction Agreement** is not to be treated as a construction contract within the meaning of section 104 of the Housing Grants, Construction and Re-generation Act 1996 and sections 104 to 113 of the said Act shall have no application either to the **Construction Works** or the **User's Works** and the parties' rights and obligations with regard to matters of dispute resolution and payment procedures are as expressly set out herein.
- 2.16** **Third Party Works**

2.16.1 The **User** shall be responsible for carrying out or procuring that the **Third Party Works** are carried out and shall carry them out or procure that they are carried out in accordance with the timescales specified in the **Construction Programme**. The **User** shall confirm to **The Company** or, where requested to do so by **The Company**, provide confirmation from the third party that the **Third Party Works** have been completed.

2.16.2 Given the nature of these works it may not be possible to fully identify the works required or the third parties they relate to at the date hereof. Where this is the case **The Company** shall, subject to 2.16.3 below, advise the **User** as soon as practicable and in any event by [] of the **Third Party Works** and shall be entitled to revise Appendix N and as a consequence the **Construction Programme** as necessary to reflect this.

2.16.3 Where **Third Party Works** are likely to be **Modifications** required to be made by another user(s) (“the **First User(s)**”) as a consequence of **Modifications** to the **National Electricity Transmission System** to be undertaken by **The Company** under this **Construction Agreement** **The Company** shall as soon as practicable after the date hereof issue the notification to such **First User’s** in accordance with **CUSC** Paragraph 6.9.3.1. The **User** should note its obligations under **CUSC** Paragraph 6.10.3 in respect of the costs of any **Modifications** required by the **First User(s)**.

2.16.4 In the event that the **Third Party Works** have not been completed by the date specified in the **Construction Programme** or, in **The Company’s** reasonable opinion are unlikely to be completed by such date, **The Company** shall be entitled to revise the **Construction Programme** as necessary to reflect such delay and also, where **The Company** considers it necessary to do so, shall be entitled to revise the **Construction Works** (and as a consequence Appendices A and B to the **Bilateral Connection Agreement**). For the avoidance of doubt such revisions shall be at **The Company’s** absolute discretion and the consent of the **User** is not required. Further, in the event that the **Third Party Works** have not been completed by [] **The Company** shall have the right to terminate this **Construction Agreement** upon giving notice in writing to the **User** and in this event the provisions of Clause 11 of this **Construction Agreement** shall apply.

2.17 Wider Transmission Reinforcement Works

The Company shall keep the **User** advised as to progress on the **Wider Transmission Reinforcement Works** and shall include information on these in the reports produced pursuant to Clause 2.8.

3. DELAYS

- 3.1 If either party shall have reason to believe that it is being delayed or will be delayed in carrying out that party's **Works** for any reason (whether it is one entitling it to the fixing of a new date under Clause 3.2 of this **Construction Agreement** or not) it shall forthwith notify the other party in writing of the circumstances giving rise to the delay and of the extent of the actual and/or anticipated delay.
- 3.2 If prior to the **Completion Date** a party (in this Clause 3.2 "the **Affected Party**") shall be delayed in carrying out any of the **Affected Party's Works** (including their commissioning) by reason of any act, default or omission on the part of the other Party (in this Clause the "**Defaulting Party**") or the **Defaulting Party's** employees, agents, contractors or sub-contractors or by reason of an event of **Force Majeure**, the **Affected Party** shall be entitled to have such later date or dates fixed as the **Commissioning Programme Commencement Date** and/or (as the case may be) the **Completion Date** as may be fair and reasonable in the circumstances provided that it shall have notified the **Defaulting Party** in writing of such act, default or omission or event of **Force Majeure** within 28 days of it becoming aware of the occurrence giving rise to the delay together with an estimate of the proposed delay which it will cause the **Affected Party**. In the event of a dispute between the parties over what is or are any fair and reasonable new date or dates to be fixed in the circumstances this shall be promptly referred to and determined by the **Independent Engineer**. Once the new date or dates are fixed the **Construction Programme** and/or **Commissioning Programme** shall be deemed automatically amended as appropriate.

4. COMMISSIONING PROGRAMME AND LIQUIDATED DAMAGES

- 4.1 Each party shall give written notice to the other declaring its readiness to commence the **Commissioning Programme** when this is the case.
- 4.2 The **Commissioning Programme** shall commence forthwith once both parties have given written notice to the other under Clause 4.1.
- 4.3 The **Works** shall be deemed to have been **Commissioned** on the date that the **Independent Engineer** certifies in writing to that effect.
- 4.4 In the event that the actual date of commencement of the **Commissioning Programme** is later than the **Commissioning Programme Commencement Date** **The Company** (if and to the extent that it is responsible for delayed commissioning beyond the **Commissioning Programme Commencement Date**, such responsibility and/or its extent to be determined by the **Independent Engineer** failing agreement between the parties) shall be liable to pay to the **User Liquidated Damages** for each day that the actual date of commencement of the **Commissioning Programme** is later than the

Commissioning Programme Commencement Date. It is declared and agreed that such **Liquidated Damages** shall cease to be payable in respect of any period after the date of actual commencement of the **Commissioning Programme**.

- 4.5 In the event that the actual date on which the **Construction Works** are **Commissioned** is later than the **Completion Date** **The Company** (if and to the extent that it is responsible for delayed completion beyond the **Completion Date**, such responsibility and/or its extent to be determined by the **Independent Engineer** failing agreement between the parties) shall be liable to pay to the **User Liquidated Damages** for each day that the actual date on which the **Construction Works** are **Commissioned** is later than the **Completion Date**. It is hereby agreed and declared that such **Liquidated Damages** shall cease to be payable in respect of any period after completion of the **Construction Works**.
- 4.6 **Liquidated Damages** payable under Clauses 4.4 and 4.5 of this **Construction Agreement** shall accumulate on a daily basis but shall be payable calendar monthly. On or before the 15th day of each month the party entitled to receive the payment of **Liquidated Damages** shall send to the other party a statement of the **Liquidated Damages** which have accrued due in the previous calendar month. The party receiving such statement shall in the absence of manifest error pay the **Liquidated Damages** shown on the statement within 28 days of the date upon which the statement is received.
- 4.7 Without prejudice to and in addition to the obligation of the **User** pursuant to Clause 2.4 of this **Construction Agreement**, the payment or allowance of **Liquidated Damages** pursuant to this Clause 4 shall be in full satisfaction of **The Company's** liability for failure to perform its obligations by the **Commissioning Programme Commencement Date** and/or the **Completion Date** as appropriate.
- 4.8 In the event that the **User** shall have failed, in circumstances not entitling it to the fixing of a new date as the **Commissioning Programme Commencement Date** pursuant to Clause 3.2, to complete the **User's Works** by [] to a stage where the **User** is ready to commence the **Commissioning Programme**, **The Company** shall have the right to terminate this **Construction Agreement** upon giving notice in writing to the **User** and the provisions of Clause 11 shall apply.

5. APPROVAL TO CONNECT/ENERGISE/BECOME OPERATIONAL

- 5.1 Not later than 4 months prior to the expected **Commissioning Programme Commencement Date** or by such other time as may be agreed between the parties the parties shall prepare and submit the **Operation Diagrams** required to be prepared and submitted by each of them respectively under CC 7.4.7 and 7.4.10 and likewise the **Site Common Drawings** required

under CC 7.5.2 and 7.5.4 and, if necessary, **Gas Zone Diagrams** referred to in CC 7.4.9 and 7.4.12.

5.2 Not later than 3 months prior to the expected **Commissioning Programme Commencement Date** or by such other time as may be agreed between the parties the parties shall prepare and submit the **Operation Diagrams** required to be prepared and submitted by each of them respectively under CC 7.4.8 and 7.4.11 and likewise the **Site Common Drawings** required under CC 7.5.3 and 7.5.5.

5.3 Not later than 3 months prior to the expected **Commissioning Programme Commencement Date** or by such other time as may be agreed between the parties:-

5.3.1 each party shall submit to the other data within its possession needed to enable the completion of Appendices F3 and F4 to the **Bilateral Connection Agreement**; and

5.3.2 the **User** shall submit to **The Company** evidence satisfactory to **The Company** that the **User's Equipment** complies or will on completion of the **User's Works** comply with Clause 8 of this **Construction Agreement** and Paragraphs [1.3.3(b), 2.9 and 6.7] of the **CUSC**.

5.4 Not later than 8 weeks prior to the expected **Commissioning Programme Commencement Date** or by such other time as may be agreed between the parties each party shall submit to the other:

5.4.1 for the **Connection Site** information to enable preparation of **Site Responsibility Schedules** complying with the provisions of Appendix 1 to the **Connection Conditions** together with a list of managers who have been duly authorised by the **User** to sign such **Site Responsibility Schedules** on the **User's** behalf;

5.4.2 written confirmation as required under CC.5.2(g) that the list of **Safety Co-ordinators** are authorised and competent [and a list of persons appointed pursuant to **Grid Code** CC5.2(m)];

5.4.3 a list of the telephone numbers for the facsimile machines referred to in CC6.5.9.

5.5 If directly connected to the **National Electricity Transmission System** not later than 3 months prior to the expected **Commissioning Programme Commencement Date** each party shall submit to the other a statement of readiness to complete the **Commissioning Programme** in respect of the **Works** and the statement submitted by the **User** shall in addition contain relevant **Connected Planning Data** and a report certifying to **The Company** that, to the best of the information, knowledge and belief of the **User**, all relevant **Connection Conditions** applicable to the **User** have been

considered and complied with. If **The Company** considers that it is necessary, it will require this latter report to be prepared by the **Independent Engineer**. The report shall incorporate if requested by **The Company** type test reports and test certificates produced by the manufacturer showing that the **User's Equipment** meets the criteria specified in CC6.

5.6 If embedded not later than 3 months prior to the **Charging Date** or by such other time as may be agreed between the **Parties** the **User** shall submit to **The Company** a statement of readiness to use the **National Electricity Transmission System** together with **Connected Planning Data** and a report certifying to **The Company** that, to the best of the information, knowledge and belief of the **User**:-

- (i) all relevant **Connection Conditions** applicable to the **User** have been considered;
- (ii) CC 6 insofar as it is applicable to the **User** has been complied with; and
- (iii) the site-specific conditions set out in Appendices [F1, F3, F4] and [F5] to the **Bilateral Embedded Generation Agreement** have been complied with.

If **The Company** considers that it is necessary, it will require this report to be prepared by the **Independent Engineer**. The report shall incorporate if requested by **The Company** type test reports and test certificates produced by the manufacturer showing that the **User's Equipment** meets the criteria.

6. INDEPENDENT ENGINEER

The parties agree and shall procure that the **Independent Engineer** shall act as an expert and not as an arbitrator and shall decide those matters referred or reserved to him under this **Construction Agreement** by reference to **Good Industry Practice** using his skill, experience and knowledge and with regard to such other matters as the **Independent Engineer** in his sole discretion considers appropriate. All references to the **Independent Engineer** shall be made in writing by either party with notice to the other being given contemporaneously as soon as reasonably practicable and in any event within 14 days of the occurrence of the dispute to be referred to the **Independent Engineer**. The parties shall promptly supply the **Independent Engineer** with such documents and information as he may request when considering such question. The **Independent Engineer** shall use his best endeavours to give his decision upon the question before him as soon as possible following its referral to him. The parties shall share equally the fees and expenses of the **Independent Engineer**. The parties expressly acknowledge that submission of disputes for resolution by the **Independent Engineer** does not preclude subsequent submission of disputes for resolution by arbitration as provided for in the **Dispute Resolution Procedure**. Pending

any such submission the parties shall treat the **Independent Engineer's** decision as final and binding.

7. BECOMING OPERATIONAL

- [7.1 If directly connected to the **National Electricity Transmission System** **The Company** shall connect and **Energise** the **User's Equipment** at the **Connection Site** during the course of and in accordance with the **Commissioning Programme** and thereafter upon compliance by the **User** with the provisions of Clause 5 and provided (1) the **Construction Works** excluding the **Seven Year Statement Works** [delete Seven Year Statement Works under the Connect and Manage Arrangements if these are not Enabling Works] shall be **Commissioned** and (2) [the **Seven Year Statement Works** and **Third Party Works** shall be completed **The Company** shall forthwith notify the **User** in writing that the **Connection Site** shall become **Operational**.] or
- [7.2 If **Embedded** upon compliance by the **User** with the provisions of Clauses 5.1, 5.2 and 5.3 and subject, if **The Company** so requires, to the Enabling Works [and/or works for the **Modification**] being carried out and/or the [**New**] **Connection Site** being **Operational** (any or all as appropriate) **The Company** shall forthwith notify the **User** ("**Operational Notification**") in writing that it has the right to use the **National Electricity Transmission System**. It is an express condition of this **Construction Agreement** that in no circumstances, will the **User** use or operate the **User's Equipment** without receiving the **Operational Notification** from **The Company**.]
- 7.3 If, on completion of the **User's Works** in accordance with the terms of this **Construction Agreement** the **Registered Capacity** of the **User's Equipment** is less than []MW, **The Company** shall automatically have the right to amend Clause 7 and Appendix C to the **Bilateral Connection Agreement** to reflect the actual **Registered Capacity** of the **User's Equipment**.

Users in the capacity of a Directly Connected Power Station or Embedded Power Station (other than those who are a BELLA) insert the following

[7.4 Transmission Entry Capacity Reduction

- 7.4.1 If, at any time prior to the **Completion Date** **The Company** reasonably believes from data provided by the **User** to **The Company**, the reports provided by the **User** pursuant to Clause 2.8 and Clause 5 of this **Construction Agreement**, the commissioning process under the **Construction Agreement** or otherwise that the **User's Equipment** will be such that it will not be capable of exporting power onto the **National Electricity Transmission System** at the level of the **Transmission Entry Capacity** **The Company** shall advise the **User** accordingly in writing setting

out its reasons for this belief, the source of the information giving rise to the concern and seeking clarification from the **User**.

- 7.4.2** The **User** shall respond to **The Company** within 15 **Business Days** of the date of the **Preliminary Request** providing such information or data as is necessary to satisfy **The Company's** concerns set out in the **Preliminary Request** and making any amendments necessary to the report provided by the **User** pursuant to Clause 2.8 and / or data provided by the **User** to **The Company** to reflect this.
- 7.4.3** In the event that **The Company** is satisfied from the information provided in accordance with Clause 7.4.2 by the **User** that the **User's Equipment** will be such that it will be capable of exporting power onto the **National Electricity Transmission System** at the level of the **Transmission Entry Capacity** **The Company** shall notify the **User** accordingly.
- 7.4.4** In the event that the **User** does not respond to the **Preliminary Request** or, notwithstanding the **User's** response, **The Company** remains of the view that the **User's Equipment** will be such that it will not reasonably be capable of exporting power onto the **National Electricity Transmission System** at the level of the **Transmission Entry Capacity** **The Company** shall inform the **User** in writing that it intends to amend Clause 7 and Appendix C to the [**Bilateral Connection Agreement**] [**Bilateral Embedded Generation Agreement**] to reflect the **Transmission Entry Capacity** that it reasonably believes to be the level of power that the **User's Equipment** will be capable of exporting .
- 7.4.5** The **User** shall respond to the **Notice of Intent** within 15 **Business Days** of the date of the **Notice of Intent** explaining why it still reasonably believes that its **User's Equipment** will be capable of exporting power onto the **National Electricity Transmission System** at the level of the **Transmission Entry Capacity** or at more than the MW figure proposed by **The Company** in the **Notice of Intent** or providing a reasonable explanation as to why this is not the case.
- 7.4.6** In the event that **The Company** is satisfied from the information provided in accordance with Clause 7.4.5 by the **User** that the **User's Equipment** will be such that it will be capable of exporting power onto the **National Electricity Transmission System** at the level of the **Transmission Entry Capacity** **The Company** shall notify the **User** accordingly.
- 7.4.7** Where notwithstanding the **User's** response to the **Notice of Intent** **The Company** remains of the view that the **User's Equipment** will be such that it will not reasonably be capable of exporting power onto the **National Electricity Transmission System** at the level of the **Transmission Entry Capacity** or at more than the MW figure proposed by **The Company** in the **Notice of Intent** or the **User** does not provide a response that is satisfactory to **The Company** within the timescale specified in 7.4.5 above **The Company**

will issue the **Notice of Reduction** to the **User** and will send a copy of the same to the **Authority**.

7.4.8 Unless during such period the matter has been referred by the **User** to the **Authority** for determination by the **Authority** under the provisions of Standard Condition C9 Paragraph 4 of the **Transmission Licence**, the **Notice of Reduction** shall take effect on the day 15 **Business Days** after the date of the **Notice of Reduction** and Appendix C of the [**Bilateral Connection Agreement**] [**Bilateral Embedded Generation Agreement**] shall be amended on that date in the manner set out in the **Notice of Reduction**. Where the matter has been referred the amendments to Appendix C of the [**Bilateral Connection Agreement**] [**Bilateral Embedded Generation Agreement**] and the date they take effect shall be as set out in the Authority's determination.

7.4.9 After a **Notice of Reduction** has taken effect **The Company** shall be entitled to make such amendments to this **Construction Agreement** as it requires as a result of the reduction in **Transmission Entry Capacity** effected by the **Notice of Reduction** and as a consequence to the [**Bilateral Connection Agreement**] [**Bilateral Embedded Generation Agreement**]. **The Company** shall advise the **User** as soon as practicable and in any event within 3 months of the date of the **Notice of Reduction** (or if the matter has been referred by the **User** to the **Authority** for determination, the date of determination) of such amendments by way of offer of an agreement to vary the **Construction Agreement** and [**Bilateral Connection Agreement**] [**Bilateral Embedded Generation Agreement**]. This agreement to vary will also provide for payment by the **User** of the **Reduction Fee** where applicable. The parties acknowledge that any dispute regarding this variation shall be referable to and determined by the **Authority** under the provisions of Standard Condition C9 Paragraph 4 of the **Transmission Licence**.

7.5 Where there is a reduction in **Transmission Entry Capacity** under Clause 7.4 prior to the **Charging Date**, on such reduction in **Transmission Entry Capacity** taking effect the **User** shall pay to **The Company** the **Cancellation Charge** such payment to be made within 14 days of the date of **The Company's** invoice in respect thereof.]

Users in the capacity of a Directly Connected Distribution System where works are required in respect of a BELLA or a Relevant Embedded Medium Power Station or a Relevant Embedded Small Power Station insert the following (and where the Construction Agreement relates to more than one, for each of the Developers)

[7.4 Developer Capacity Reduction

7.4.1 If, at any time prior to the **Completion Date** **The Company** reasonably believes from the reports provided by the **User** pursuant to Clause 2.8 and Clause 5 of this **Construction Agreement** [*in the case of relevant embedded small/medium power stations* – and/or **CUSC** Paragraphs 6.5.8 or 6.5.5.11],

the commissioning process generally or otherwise that the **Developer's Equipment** will be such that it will not be capable of generating at the **Developer Capacity**, **The Company** shall advise the **User** accordingly in writing setting out its reasons and seeking clarification of the position from the **User**.

- 7.4.2** The **User** shall respond to **The Company** within 15 **Business Days** of the date of the **Preliminary Request** providing such information or data as is necessary to satisfy **The Company's** concerns set out in the **Preliminary Request** and making any amendments necessary to the report provided by the **User** pursuant to Clause 2.8 and /or data provided by the **User** to **The Company** to reflect this.
- 7.4.3** In the event that **The Company** is satisfied from the information provided in accordance with Clause 7.4.2 by the **User** that the **Developer's Equipment** will be such that it will be capable of generating at the **Developer Capacity** **The Company** shall notify the **User** accordingly.
- 7.4.4** In the event that the **User** does not respond to the **Preliminary Request** or, notwithstanding the **User's** response, **The Company** remains of the view that the **Developer's Equipment** will be such that it will not reasonably be capable of generating at the **Developer Capacity** , **The Company** shall inform the **User** and the **Developer** in writing that it intends to amend the **Developer Capacity** in this **Construction Agreement** [and the associated **BELLA**] to reflect the whole MW figure that it reasonably believes the **Developer's Equipment** will be capable of generating at.
- 7.4.5** The **User** shall respond to the **Notice of Intent** within 15 **Business Days** of the date of the **Notice of Intent** explaining why it still reasonably believes that the **Developer's Equipment** will be capable of generating at the **Developer Capacity** or at more than the MW figure proposed by **The Company** in the **Notice of Intent** or providing a reasonable explanation as to why this is not the case.
- 7.4.6** In the event that **The Company** is satisfied from the information provided in accordance with Clause 7.4.5 by the **User** that the **Developer's Equipment** will be such that it will be capable of generating at the **Developer Capacity** **The Company** shall notify the **User** accordingly.
- 7.4.7** Where notwithstanding the **User's** response **The Company** remains of the view that the **Developer's Equipment** will be such that it will not be capable of generating at the **Developer Capacity** or at or at more than the MW figure proposed by **The Company** in the **Notice of Intent** or the **User** does not provide a response that is satisfactory to **The Company** within the timescale specified in Clause 7.4.5 above **The Company** will issue the **Notice of Reduction** to the **User** and the **Developer** and will send a copy of the same to the **Authority**.

7.4.8 Unless during such period the matter has been referred by the **User** to the **Authority** for determination by the **Authority** under the provisions of Standard Condition C9 Paragraph 4 of the **Transmission Licence**, the **Notice of Reduction** shall take effect on the day 15 **Business Days** after the date of the **Notice of Reduction** and the **Developer Capacity** in this **Construction Agreement** [and Appendix A of the associated **BELLA**] shall be amended on that date in the manner set out in the **Notice of Reduction**. Where the matter has been referred the amendments to Appendix A of the associated **BELLA** and the date they take effect shall be as set out in the Authority's determination.

7.4.9 After a **Notice of Reduction** has taken effect **The Company** shall be entitled to make such amendments to this **Construction Agreement** as it requires as a result of the reduction in the **Developer Capacity** effected by the **Notice of Reduction** and as a consequence to the [**Bilateral Connection Agreement** or **Agreement to Vary**] [and **BELLA**]. **The Company** shall advise the **User** as soon as practicable and in any event within 3 months of the date of the **Notice of Reduction** (or if the matter has been referred by the **User** [and **BELLA**] to the **Authority**, the date of determination) of such amendments by way of agreement(s) to vary. The agreement to vary will also provide for payment by the **User** of the **Reduction Fee** and on such reduction in **Developer Capacity** taking effect the **User** shall pay the **Cancellation Charge** in respect of the reduction such payment to be made within 14 days of the date of **The Company's** invoice in respect thereof. The parties acknowledge that any dispute regarding this variation shall be referable to and determined by the **Authority** under the provisions of Standard Condition C9 Paragraph 4 of the **Transmission Licence**.”]

7.4.10 Where as a result of the reduction in the **Developer Capacity** effected by the **Notice of Reduction** the **Developer** is no longer an **Embedded Exemptable Large Power Station** and as a result the **BELLA** is to be terminated as provided for in the **BELLA** then the following provisions shall apply:

7.4.10.1 The agreement to vary referred to in Clause 7.4.9 above shall also provide for such amendments as are necessary to the **Construction Agreement** and [**Bilateral Connection Agreement** or **Agreement to Vary**] to reflect the fact that the **Developer** is no longer to be party to a **BELLA** but is a **Relevant Embedded Small Power Station**.

7.4.10.2 Where **The Company** determines that the reduction in the **Developer Capacity** effected by the **Notice of Reduction** is such that if a **Request for a Statement of Works** had been made by the **User** on the basis of that reduced **Developer Capacity** on the same date as, but instead of, the **Developer's** application for the **BELLA** then no works would have been required on the **National Electricity Transmission System** then **The Company** shall be entitled to terminate this **Construction Agreement** and the provisions of Clause 11 shall apply. In such case **The Company** shall be entitled to make such amendments as are necessary to the

[**Bilateral Connection Agreement** or **Agreement to Vary**] to reflect the fact that the **Developer** is no longer party to a **BELLA** but is a **Relevant Embedded Small Power Station**.

7.4.10.3 The **Company** and the **User** shall treat the **Developer** as if it had been a **Relevant Embedded Small Power Station** at the time of its application for a **BELLA** and for the purposes of **CUSC** Paragraph 6.5 as if a) the **Developer's** application for the **BELLA** had been a **Request for a Statement of Works** under **CUSC** 6.5.5, b) this **Construction Agreement** had been entered into as a result of the **Modification Application** referred to in **CUSC** Paragraph 6.5.5.5, c) the **Notice of Reduction** is a revised **Request for a Statement of Works** from the **User** under **CUSC** Paragraph 6.5.5.8 by reference to the reduction in the **Developer Capacity** effected by the **Notice of Reduction** and d) the agreement to vary referred to in Clause 7.4.10.1 or 7.4.10.2 as **The Company's** response to the **User's** revised **Request for a Statement of Works** and the provisions of **CUSC** Paragraph 6.5 shall apply on that basis.

7.5 Where there is a reduction in **Developer Capacity** under Clause 7.4 prior to the **Charging Date**, on such reduction in **Developer Capacity** taking effect the **User** shall pay to **The Company** the **Cancellation Charge** such payment to be made within 14 days of the date of **The Company's** invoice in respect thereof.

8. COMPLIANCE WITH SITE SPECIFIC TECHNICAL CONDITIONS

The **User** shall ensure that on the **Completion Date** the **User's Equipment** complies with the site specific technical conditions set out in Appendices F1-5 to the **Bilateral Connection Agreement** .

9. PROVISION OF SECURITY

Where required to do so under **CUSC** Section 15, the **User** shall provide **The Company** with security arrangements in accordance with **CUSC** Section 15 Part Three in respect of the **User's** obligations to pay the **Cancellation Charge** to **The Company** on termination of this **Construction Agreement** or a reduction in [**Transmission Entry Capacity**] [**Developer Capacity**] prior to the **Charging Date**.

10. EVENT OF DEFAULT

Once any of the **Events of Default** in Paragraph 5.3.1 and/or Paragraph 5.4.6.2 and/or Paragraph 5.4.6.3 of the **CUSC** has occurred and is continuing

The Company may give notice of termination to the **User** whereupon this **Construction Agreement** shall forthwith terminate and the provisions of Clause 11 shall apply.

11. TERMINATION

11.1 On termination of this **Construction Agreement** **The Company** shall disconnect all the **User's Equipment** at the **Connection Site** and:

(a) the **User** shall remove any of the **User's Equipment** on, in relation to **Connection Sites** in England and Wales, **The Company's** or, in relation to **Connection Sites** in Scotland, **Relevant Transmission Licensee's** land within 6 months of the date of termination or such longer period as may be agreed between **The Company** or the **Relevant Transmission Licensee** (as appropriate) and the **User**; and

(b) in the case of **Connection Sites** in England and Wales, **The Company** shall remove and, in the case of **Connection Sites** in Scotland, **The Company** shall procure that the **Relevant Transmission Licensee** removes, any **Transmission Connection Assets** on the **User's** land within 6 months of the date of termination or such longer period as may be agreed between **The Company** or the **Relevant Transmission Licensee** (as appropriate) and the **User**.

11.2 The **User** shall where this **Construction Agreement** terminates prior to the **Charging Date** be liable forthwith on the date this **Construction Agreement** so terminates to pay to **The Company** the **Cancellation Charge** such payment to be made within 14 days of the date of **The Company's** invoice in respect thereof.

12. TERM

12.1 Subject to the provisions for earlier termination set out in the **CUSC** this **Construction Agreement** shall continue until terminated in accordance with Clause 2.5, 2.6, 4.8 or 11 hereof.

12.2 In addition this **Construction Agreement** shall terminate upon termination of the associated **Bilateral Connection Agreement** and in the event that this is prior to the **Charging Date** the **User** the provisions of Clause 11 shall apply.

12.3 The associated [**Bilateral Connection Agreements** or **Agreement to Vary the Bilateral Connection Agreement**] will automatically terminate upon termination of this **Construction Agreement** prior to the **Charging Date**.

12.4 Any provisions for payment shall survive termination of this **Construction Agreement**.

13. CUSC

The provisions of Sections 6.6 (Payment), 6.14 (Transfer and Subcontracting), 6.15 (Confidentiality), 6.18 (Intellectual Property), 6.19 (Force Majeure), 6.20 (Waiver), 6.21 (Notices), 6.22 (Third party Rights), 6.23 (Jurisdiction), 6.24 (Counterparts), 6.25 (Governing Law), 6.26 (Severance of Terms), 6.27 (Language) inclusive of the **CUSC** shall apply to this **Construction Agreement** as if set out in this **Construction Agreement**.

14. DISPUTES

14.1 Except as specifically provided for in Clause 14.2 of this **Construction Agreement** any dispute arising under the terms of this **Construction Agreement** shall be referred to arbitration in accordance with the **Dispute Resolution Procedure**.

14.2 If there shall be any dispute between the **User** and **The Company** as to:-

15. VARIATIONS

15.1 Subject to Clause 15.2 and 15.3 below, no variation to this **Construction Agreement** shall be effective unless made in writing and signed by or on behalf of both **The Company** and the **User**.

15.2 **The Company** and the **User** shall effect any amendment required to be made to this **Construction 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.

15.3 **The Company** has the right to vary Appendices in accordance with Clauses 2.3, 2.11 and 7.4 and Paragraph 6.9 of the **CUSC**.

[Users in the capacity of a Directly Connected Distribution System insert the following:

16. Distributed Generation

16.1 In consideration of and recognising the provisions at Clause 16.4 of this **Construction Agreement** and notwithstanding that the liability for the **Cancellation Charge** rests with the **User**, the **User** will within 5 **Business Days** of receipt of the same provide the **Developer** with a copy of the **Cancellation Charge Secured Amount Statement**.

16.2 Where this **Construction Agreement** is entered into by reference to and provides for the **Construction Works** required as a consequence of more

than one **Developer** a **Cancellation Charge**, **Cancellation Charge Statement** and **Cancellation Charge Secured Amount** will be prepared by reference to each **Developer** and the reference to “**Cancellation Charge**” “**Developer**” and “**Developer Capacity**” in this **Construction Agreement** and **CUSC** Section 15 shall be construed accordingly.

16.3 In the event that the/a **Developer** reduces its **Developer Capacity** and/or terminates its agreement for connection to the **Distribution System** the **User** shall notify **The Company** in writing within 5 **Business Days** of that event.

16.4 In the event of a **Cancellation Charge Shortfall**:

16.4.1 On application by the **User** in writing (which cannot be made prior to the **Shortfall Application Date** and without the conditions at Clause 16.5 having been met), **The Company** shall pay the **Cancellation Charge Shortfall** to the **User** together with interest calculated thereon on a daily basis at **Base Rate** from the date of the payment of the **Cancellation Charge** to **The Company** by the **User** to the date of the payment of the **Cancellation Charge Shortfall** by **The Company** to the **User**.

16.4.2 The **User** shall keep **The Company** advised as to any ongoing process to recover the **Cancellation Charge Shortfall** and any associated interest charges from the **Developer** and notify **The Company** when it has reasonable grounds to believe that it is not practicable to take any further action) to recover the **Cancellation Charge Shortfall** from the **Developer**.

16.4.3 If at any time the **User** subsequently successfully recovers the **Cancellation Charge Shortfall** in full or part from the **Developer**, the **User** shall forthwith notify **The Company** and pay the amount received to **The Company** together with interest calculated thereon on a daily basis at **Base Rate** from the date of the payment of the **Cancellation Charge Secured Amount** to **The Company** by the **User** to the date of the payment of the **Cancellation Charge Shortfall** by the **User** to **The Company**.

16.5 In order for the **User** to make an application for payment of a **Cancellation Charge Shortfall** the following conditions must have been met and evidence of this provided to **The Company** by the **User** with the application.

i) that the **User** asked the **Developer** whether or not it wishes the **User** to elect for the **Fixed Cancellation Charge** and elected accordingly; and

ii) (in respect of its liability for the **Cancellation Charge** as it relates to this **Construction Agreement**) for each **Security Period** the **User** only

sought security from the **Developer** for the amount as set out in the **Cancellation Charge Secured Amount Statement** for that **Security Period]**

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)

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

APPENDIX [B]
ONE OFF WORKS

APPENDIX [G]

TRANSMISSION CONNECTION ASSET WORKS

APPENDIX [H]

TRANSMISSION REINFORCEMENT WORKS

Part 1 Enabling Works

Part 2 Wider Transmission Reinforcement Works

**APPENDIX [I]
USER'S WORKS**

APPENDIX [J]

CONSTRUCTION PROGRAMME

APPENDIX [K]

LIQUIDATED DAMAGES

Company:

Connection site:

Type:

The amount of Liquidated Damages payable by The Company to the User pursuant to this Construction Agreement shall be:

Liquidated Damages under Clause [4] of this Construction Agreement shall be calculated on a daily basis at a rate of £XXXXX per week subject to the limit that the total Liquidated Damages payable by The Company to the User under this Clause shall not exceed £XXXXX.

APPENDIX [L]

INDEPENDENT ENGINEER

Company:

Connection site:

Type:

The Independent Engineer will be a Member of the Association of Consulting Engineers (ACE) and shall be agreed between the parties within 120 days of execution of this Construction Agreement or such other period as may be agreed between the parties. Failing agreement it shall be referred to the President of the Institution of Electrical Engineers who shall nominate the Independent Engineer.

APPENDIX [MM]

ATTRIBUTABLE WORKS AND KEY CONSENTS

Part 1

Attributable Works

Part 2

Key Consents

APPENDIX [N]

THIRD PARTY WORKS

APPENDIX [P]

DEVELOPER'S DATA

Power Station

Location of Power station

Connection Site (GSP)

Site of Connection

Agreement Reference

[Insert details equivalent to data listed in part 1 of the planning code]

Anticipated date when Power Station's connection to use of the Distribution System will be energised.

SCHEDULE 2 EXHIBIT 3

PART 2

For use with Users other than in the categories referred to in PART 1

INDICATIVE

DATED [] 200[1]

NATIONAL GRID ELECTRICITY TRANSMISSION PLC (1)

and

[] (2)

THE CONNECTION AND USE OF SYSTEM CODE

CONSTRUCTION AGREEMENT

CONTENTS

<u>Clause</u>	<u>Title</u>
1	Definitions, Interpretation and Construction
2	Carrying out of the Works
3	Delays
4	Commissioning Programme and Liquidated Damages
5	Approval to Connect/Energise/Become Operational
6	Independent Engineer

7	Becoming Operational
8	Compliance with Site Specific Technical Conditions
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10	Event of Default
11	Termination on Event of Default
12	Term
13	CUSC
14	Disputes
15	Variations
Appendix B	One Off Works
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Appendix H	Transmission Reinforcement Works
Appendix I	User's Works
Appendix J	Construction Programme
Appendix K	Liquidated Damages
Appendix L	Independent Engineer
Appendix M	Security Arrangements
Appendix N	Third Party Works

THIS CONSTRUCTION AGREEMENT is made on the [] day of [] 200[1]

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** has prepared a Connection and Use of System Code (**CUSC**) setting out the terms of the arrangements for connection to and use of the **National Electricity Transmission System** and the provision of certain **Balancing Services**.
- (B) The **User** has applied for [connection to] [and use of] [modification to its connection to] [or use of] the **National Electricity Transmission System** and pursuant to Standard Condition C8 of the **Transmission Licence**, **The Company** is required to offer terms in accordance with the **CUSC** in this respect **or** [specific recital to reflect that the **Construction Agreement** is an amendment of an existing signed offer pursuant to the **CUSC** amending documents]
- (C) **The Company** and the **User** are parties to the **CUSC Framework Agreement** (being an agreement by which the **CUSC** is made contractually binding between the parties).
- (D) Certain works are required as part of this offer as set out in this **Construction Agreement**.
- (E) This **Construction Agreement** is entered into pursuant to the terms of the **CUSC**.

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** and in the Bilateral Connection Agreement have the same meanings, interpretations or constructions in this **Construction Agreement**.

v1.11– 28th July 2015

"Authority"	as defined in the CUSC .
"Bilateral Connection Agreement"	the Bilateral Connection Agreement entered into between the parties on even date herewith.
"Charging Date"	the date upon which the Construction Works are first Commissioned and available for use by the User or if the Independent Engineer before, on or after the Commissioning Programme Commencement Date shall have certified in writing that the Transmission Connection Assets , are completed to a stage where The Company could commence commissioning and by such date the User's Works shall not have been so certified then the date falling [] days after the date of such certification, provided that the Transmission Reinforcement Works are Commissioned and Seven Year Statement Works are completed as at that date. In the event that the Transmission Reinforcement Works are not so Commissioned and/or the Seven Year Statement Works are not so completed the Charging Date shall be the date on which they are Commissioned and/or completed as appropriate.
"Commissioning Programme Commencement Date"	the date specified in the Construction Programme for the commencement of the Commissioning Programme or any substituted date fixed under the terms of this Construction Agreement
"Commissioning Programme"	the sequence of operations/tests necessary to connect the User's Works and the Transmission Connection Asset Works to the National Electricity Transmission System for the purpose of making the User's Works available for operation to be determined pursuant to Clause 2.10 of this Construction

Agreement.

“Completion Date”	[] or such other date as may be agreed in terms of this Construction Agreement for completion of the Construction Works .
“Connected Planning Data”	data required pursuant to the Planning Code which replaces data containing estimated values assumed for planning purposes by validated actual values and updated estimates for the future and by updated forecasts for forecast data items.
“Consents”	in relation to any Works :- (a) all such planning and other statutory consents; and (b) all wayleaves, easements, rights over or interests in land or any other consent; or (c) permission of any kind as shall be necessary for the construction of the Works and for commencement and carrying on of any activity proposed to be undertaken at or from such Works when completed.
“Construction Programme”	the agreed programme for the Works to be carried out by The Company and the User set out in detail in Appendix [J] to this Construction Agreement or as amended from time to time pursuant to Clauses 2.3 and 3.2 of this Construction Agreement .
“Construction Site”	the site where the Transmission Connection Asset Works are being undertaken by or on behalf of The Company ;
“Construction Works”	the Transmission Connection Asset Works, Transmission Reinforcement Works, Seven Year Statement Works

and **One Off Works** and such additional works as are required in order to comply with any relevant **Consents** relating to any such works but excluding for the avoidance of doubt any **Third Party Works**.

"Dispute Resolution Procedure"	the procedure for referral to arbitration set out in Paragraph 7.4 of the CUSC .
"Event of Default"	any of the events set out in Clause 10 of this Construction Agreement as constituting an event of default.
"Final Sums"	<p>the amount payable by the User on termination of this Construction Agreement being the aggregate from time to time and for the time being of:-</p> <ol style="list-style-type: none">(1) all The Company Engineering Charges arisen prior to the date of termination;(2) fees, expenses and costs (excluding costs on account of interest charges incurred by The Company) of whatever nature reasonably and properly incurred or due by The Company in respect of any part of the Construction Works carried out prior to the date of termination of this Construction Agreement;(3) fees, expenses and costs properly payable by The Company in respect of, or arising from the termination by it or any third party of any contract for or relating to the carrying out of any Construction Works provided it is negotiated on an arms length basis (including any such arising under the STC);(4) a sum equal to the reasonable

costs of removing any **Transmission Connection Assets** and of making good the remaining **Plant and Apparatus** following such removal; and

- (5) interest on any such amounts from the date they were paid by The Company to the date of The Company's invoice at 2% over **Base Rate** from time to time and for the time being.

Provided that no sum shall be due in respect of **Final Sums** in respect of fees, expenses and costs associated with (a) the **Seven Year Statement Works** and/or (b) **Transmission Reinforcement Works** and specified in Part 2 of Appendix H.

Any dispute as to the amount of **Final Sums** shall be referred to arbitration in accordance with the **Dispute Resolution Procedure**.

"Independent Engineer"

the engineer specified in Appendix L to this **Construction Agreement**. Provided that:-

- (a) where the parties fail to agree on a suitable engineer within 120 days of the date of this **Construction Agreement**; or
- (b) where any **Independent Engineer** appointed from time to time shall fail, refuse or cease to act in the capacity set out herein and no substitute engineer of suitable standing and qualification can be agreed by the parties within 30 days;

then such engineer as the President of the Institution of Electrical Engineers

	shall, on the application of either party, nominate shall be the Independent Engineer .
“Liquidated Damages”	the sums specified in or calculated pursuant to Appendix K to this Construction Agreement .
“One Off Works”	the works described in Appendix B1 to this Construction Agreement .
“Seven Year Statement Works”	the works set out in Table B7 of the statement prepared by The Company pursuant to Standard Condition C11 of the Transmission Licence and issued by The Company in [] which in The Company’s reasonable opinion are required to be completed before the Completion Date to ensure that the National Electricity Transmission System complies with the requirements of Standard Condition C17 of the Transmission Licence and Standard Condition D3 of any Relevant Transmission Licensee’s transmission licence prior to the Connection of the User’s Equipment in terms of Clause 7.1 [or 7.2] of this Construction Agreement .
“Term”	the term of this Construction Agreement commencing on the date hereof and ending in accordance with Clause 12.
“Third Party Works”	the works to be undertaken on assets belonging to a party other than The Company and the User to enable it to provide or as a consequence of the connection to and/or use of the National Electricity Transmission System by the User as specified in Appendix N;

"Transmission Connection Assets"	the assets specified in Appendix A to the Bilateral Connection Agreement .
"Transmission Connection Asset Works"	the works necessary for construction and installation of the Transmission Connection Assets at the Connection Site specified in Appendix G to this Construction Agreement .
"Transmission Reinforcement Works"	those works other than the Transmission Connection Asset Works, Seven Year Statement Works and One Off Works , which in the reasonable opinion of The Company are all necessary to extend or reinforce the National Electricity Transmission System to ensure that the National Electricity Transmission System complies with the requirements of Standard Condition C17 of the Transmission Licence and Standard Condition D3 of any Relevant Transmission Licensee's transmission system in relation to and prior to the connection of the User's Equipment at the Connection Site and which are specified in Appendix H to this Construction Agreement , where Part 1 is works required for the User and Part 2 is works required for wider system reasons.
"User's Works"	those works necessary for installation of the User's Equipment which are specified in Appendix I to this Construction Agreement .
"Works"	the Construction Works and the User's Works .

2 CARRYING OUT OF THE WORKS

- 2.1 Forthwith following the date of this **Construction Agreement** (i) in respect of **Connection Sites** in England and Wales **The Company** and the **User** shall agree the **Safety Rules** and **Local Safety Instructions** to apply during the **Construction Programme** and **Commissioning Programme**; and (ii) in

respect of **Connection Sites** in Scotland the **User** shall agree with the **Relevant Transmission Licensee** the **Safety Rules** and **Local Safety Instructions** to apply during the **Construction Programme** and **Commissioning Programme**. Failing agreement within three months of the date of this **Construction Agreement** the matter shall be referred to the **Independent Engineer** for determination in accordance with Clause 6 of the **Construction Agreement**.

2.2 Subject to Clauses 2.3 and 2.4 of this **Construction Agreement** forthwith following the date of this **Construction Agreement** **The Company** shall use its best endeavours to obtain in relation to the **Construction Works**, and the **User** shall use its best endeavours to obtain in relation to the **User's Works**, all **Consents**. Each shall give advice and assistance to the other to the extent reasonably required by the other in the furtherance of these obligations. Further, each party shall, so far as it is legally able to do so, grant to, in relation to **Connection Sites** in England and Wales, the other, or in relation to **Connection Sites** in Scotland, the **Relevant Transmission Licensee**, all such wayleaves, easements, servitude rights, rights over or interests (but not estates as regards land in England and Wales and not heritable or leasehold interests as regards land in Scotland) in land or any other consents reasonably required by the other or the **Relevant Transmission Licensee** in order to enable the **Works** to be expeditiously completed and to enable that other to carry out its obligations to the other under this **Construction Agreement** and in all cases subject to such terms and conditions as are reasonable.

2.3 The following additional provisions shall apply in respect of the **Consents** and **Construction Works**:-

2.3.1 All dates specified in this **Construction Agreement** are subject to **The Company** obtaining **Consents** for the **Construction Works** in a form acceptable to it within the time required to carry out the **Construction Works** in accordance with the **Construction Programme**.

2.3.2 In the event of:-

- (a) the **Consents** not being obtained by the required date; or
- (b) the **Consents** being subject to conditions which affect the dates; or
- (c) **The Company** wishing to amend the **Construction Works** to facilitate the granting of the **Consents**,

The Company shall be entitled to revise the **Construction Works** (and as a consequence Appendix A to the **Bilateral Connection Agreement**) and all dates specified in this **Construction Agreement** and the charges specified in Appendix B to the **Bilateral Connection**

Agreement. For the avoidance of doubt such revisions shall be at **The Company 's** absolute discretion and the consent of the **User** is not required.

2.3.3 The **User** shall be regularly updated by **The Company** in writing or by such other means as the parties may agree as to progress made by **The Company** from time to time in the obtaining of relevant **Consents** pursuant to its obligations under Clause 2.2 or 2.3 of this **Construction Agreement**.

2.4.1 The **User** shall be liable to pay to **The Company** as part of Final Sums:-

- (a) all **The Company 's Engineering Charges** accrued; and
- (b) proper and reasonable out-of-pocket expenses incurred and/or paid or which **The Company** is legally bound to incur or pay

in seeking and obtaining the **Consents** the subject of Clause 2.2 of this **Construction** excluding any costs associated with the **Seven Year Statement Works** and the works specified in Part 2 of Appendix H.

The **User** acknowledges these out of pocket ancillary expenses may include planning inquiries or appeals and the capital costs together with reasonable legal and surveyors costs of landowners or occupiers in acquiring permanent easements or other rights in respect of any electric line or underground cable forming part of the **Transmission Connection Asset Works**. This sum shall not include any capital costs incurred by **The Company**, in relation to **Connection Sites** in England and Wales, in the acquisition by it of the freehold of any land or any **Relevant Transmission Licensee**, in relation to **Connection Sites** in Scotland, in the acquisition by it of the feuhold of any land. **The Company** shall keep the **User** informed of the level of such charges and expenses being incurred. The **User** shall pay such sums within 28 (twenty eight) days of the date of **The Company 's** invoice therefor.

2.4.2 Paragraphs 11.2.3 to 11.2.5 of the **CUSC** relating to **Consents** shall apply to the **Construction Agreement** as if set out here in full.

2.5 Prior to the commencement of the **Transmission Connection Asset Works** the **User** shall have the right to terminate this **Construction Agreement** upon giving not less than 7 (seven) days notice in writing to **The Company**. In the event of the **User** terminating this **Construction Agreement** in terms of this Clause 2.5 the **User** shall in addition to the payments for which it is liable under Clause 2.4 hereof be liable to pay to **The Company** a sum equal to **The Company 's** estimate or if applicable revised estimate of **Final Sums**. The **User** shall pay such sums within 14 (fourteen) days of the date of **The**

Company's invoice(s) therefore and (where applicable) on termination where applicable **The Company** shall disconnect the **User's Equipment** at the **Connection Site** and:

- (a) the **User** shall remove any of the **User's Equipment** on, in relation to **Connection Sites** in England and Wales, **The Company's** or, in relation to **Connection Sites** in Scotland, **Relevant Transmission Licensee's** land within 6 months of the date of termination or such longer period as may be agreed between **The Company** or the **Relevant Transmission Licensee** (as appropriate) and the **User**; and
- (b) in the case of **Connection Sites** in England and Wales, **The Company** shall remove and, in the case of **Connection Sites** in Scotland, **The Company** shall procure that the **Relevant Transmission Licensee** removes, any of the **Transmission Connection Assets** on the **User's** land within 6 months of the date of termination or such longer period as may be agreed between **The Company** or the **Relevant Transmission Licensee** (as appropriate) and the **User**.

2.6 If the **User** fails to obtain all **Consents** for the **User's Works** having complied with the obligations in Clause 2.2 of this **Construction Agreement** the obligation on the **User** to complete the **User's Works** shall cease and the **User** may by written notice to **The Company** terminate this **Construction Agreement** whereupon the **User** shall in addition to the sums for which it is liable under Clause 2.4 hereof be liable to pay to **The Company** a sum equal to **The Company 's** estimate or if applicable revised estimate of **Final Sums**. The **User** shall pay such sums within 14 (fourteen) days of the date of **The Company 's** invoice(s) therefore and (where applicable) on termination **The Company** shall disconnect the **User's Equipment** at the **Connection Site** and;

- (a) the **User** shall remove any of the **User's Equipment** on, in relation to **Connection Sites** in England and Wales, **The Company's** or, in relation to **Connection Sites** in Scotland, **Relevant Transmission Licensee's** land within 6 months of the date of termination or such longer period as may be agreed between **The Company** or the **Relevant Transmission Licensee** (as appropriate) and the **User**; and
- (b) in the case of **Connection Sites** in England and Wales, **The Company** shall remove and, in the case of **Connection Sites** in Scotland, **The Company** shall procure that the **Relevant Transmission Licensee** removes, any of the **Transmission Connection Assets** on the **User's** land within 6 months of the date of termination or such longer period as may be agreed between **The**

Company or the **Relevant Transmission Licensee** (as appropriate) and the **User**.

- 2.7 Both parties shall be entitled to contract or sub-contract for the carrying out of their respective parts of the **Works** (which in the case of **The Company** shall include work carried out by a **Relevant Transmission Licensee** or its contractors or sub-contractors). The **User** or any contractor on its behalf shall be responsible for commencing and for carrying out the **User's Works** to such stage of completion as shall render them capable of being **Commissioned** in accordance with the **Construction Programme** and **The Company** or any contractor on its behalf shall be responsible for commencing and carrying out the **Construction Works** to such stage of completion as shall render them capable of being **Commissioned** in accordance with the **Construction Programme**.
- 2.8 The parties shall continuously liaise throughout the **Construction Programme** and **Commissioning Programme** and each shall provide to the other all information relating to its own **Works** reasonably necessary to assist the other in performance of that other's part of the **Works**, and shall use all reasonable endeavours to coordinate and integrate their respective part of the **Works**. There shall be on-site meetings between representatives of the parties at intervals to be agreed between the parties. Each party shall deliver to the other party a written report of progress during each calendar quarter within 7 days of the end of that quarter.
- 2.9 During the period of and at the times and otherwise as provided in the **Construction Programme** and the **Commissioning Programme** **The Company** shall allow the **User**, its employees, agents, suppliers, contractors and sub-contractors necessary access to the **Construction Site** and the **User** shall allow **The Company** or, in the case of **Connection Sites** in Scotland, the **Relevant Transmission Licensee** and in either case their employees, agents, suppliers, contractors and sub-contractors necessary access to its site to enable each to carry out the **Transmission Connection Asset Works** and **One Off Works** or **User's Works** but not so as to disrupt or delay the construction and completion of the other's **Works** on the said sites or the operation of the other's **Plant** and **Apparatus** located thereon, such access to be in accordance with any reasonable regulations relating thereto made by the site owner or occupier.
- 2.10 Not later than six months prior to the **Commissioning Programme Commencement Date** **The Company** shall provide the **User** with a draft **Commissioning Programme** for the **Commissioning** of the **Transmission Connection Assets**, and the **User's Equipment**. The **User** shall, as quickly as practicable and in any event within three months of receipt thereof, determine whether or not to approve the proposed **Commissioning**

Programme (which approval shall not be unreasonably withheld or delayed) and shall within such three month period either notify **The Company** of its approval or, in the event that the **User** reasonably withholds its approval, notify **The Company** of any changes or variations to the proposed commissioning programme recommended by the **User**. If **The Company** does not accept such changes or variations submitted by the **User** any dispute shall be referred to the **Independent Engineer** for determination. The **Commissioning Programme** agreed between the parties or determined by the **Independent Engineer** as the case may be shall be implemented by the parties and their sub-contractors in accordance with its terms.

- 2.11 If at any time prior to the **Completion Date** it is necessary for **The Company** or **The Company** in its reasonable discretion wishes to make any addition to or omission from or amendment to the **Transmission Connection Asset Works** and/or **Transmission Reinforcement Works** and/or the **One Off Works** and/or the **Third Party Works** **The Company** shall notify the **User** in writing of such addition, omission or amendment and Appendices [B1 (One Off Works), G (**Transmission Connection Asset Works**) H (**Transmission Reinforcement Works**) and N (**Third Party Works**)] to this **Construction Agreement** and consequently Appendices [A (**Transmission Connection Assets**) and B (**Connection Charges** and **One Off Charges**)] to the associated **Bilateral Connection Agreement** shall be automatically amended to reflect the change.
- 2.12 [The **User** shall apply to the Secretary of State for Trade and Industry as part of its application under Section 36 of the Act for its generating station, for deemed planning permission in relation to the substation forming part of the **Transmission Connection Asset Works**. The **User** shall use its best endeavours to procure that the said deemed planning permission is so obtained. **The Company's** obligations under Clause 2.2 of this **Construction Agreement** shall not require it to obtain planning consent for the said substation unless and until the Secretary of State for Trade and Industry shall for whatever reason refuse to deem the grant of planning permission in respect of the same. The **User** shall liaise with **The Company** as to its construction and operational requirements and shall ensure that the said application meets **The Company's** requirements. **The Company** shall provide the **User** with all information reasonably required by it in relation to the application and the **User** shall ensure that all requirements of **The Company** are incorporated in the application for deemed planning consent.]
- 2.13 [The **Transmission Reinforcement Works** are conditional on British Energy Generation Limited and/or Magnox Electric plc (as the case may be) granting approval to the carrying out of the **Construction Works** in terms of the Nuclear Site Licence Provisions Agreement being an agreement dated 30 March 1990 between The Company and Nuclear Electric plc (now called Magnox Electric plc) and an agreement dated 31 March 1996 between The

Company and British Energy Generation Limited (and described as such). In the event of British Energy Generation Limited and/or Magnox Electric plc (as the case may be) not granting approval **The Company** shall be entitled to change the **Construction Works**, the **Construction Programme** and all dates specified in this **Construction Agreement**.]

2.14 [It is hereby agreed and declared for the purposes of the Construction (Design and Management) Regulations 1994 that the **User** is the only client in respect of the **User's Works** and **The Company** is the only client in respect of the **Construction Works** and each of the **User** and **The Company** shall accordingly discharge all the duties of clients under the said **Regulations**.]

2.15 [**The Company** and the **User** hereby agree and acknowledge that this **Construction Agreement** is not to be treated as a construction contract within the meaning of section 104 of the Housing Grants, Construction and Re-generation Act 1996 and sections 104 to 113 of the said Act shall have no application either to the **Construction Works** or the **User's Works** and the parties' rights and obligations with regard to matters of dispute resolution and payment procedures are as expressly set out herein.

2.16 **Third Party Works**

2.16.1 The **User** shall be responsible for carrying out or procuring that the **Third Party Works** are carried out and shall carry them out or procure that they are carried out in accordance with the timescales specified in the **Construction Programme**. The **User** shall confirm to **The Company** or, where requested to do so by **The Company**, provide confirmation from the third party that the **Third Party Works** have been completed.

2.16.2 Given the nature of these works it may not be possible to fully identify the works required or the third parties they relate to at the date hereof. Where this is the case **The Company** shall, subject to 2.x.3 below, advise the **User** as soon as practicable and in any event by [] of the **Third Party Works** and shall be entitled to revise Appendix N and as a consequence the **Construction Programme** as necessary to reflect this.

2.16.3 Where **Third Party Works** are likely to be **Modifications** required to be made by another user(s) ("the "**First User(s)**") as a consequence of **Modifications** to the **National Electricity Transmission System** to be undertaken by **The Company** under this **Construction Agreement** **The Company** shall as soon as practicable after the date hereof issue the notification to such **First User's** in accordance with **CUSC** Paragraph 6.9.3.1. The **User** should note its obligations under **CUSC** Paragraph 6.10.3 in respect of the costs of any **Modifications** required by the **First User(s)**.

2.16.4 In the event that the **Third Party Works** have not been completed by the date specified in the **Construction Programme** or, in **The Company's** reasonable opinion are unlikely to be completed by such date, **The Company** shall be entitled to revise the **Construction Programme** as necessary to reflect such delay and also, where **The Company** considers it necessary to do so, shall be entitled to revise the **Construction Works** (and as a consequence Appendices A and B to the **Bilateral Connection Agreement**). For the avoidance of doubt such revisions shall be at **The Company's** absolute discretion and the consent of the **User** is not required. Further, in the event that the **Third Party Works** have not been completed by [] **The Company** shall have the right to terminate this **Construction Agreement** upon giving notice in writing to the **User** and in this event the provisions of Clause 11 of this **Construction Agreement** shall apply.

3 DELAYS

- 3.1 If either party shall have reason to believe that it is being delayed or will be delayed in carrying out that party's **Works** for any reason (whether it is one entitling it to the fixing of a new date under Clause 3.2 of this **Construction Agreement** or not) it shall forthwith notify the other party in writing of the circumstances giving rise to the delay and of the extent of the actual and/or anticipated delay.
- 3.2 If prior to the **Completion Date** a party (in this Clause 3.2 "the **Affected Party**") shall be delayed in carrying out any of the **Affected Party's Works** (including their commissioning) by reason of any act, default or omission on the part of the other Party (in this Clause the "**Defaulting Party**") or the **Defaulting Party's** employees, agents, contractors or sub-contractors or by reason of an event of **Force Majeure**, the **Affected Party** shall be entitled to have such later date or dates fixed as the **Commissioning Programme Commencement Date** and/or (as the case may be) the **Completion Date** as may be fair and reasonable in the circumstances provided that it shall have notified the **Defaulting Party** in writing of such act, default or omission or event of **Force Majeure** within 28 days of it becoming aware of the occurrence giving rise to the delay together with an estimate of the proposed delay which it will cause the **Affected Party**. In the event of a dispute between the parties over what is or are any fair and reasonable new date or dates to be fixed in the circumstances this shall be promptly referred to and determined by the **Independent Engineer**. Once the new date or dates are fixed the **Construction Programme** and/or **Commissioning Programme** shall be deemed automatically amended as appropriate.

4 COMMISSIONING PROGRAMME AND LIQUIDATED DAMAGES

- 4.1 Each party shall give written notice to the other declaring its readiness to commence the **Commissioning Programme** when this is the case.
- 4.2 The **Commissioning Programme** shall commence forthwith once both parties have given written notice to the other under Clause 4.1.
- 4.3 The **Works** shall be deemed to have been **Commissioned** on the date that the **Independent Engineer** certifies in writing to that effect.
- 4.4 In the event that the actual date of commencement of the **Commissioning Programme** is later than the **Commissioning Programme Commencement Date The Company** (if and to the extent that it is responsible for delayed commissioning beyond the **Commissioning Programme Commencement Date**, such responsibility and/or its extent to be determined by the **Independent Engineer** failing agreement between the parties) shall be liable to pay to the **User Liquidated Damages** for each day that the actual date of commencement of the **Commissioning Programme** is later than the **Commissioning Programme Commencement Date**. It is declared and agreed that such **Liquidated Damages** shall cease to be payable in respect of any period after the date of actual commencement of the **Commissioning Programme**.
- 4.5 In the event that the actual date on which the **Construction Works** are **Commissioned** is later than the **Completion Date The Company** (if and to the extent that it is responsible for delayed completion beyond the **Completion Date**, such responsibility and/or its extent to be determined by the **Independent Engineer** failing agreement between the parties) shall be liable to pay to the **User Liquidated Damages** for each day that the actual date on which the **Construction Works** are **Commissioned** is later than the **Completion Date**. It is hereby agreed and declared that such **Liquidated Damages** shall cease to be payable in respect of any period after completion of the **Construction Works**.
- 4.6 **Liquidated Damages** payable under Clauses 4.4 and 4.5 of this **Construction Agreement** shall accumulate on a daily basis but shall be payable calendar monthly. On or before the 15th day of each month the party entitled to receive the payment of **Liquidated Damages** shall send to the other party a statement of the **Liquidated Damages** which have accrued due in the previous calendar month. The party receiving such statement shall in the absence of manifest error pay the **Liquidated Damages** shown on the statement within 28 days of the date upon which the statement is received.
- 4.7 Without prejudice to and in addition to the obligation of the **User** pursuant to Clause 2.4 of this **Construction Agreement**, the payment or allowance of **Liquidated Damages** pursuant to this Clause 4 shall be in full satisfaction of

The Company's liability for failure to perform its obligations by the **Commissioning Programme Commencement Date** and/or the **Completion Date** as appropriate.

- 4.8 In the event that the **User** shall have failed, in circumstances not entitling it to the fixing of a new date as the **Commissioning Programme Commencement Date** pursuant to Clause 3.2, to complete the **User's Works** by [] to a stage where the **User** is ready to commence the **Commissioning Programme**, **The Company** shall have the right to terminate this **Construction Agreement** upon giving notice in writing to the **User**. In the event of such termination the **User** shall in addition to the amounts for which it is liable under Clause 2.4 to this **Construction Agreement** be liable to **The Company** to pay to **The Company** a sum equal to **The Company's** estimate or revised estimate of **Final Sums**. The **User** shall pay such sums within 14 (fourteen) days of the date of **The Company 's** invoice(s) therefor and on termination (where applicable) **The Company** shall disconnect the **User's Equipment** at the **Connection Site** and:
- (a) the **User** shall remove any of the **User's Equipment** on, in relation to **Connection Sites** in England and Wales, **The Company's** or, in relation to **Connection Sites** in Scotland, **Relevant Transmission Licensee's** land within 6 months of the date of termination or such longer period as may be agreed between **The Company** or the **Relevant Transmission Licensee** (as appropriate) and the **User**; and
 - (b) in the case of **Connection Sites** in England and Wales, **The Company** shall remove and, in the case of **Connection Sites** in Scotland, **The Company** shall procure that the **Relevant Transmission Licensee** removes, any **Transmission Connection Assets** on the **User's** land within 6 months of the date of termination or such longer period as may be agreed between **The Company** or the **Relevant Transmission Licensee** (as appropriate) and the **User**.

5 APPROVAL TO CONNECT/ENERGISE/BECOME OPERATIONAL

- 5.1 Not later than 4 months prior to the expected **Commissioning Programme Commencement Date** or by such other time as may be agreed between the parties the parties shall prepare and submit the **Operation Diagrams** required to be prepared and submitted by each of them respectively under CC 7.4.7 and 7.4.10 and likewise the **Site Common Drawings** required under CC 7.5.2 and 7.5.4 and, if necessary, **Gas Zone Diagrams** referred to in CC 7.4.9 and 7.4.12.
- 5.2 Not later than 3 months prior to the expected **Commissioning Programme Commencement Date** or by such other time as may be agreed between the parties the parties shall prepare and submit the **Operation Diagrams** required

to be prepared and submitted by each of them respectively under CC 7.4.8 and 7.4.11 and likewise the **Site Common Drawings** required under CC 7.5.3 and 7.5.5.

- 5.3 Not later than 3 months prior to the expected **Commissioning Programme Commencement Date** or by such other time as may be agreed between the parties:-
- 5.3.1 each party shall submit to the other data within its possession needed to enable the completion of Appendices F3 and F4 to the **Bilateral Connection Agreement**; and
- 5.3.2 the **User** shall submit to **The Company** evidence satisfactory to **The Company** that the **User's Equipment** complies or will on completion of the **User's Works** comply with Clause 8 of this **Construction Agreement** and Paragraphs [2.9 and 6.7] of the **CUSC**.
- 5.4 Not later than 8 weeks prior to the expected **Commissioning Programme Commencement Date** or by such other time as may be agreed between the parties each party shall submit to the other:
- 5.4.1 for the **Connection Site** information to enable preparation of **Site Responsibility Schedules** complying with the provisions of Appendix 1 to the **Connection Conditions** together with a list of managers who have been duly authorised by the **User** to sign such **Site Responsibility Schedules** on the **User's** behalf;
- 5.4.2 written confirmation as required under CC.5.2(g) that the list of **Safety Co-ordinators** are authorised and competent [and a list of persons appointed pursuant to **Grid Code** CC5.2(m)];
- 5.4.3 a list of the telephone numbers for the facsimile machines referred to in CC6.5.9.
- 5.5 Not later than 3 months prior to the expected **Commissioning Programme Commencement Date** each party shall submit to the other a statement of readiness to complete the **Commissioning Programme** in respect of the **Works** and the statement submitted by the **User** shall in addition contain relevant **Connected Planning Data** and a report certifying to **The Company** that, to the best of the information, knowledge and belief of the **User**, all relevant **Connection Conditions** applicable to the **User** have been considered and complied with. If **The Company** considers that it is necessary, it will require this latter report to be prepared by the **Independent Engineer**. The report shall incorporate if requested by **The Company** type test reports and test certificates produced by the manufacturer showing that the **User's Equipment** meets the criteria specified in CC6.

6 INDEPENDENT ENGINEER

The parties agree and shall procure that the **Independent Engineer** shall act as an expert and not as an arbitrator and shall decide those matters referred or reserved to him under this **Construction Agreement** by reference to **Good Industry Practice** using his skill, experience and knowledge and with regard to such other matters as the **Independent Engineer** in his sole discretion considers appropriate. All references to the **Independent Engineer** shall be made in writing by either party with notice to the other being given contemporaneously as soon as reasonably practicable and in any event within 14 days of the occurrence of the dispute to be referred to the **Independent Engineer**. The parties shall promptly supply the **Independent Engineer** with such documents and information as he may request when considering such question. The **Independent Engineer** shall use his best endeavours to give his decision upon the question before him as soon as possible following its referral to him. The parties shall share equally the fees and expenses of the **Independent Engineer**. The parties expressly acknowledge that submission of disputes for resolution by the **Independent Engineer** does not preclude subsequent submission of disputes for resolution by arbitration as provided for in the **Dispute Resolution Procedure**. Pending any such submission the parties shall treat the **Independent Engineer's** decision as final and binding.

7. BECOMING OPERATIONAL

- 7.1 **The Company** shall connect and **Energise** the **User's Equipment** at the **Connection Site** during the course of and in accordance with the **Commissioning Programme** and thereafter upon compliance by the **User** with the provisions of Clause 5 and provided (1) the **Construction Works** excluding the **Seven Year Statement Works** shall be **Commissioned** and (2) [the **Seven Year Statement Works** and **Third Party Works** shall be completed **The Company** shall forthwith notify the **User** in writing that the **Connection Site** shall become **Operational**.

8. COMPLIANCE WITH SITE SPECIFIC TECHNICAL CONDITIONS

The **User** shall ensure that on the **Completion Date** the **User's Equipment** complies with the site specific technical conditions set out in Appendix F 1-5 to the **Bilateral Connection Agreement** .

9. CREDIT REQUIREMENTS

Alternate provisions apply depending whether or not the **User** does (9A) or does not (9B) meet **The Company's** required credit rating on signing the

Construction Agreement. Details of the credit requirements are set out in the **CUSC**.

9A1 PROVISION OF SECURITY

9A.1.1 The User shall as soon as possible after execution of this **Construction Agreement** and in any event no later than one (1) month after the date of such execution confirm to **The Company** whether it meets **The Company Credit Rating**. Thereafter not less than 75 days before 1 April and 1 October in each year until (subject to Clause 9A.4) 28 days after the **Charging Date** the User shall confirm its **The Company Credit Rating** to **The Company** (which in the case of a long term private credit rating shall be confirmed by Standard and Poor's or Moody's within a period of 45 days prior to the date of confirmation). The **User** shall inform **The Company** in writing forthwith if it becomes aware of losing its **The Company Credit Rating** or if it is or is likely to be put on credit watch or any similar credit surveillance procedure which may give **The Company** reasonable cause to believe that the **User** may not be able to sustain its **The Company Credit Rating** for at least 6 months.

9A.1.2 In the event that the **User** has elected to provide **The Company** with an indicative credit rating and **The Company** is of the reasonable opinion that the **User** has ceased to comply with the requirements of Clause 9A.1.1 then **The Company** may require the User forthwith:-

- (i) to apply to Standard and Poor's and/or Moody's for a further indicative long term private credit rating; or
- (ii) to confirm to **The Company** that it shall provide the security referred to in Clause 9A.1.4 hereof.

9A.1.3 In the event of the **User**:-

- (i) not having an **The Company Credit Rating**; or
- (ii) having a credit rating below **The Company Credit Rating**; or
- (iii) not having obtained from Standard and Poor's or Moody's within 30 days of the written notification under Clause 9A.1.2 above an indicative long term private credit rating,

or if **The Company** becomes aware that:

- (iv) the **User** ceases to have an **The Company Credit Rating**; or
- (v) the **User** is put on credit watch or other similar credit surveillance procedure as specified above which may give **The Company**

reasonable cause to believe that the User may not be able to maintain an **The Company Credit Rating** for at least 6 months; or

- (vi) the **User** has not obtained from Standard and Poor's within 30 days of the written notification by **The Company** under Clause 9A.1.2(i) above a further indicative long term private credit rating,

the **User** shall (where appropriate on receipt of written notification from **The Company**) comply with the terms of Clause 9A.1.4.

9A.1.4 The **User** shall within 21 days of the giving of a notice under Clause 9A.1.3 or within 30 days of the **User** confirming to **The Company** under Clause 9A.1.2(ii) that it will provide the security specified below (whichever is the earlier), provide **The Company** with the security specified below to cover the **User's** payment obligations to **The Company** arising in the event of, or which have arisen prior to, termination of this **Construction Agreement**. The security to be provided shall be in an amount not greater than such sums payable on termination and specified in writing by **The Company** to the **User** from time to time as appropriate. Such security shall be provided by way of:-

- (i) an irrevocable on demand standby **Letter of Credit** or guarantee; or
- (ii) cash held in escrow [**Escrow Account/ Bank Account**]; or
- (iii) any other form included in **The Company's** then current policy and procedure

such letter of credit or guarantee or security to be in a form agreed in writing by **The Company** and to be given by a **Qualifying Bank**, or **Qualifying Company**. Cash deposited in [escrow] shall be deposited with a **Qualifying Bank**. The choice of such security shall be at the discretion of the **User**.

9A.1.5 The **User** shall in addition to providing the requisite security enter into an agreement with **The Company**, which shall be supplemental to this **Construction Agreement** (the "Amending Agreement"). The **Amending Agreement** shall be in such form as **The Company** shall reasonably require and shall contain such provisions in relation to the **User's** obligations to provide and maintain security as shall be consequential upon the requirement for security having arisen, in line with **The Company's** then current provisions to the like effect in its agreements with other parties. The **Amending Agreement** shall relate to the procedures required in obtaining and maintaining the security and shall not alter or amend the amount of security required in terms of this **Construction Agreement**.

9A.1.6 In the event of **The Company's** credit requirements being reviewed at any time **The Company** shall advise the **User** in writing of the new credit

requirements and the **User** shall within 30 days of such notification confirm in writing to **The Company** whether it wishes to enter into an **Amending Agreement** to reflect the new credit requirements. Thereafter if the **User** has confirmed it wishes to accept the new credit requirements **The Company** and the **User** shall within 30 days of such notification enter into an **Amending Agreement**.

9A.1.7 In the event that the facts or circumstances giving rise to the obligations of the **User** to provide the security have ceased, then **The Company** shall release the security and provisions to that effect shall be included in the **Amending Agreement**.

Final Sums

9A.2 Within 60 days of the date of termination of this **Construction Agreement** **The Company** shall:

- (a) furnish the **User** with a further statement showing a revised estimate of **Final Sums** and will provide as soon as practicable evidence of such costs having been incurred; and
- (b) by written notice to the **User** inform the **User** of all capital items which cost **The Company** in excess of £10,000 and in relation to which an amount on account of **Final Sums** shall have been paid and whether **The Company** (1) wishes to retain the said capital items or (2) dispose of them.

9A.3.1 In respect of all capital items which **The Company** wishes to retain (other than those which have been, or are proposed to be installed as a replacement for **Transmission Plant and Transmission Apparatus**) **The Company** shall forthwith reimburse to the **User** the amount paid by the **User** on account of **Final Sums** in respect of the said capital items (including without limitation the amount paid on account of the design, purchase, installation and testing of the said capital item and also associated construction works and interest charges) together with interest calculated thereon on a daily basis from the date of termination of this **Construction Agreement** to the date of payment at **Base Rate** for the time being and from time to time provided that in the event that **The Company** wishes to retain any capital item which has been installed but wishes to remove it to storage or to another site then it shall only reimburse to the **User** the cost of the capital item and not the costs of such installation and shall deduct from any reimbursement due to the **User** the costs of removal and/or storage.

9A.3.2 In respect of all capital items which **The Company** wishes to dispose (other than those which have been, or are proposed to be installed as a replacement for **Transmission Plant and Transmission Apparatus**) it shall forthwith (and subject to **The Company** obtaining the consent of the **Authority** under

Standard Condition B3 of the **Transmission Licence** if required and/or subject to any **Relevant Transmission Licensee** obtaining the consent of the **Authority** under Standard Condition B3 of its transmission licence) sell or procure the sale of the said capital item on an arms-length basis as soon as reasonably practicable. Forthwith upon receipt of the sale proceeds **The Company** shall pay to the **User** the proceeds received from any such sale together with interest thereon calculated on a daily basis from the date of termination to the date of payment at **Base Rate** for the time being and from time to time less any reasonable costs associated with the sale including the costs and expenses reasonably incurred and/or paid and/or which **The Company** is legally bound to pay on removing the capital item, any storage charges and any costs reasonably incurred by **The Company** in respect of reinstatement associated with removal of the capital item. **The Company** shall provide the **User** with reasonably sufficient evidence of all such costs and expenses having been incurred. If the **Authority** does not agree to the disposal of the capital item the capital item shall be retained by **The Company** and **The Company** shall reimburse the **User** the notional current market value in situ of the said capital item as between a willing buyer and a willing seller as agreed between the parties and failing agreement as determined by reference to arbitration in accordance with the **Dispute Resolution Procedure** together with interest thereon calculated on a daily basis from the date of termination of this **Construction Agreement** to the date of payment at **Base Rate** for the time being and from time to time.

9A.3.3As soon as reasonably practicable after termination of this **Construction Agreement** **The Company** shall provide the **User** with a statement of and invoice for **Final Sums** together with evidence of such costs having been incurred and/or paid and/or having been committed to be incurred. If the **Final Sums** are greater than the payments made by the **User** in respect of **The Company's** estimate(s) of **Final Sums** the **User** shall within 28 days of the said statement and invoice prepared by **The Company** pay to **The Company** the additional payments due by the **User** together with interest calculated thereon on a daily basis at **Base Rate** for the time being and from time to time from the date of previous payment(s) sums equal to **The Company's** estimate of **Final Sums** to the date of the statement of and invoice for **Final Sums**. If the **Final Sums** is less than the payments made by the **User** in respect of **The Company's** estimate of **Final Sums** paid by the **User** following termination of this **Construction Agreement** **The Company** shall forthwith pay to the **User** the excess paid together with interest on a daily basis at **Base Rate** for the time being and from time to time from the date of payment of the fair and reasonable estimate of **Final Sums** to the date of reimbursement by **The Company** of the said excess paid.

9A.4 The obligations to provide security under this Clause 9A shall continue until either all sums due under this **Construction Agreement** have been paid in full or security arrangements have been put in place by the **User** under the

Bilateral Connection Agreement in accordance with Section 2 Part III of the **CUSC**. Until such time as the security arrangements are put in place in accordance with Section 2 Part III of the **CUSC** **The Company** shall be entitled to call upon the security put in place under the terms of this **Construction Agreement** for payment of **Termination Amounts** when due under the provisions of the **CUSC**.

Or

9B.1 Provision of Security

9B.1.1 The **User** hereby agrees that it shall forthwith upon the signing of this **Construction Agreement** provide to **The Company** or procure the provision to **The Company** of, and the **User** shall until (subject to Clause 9B.8) 28 days after the **Charging Date** (unless and until this **Construction Agreement** shall be terminated and all sums due or which will or might fall due in respect of which security is to be provided shall have been paid) maintain or procure that there is maintained in full force and effect (including by renewal or replacement), a security arrangement from time to time and for the time being as set out in Appendix M hereto to provide security for the **User's** obligation to pay **The Company** any and all sums specified by **The Company** in accordance with Clause 9B.2 of this **Construction Agreement** as requiring to be secured in respect of:-

- (a) the **User's** liability to pay **The Company** amounts from time to time due under Clause 2.4 of this **Construction Agreement**; and
- (b) **Final Sums**.

9B.2 Provision of **Bi-annual Estimate** and **Secured Amount Statement**

9B.2.1 **The Company** shall provide to the **User** an estimate ("the **Bi-annual Estimate**") in substantially the form set out in Part 2 of Appendix M to this **Construction Agreement** and showing the amounts of all payments required or which may be required to be made by the **User** to **The Company** in respect of **Final Sums** and **The Company Engineering Charges** and other expenses in relation to seeking **Consents** referred to in Clause 2.4 of this **Construction Agreement** at the following times and in respect of the following periods:-

- (a) forthwith on and with effect from the signing of this **Construction Agreement**, in respect of the period from and including the day of signing of this **Construction Agreement** until the next following 31st March or 30th September (whichever shall first occur); and

- (b) not less than 75 (seventy five) days (or if such day is not a Business Day the next following **Business Day**) prior to each 31st March and 30th September thereafter in respect of the period of six calendar months commencing on the immediately following 1st April or 1st October (as the case may be), until this **Construction Agreement** shall be terminated and all sums due or which will or might fall due in respect of which security is to be provided shall have been paid.

9B.2.2 Such **Bi-annual Estimate** shall be accompanied by a statement (in the form of the **Secured Amount Statement** set out in Part 3 of Appendix M to this **Construction Agreement**) ("**Secured Amount Statement**") specifying the aggregate amount to be secured at the beginning of and throughout each such period.

9B.2.3 If **The Company** shall not provide any subsequent **Bi-annual Estimate** and **Secured Amount Statement** by the requisite date, then the **User** shall at the date it is next required to have in full force and effect security and whether by renewal or replacement or otherwise in respect of the following six calendar month period nonetheless provide security in accordance with the provisions of this **Construction Agreement** in the same amount as the amount then in force in respect of the then current six calendar month period. Notwithstanding the foregoing, if **The Company** shall provide the **User** with any **Bi-annual Estimate** and **Secured Amount Statement** later than the date specified in Clause 9B.2.1 of this **Construction Agreement**, then the following shall apply. The **User** shall within 30 (thirty) days of receipt of the said **Secured Amount Statement** procure that to the extent that the amount in respect of which security has been or is to be provided pursuant to this Clause 9B.2.3 in respect of the relevant period ("**the Secured Amount**") falls short of the amount stated in the **Secured Amount Statement** ("**the Required Amount**") the Secured Amount shall be adjusted to the **Required Amount**.

9B.3 Entitlement to Estimate

If **The Company** is (for whatever reason) unable on any relevant date to calculate precisely any sum due or which has accrued due or in respect of which the **User** has a liability to **The Company** for payment under any of the provisions of this **Construction Agreement**, **The Company** shall be entitled to invoice the **User** for a sum equal to **The Company's** fair and reasonable estimate of the sums due or which may become due or in respect of which the **User** has a liability to **The Company** for payment. **The Company** shall also be entitled to send the **User** further invoices for such sums not covered in previous invoices. The **User** shall pay **The Company** all sums so invoiced by **The Company**.

9B.4 Demands not Affected by Disputes

It is hereby agreed between **The Company** and the **User** that if there shall be any dispute between the **User** and **The Company** as to:-

9B.4.1 any amount certified by **The Company** in any **Secured Amount Statement** as requiring at any time and from time to time to be secured; or

9B.4.2 the fairness and reasonableness of **The Company's** estimate; or

9B.4.3 whether there has been an **Event of Default** (under the **Construction Agreement** or the **CUSC**), or

9B.4.4 the lawfulness or otherwise of any termination or purported termination of this **Construction Agreement**

such dispute shall not affect the ability of **The Company** to make demands pursuant to the security arrangement to be provided pursuant to Clause 9B.1 of and Appendix M to this **Construction Agreement** and to recover the amount or amounts payable thereunder, it being acknowledged by the **User** that but for such being the case **The Company's** security would be illusory by reason of the period of validity of the relevant security being likely to expire or capable of expiring before the final resolution of such dispute. The **User** accordingly covenants with **The Company** that it will not take any action, whether by way of proceedings or otherwise, designed or calculated to prevent, restrict or interfere with the payment to **The Company** of any amount secured under the security arrangement nor seek nor permit nor assist others to do so.

9B.5 If there shall be any dispute as mentioned in Clause 9B.4 of this **Construction Agreement** the same shall, whether **The Company** shall have terminated this **Construction Agreement** and recovered or sought to recover payment under the security arrangement or not, and without prejudice to **The Company's** right to recover or seek to recover such payment, be referred in the case of Clauses 9B.4.1 and 9B.4.2 to the **Independent Engineer** (and, for the avoidance of doubt the provisions of this **Construction Agreement** relating to the **Independent Engineer** for the purposes of this Clause 9B.5 shall survive termination) and, in the case of Clauses 9B.4.3 and 9B.4.4 be dealt with by referral to arbitration in accordance with the **Dispute Resolution Procedure**.

Final Sums

9B.6 Within 60 days of the date of termination of this **Construction Agreement** **The Company** shall:

- (a) furnish **the User** with a further statement showing a revised estimate of **Final Sums** and will provide as soon as practicable evidence of such costs having been incurred; and
- (b) by written notice to **the User** inform **the User** of all capital items which cost **The Company** in excess of £10,000 and in relation to which an amount on account of **Final Sums** shall have been paid and whether **The Company** (1) wishes to retain the said capital items or (2) dispose of them.

9B.7.1 In respect of all capital items which **The Company** wishes to retain (other than those which have been, or are proposed to be installed as a replacement for **Transmission Plant** and **Transmission Apparatus**) **The Company** shall forthwith reimburse to the **User** the amount paid by the **User** on account of **Final Sums** in respect of the said capital items (including without limitation the amount paid on account of the design, purchase, installation and testing of the said capital item and also associated construction works and interest charges) together with interest calculated thereon on a daily basis from the date of termination of this **Construction Agreement** to the date of payment at **Base Rate** for the time being and from time to time provided that in the event that **The Company** wishes to retain any capital item which has been installed but wishes to remove it to storage or to another site then it shall only reimburse to the **User** the cost of the capital item and not the costs of such installation and shall deduct from any reimbursement due to the **User** the costs of removal and/or storage.

9B.7.2 In respect of all capital items which **The Company** wishes to dispose (other than those which have been, or are proposed to be installed as a replacement for **Transmission Plant** and **Transmission Apparatus**) it shall forthwith (and subject to **The Company** obtaining the consent of the **Authority** under Standard Condition B3 of the **Transmission Licence** if required and/or subject to any **Relevant Transmission Licensee** obtaining the consent of the **Authority** under Standard Condition B3 of its transmission licence) sell or procure the sale of the said capital item on an arms-length basis as soon as reasonably practicable. Forthwith upon receipt of the sale proceeds **The Company** shall pay to the **User** the proceeds received from any such sale together with interest thereon calculated on a daily basis from the date of termination to the date of payment at **Base Rate** for the time being and from time to time less any reasonable costs associated with the sale including the costs and expenses reasonably incurred and/or paid and/or which **The Company** is legally bound to pay on removing the capital item, any storage charges and any costs reasonably incurred by **The Company** in respect of reinstatement associated with removal of the capital item. **The Company** shall provide the **User** with reasonably sufficient evidence of all such costs and expenses having been incurred. If the **Authority** does not agree to the disposal of the capital item the capital item shall be retained by **The**

Company and **The Company** shall reimburse the **User** the notional current market value in situ of the said capital item as between a willing buyer and a willing seller as agreed between the parties and failing agreement as determined by reference to arbitration in accordance with the **Dispute Resolution Procedure** together with interest thereon calculated on a daily basis from the date of termination of this **Construction Agreement** to the date of payment at **Base Rate** for the time being and from time to time.

9B.7.3 As soon as reasonably practicable after termination of this **Construction Agreement** **The Company** shall provide the **User** with a statement of and invoice for **Final Sums** together with evidence of such costs having been incurred and/or paid and/or having been committed to be incurred. If the **Final Sums** are greater than the payments made by the **User** in respect of **The Company's** estimate(s) of **Final Sums** the **User** shall within 28 days of the said statement and invoice prepared by **The Company** pay to **The Company** the additional payments due by the **User** together with interest calculated thereon on a daily basis at **Base Rate** for the time being and from time to time from the date of previous payment(s) sums equal to **The Company's** estimate of **Final Sums** to the date of the statement of and invoice for **Final Sums**.

If the **Final Sums** is less than the payments made by the **User** in respect of **The Company's** estimate of **Final Sums** paid by the **User** following termination of this **Construction Agreement** **The Company** shall forthwith pay to the **User** the excess paid together with interest on a daily basis at **Base Rate** for the time being and from time to time from the date of payment of the fair and reasonable estimate of **Final Sums** to the date of reimbursement by **The Company** of the said excess paid.

9B.8 The obligations to provide security under this Clause 9 B shall continue until either all sums due under this **Construction Agreement** have been paid in full or security arrangements have been put in place by the **User** under the **Bilateral Connection Agreement** in accordance with Section 2 Part III of the **CUSC**. Until such time as the security arrangements are put in place in accordance with Section 2 Part III of the **CUSC** **The Company** shall be entitled to call upon the security put in place under the terms of this **Construction Agreement** for payment of **Termination Amounts** where due under the provisions of the **CUSC**.

10. EVENT OF DEFAULT

As before alternate provisions apply depending whether or not the User does (10A) or does not (10B) meet The Company's required credit rating on signing this **Construction Agreement**

10A. Event of Default

Any of the following events shall constitute an **Event of Default**:-

10A.1 If the **User** fails to provide or procure that there is provided to **The Company** within the requisite time any relevant security satisfactory to **The Company**, or to enter into the **Amending Agreement** pursuant to Clauses 9A.1 or 10A.3 of this **Construction Agreement**.

10A.2 If having entered into the **Amending Agreement** and having provided security satisfactory to **The Company** pursuant to Clauses 9A.1 and 10A.3 of this **Construction Agreement**.

(a) The **User** thereafter fails to provide or procure that there is provided to **The Company** or at any time fails to maintain or procure that there is maintained in full force and effect the relevant security arrangement required by this **Construction Agreement** as varied by the **Amending Agreement** or to revise or renew such security with the required replacement security or to maintain or procure that there is maintained in full force and effect any such renewed, revised or substituted security as so required, or if the User shall otherwise be in breach of any of its obligations in respect of security under this **Construction Agreement** as varied by the **Amending Agreement**;

(b) The **User** or any shareholder (whether direct or indirect) of the **User** or any other party who may at any time be providing security to **The Company** pursuant to the requirements of this **Construction Agreement** as varied by the **Amending Agreement** takes any action whether by way of proceedings or otherwise designed or calculated to prevent, restrict or interfere with the payment to **The Company** of any amount so secured whether or not there shall be a dispute between the parties;

(c) Any party who may at any time be providing security to **The Company** pursuant to the provisions of this **Construction Agreement** as varied by the **Amending Agreement** fails to pay to **The Company** any sum demanded pursuant thereto.

10A.3 If

(i) There is a material adverse change in the financial condition of the **User** such as to give **The Company** reasonable grounds for concluding that there is a substantial probability that the **User** will default in the payment of any sums due or to become due to **The Company** within the next following period of twelve (12) months in terms of or on termination of this **Construction Agreement**; or

- (ii) an event of default has occurred under any banking arrangements (as such may be more particularly described in the **Bilateral Connection Agreement**) (an event of default being any event described as such in the banking arrangements)] put in place by the **User** in connection with a project for which security under this Clause 10A is required by **The Company** and as a result the banks who are party to such banking arrangement have taken steps to declare the principle of the advances under such arrangement immediately due and payable; or
- (iii) any other indebtedness of the **User** for the repayment of borrowed money (in a principal outstanding amount of not less than £1,000,000 pounds sterling or such greater amount specified in the **Bilateral Connection Agreement**) has become due and payable prior to the stated date of maturity thereof by reason of any default or breach on the part of the **User** and the amount in question has not been paid by the **User** or refinanced within a period of 28 days following the date upon which it was so declared due and payable

and in (i) or (ii) or (iii) the **User** fails, within a period of 7 (seven) days following the date on which **The Company** gives the **User** notice in writing of one or other of the above events occurring to provide **The Company** with such security as **The Company** shall require to cover the **User's** payment obligations to **The Company** arising in the event of or which have arisen prior to termination of this **Construction Agreement** and which arise under this **Construction Agreement**. The security to be provided shall be in a form satisfactory to **The Company** in accordance with its then current policy and procedures and in such amount as **The Company** shall specify to the **User** in the aforesaid notice. The **User** shall if required by **The Company**, in addition to providing the requisite security, within a period of 30 days following the date on which **The Company** gives the **User** such notice enter into an **Amending Agreement**. Such **Amending Agreement** shall contain such provisions in relation to the **User's** obligations to provide and maintain security as shall be consequential upon the requirement for security having arisen and shall be in such form as **The Company** shall reasonably require in line with **The Company's** then current provisions to the like effect in its connection agreements with other parties.

Provided that (in relation to paragraphs (i) or (ii) or (iii) above) if at anytime after the putting in place of security under Clause 10A.3 the **User** shall produce to **The Company** evidence to **The Company's** reasonable satisfaction that there is not a substantial probability of the **User** not being able to make payment to **The Company** of such sums within the next following period of twelve (12) months, **The Company** shall not require the **User** to provide the aforesaid security and shall release any such security then in place. This waiver is without prejudice to **The Company's** right to

require security at any time thereafter in the event of any of the circumstances set out in paragraph (i) and/or (ii), and/or (iii) subsequently occurring.

10A.4 Any of the **Events of Default** in Paragraph 5.3.1 of the **CUSC** have occurred and are occurring.

Or

10B Event of Default

Any of the following events shall constitute an **Event of Default**:-

10B.1 If

- (i) an event of default has occurred under any banking arrangements (as such may be more particularly described in the **Bilateral Connection Agreement**) (an event of default being any event described as such in the banking arrangements) put in place by the **User** in connection with a project for which security under this Clause 10B is required by **The Company** and as a result the banks who are party to such banking arrangement have taken steps to declare the principle of the advances under such arrangement immediately due and payable; or
- (ii) there is a material adverse change in the financial condition of the **User** such as to give **The Company** reasonable grounds for concluding that there is a substantial probability that the **User** will default in the payment of any unsecured sum due or to become due to **The Company** within the next following period of 12 (twelve) months in terms of or on termination of this **Construction Agreement**;
- (iii) any other indebtedness of the **User** for the repayment of borrowed money (in a principal amount of not less than £1,000,000 pounds sterling or such greater amount specified in the **Bilateral Connection Agreement**) has become due and payable prior to the stated date of maturity thereof by reason of any default or breach on the part of the **User** and the amount in question has not been paid by the **User** or refinanced within a period of 28 days following the date upon which it was so declared due and payable

and in either (i) or (ii) or (iii) the **User** fails:-

- (1) within a period of 14 (fourteen) days following the date on which **The Company** gives notice of such circumstances to provide to **The Company** a cash deposit in a **Bank Account**, a **Performance Bond** or **Letter of Credit** (as defined in Appendix M) in favour of **The Company** and **Valid** (as defined in Appendix M) at least up to the last day of the **Financial Year** in which the event occurs for such amount

representing **The Company's** reasonable estimate of all unsecured sums to become due to **The Company** in the period up to the end of the **Financial Year** in which the event occurs such sum to be specified in the said notice; or

- (2) to subsequently provide such cash deposit or renew such **Performance Bond** or **Letter of Credit** (or such renewed **Performance Bond** or **Letter of Credit** provided under this paragraph) not less than 45 days prior to its stated expiry date for such amount representing **The Company's** reasonable estimate of the unsecured sums to become due to **The Company** in the next following **Financial Year** valid at least up to the last day of the next following **Financial Year** and to continue the provision of cash deposit a **Performance Bond** or **Letter of Credit** in a similar manner, to such estimate of unsecured sums.

Provided that regarding (i) or (ii) or (iii) if at any time after the putting in place of security under this Clause 10B.1 the **User** shall provide to **The Company** evidence to **The Company's** reasonable satisfaction that there is not a substantial probability of the **User** being unable to make payment to **The Company** of any unsecured sums within the next following period of twelve (12) months, **The Company** shall not require the **User** to provide the aforesaid security and shall release any such security then in place. This waiver is without prejudice to **The Company's** right to return security at any time thereafter in the event of any of the circumstances set out in paragraph (i) and/or (ii) and/or (iii) in this Clause 10B.1 subsequently occurring.

10B.2 If the **User** fails to provide or procure that there is provided to **The Company** or at any time fails to maintain or procure that there is maintained in full force and effect the relevant security arrangement required under Clauses 9B.1 or 10B.1 of and Appendix M to this **Construction Agreement** or to renew or revise such security or to substitute any security with the required replacement security or to maintain or procure that there is maintained in full force and effect any such renewed, revised or substituted security as so required or if the **User** is otherwise in breach of any of its obligations under Appendix M to this **Construction Agreement**.

10B.3 If the **User** or any shareholder (whether direct or indirect) of the **User** takes any action whether by way of proceedings or otherwise designed or calculated to prevent restrict or interfere with the payment to **The Company** of any amount so secured or seeks or permits or assists others to do so, whether or not there shall be a dispute between the parties.

10B.4 If any party who may at any time be providing or holding security in favour of **The Company** pursuant to Clauses 9B.1 or 10B.1 of and Appendix M to this

Construction Agreement fails to pay **The Company** any sum demanded in any Notice of Drawing (as defined in Appendix M) pursuant thereto.

10B.5 Any of the **Events of Default** in Paragraph 5.3.1 of the **CUSC** have occurred and are occurring.

11. TERMINATION ON EVENT OF DEFAULT

11.1 Once an **Event of Default** pursuant to Clause 10 has occurred and is continuing **The Company** may give notice of termination to the **User** whereupon this **Construction Agreement** shall forthwith terminate and **The Company** shall disconnect all the **User's Equipment** at the **Connection Site** and:

(a) the **User** shall remove any of the **User's Equipment** on, in relation to **Connection Sites** in England and Wales, **The Company's** or, in relation to **Connection Sites** in Scotland, **Relevant Transmission Licensee's** land within 6 months of the date of termination or such longer period as may be agreed between **The Company** or the **Relevant Transmission Licensee** (as appropriate) and the **User**; and

(b) in the case of **Connection Sites** in England and Wales, **The Company** shall remove and, in the case of **Connection Sites** in Scotland, **The Company** shall procure that the **Relevant Transmission Licensee** removes, any **Transmission Connection Assets** on the **User's** land within 6 months of the date of termination or such longer period as may be agreed between **The Company** or the **Relevant Transmission Licensee** (as appropriate) and the **User**.

11.2 The **User** shall (notwithstanding any longer time for payment which but for such termination the **User** may have for payment pursuant to this **Construction Agreement**) within 14 days from the date of termination pay to **The Company** all amounts already due and owing on the date this **Construction Agreement** so terminates and if this **Construction Agreement** terminates prior to the **Charging Date** the **User** shall be liable forthwith on the date this **Construction Agreement** so terminates to pay to **The Company**:-

- (1) a sum equal to all liabilities arising under Clause 2.4 of this **Construction Agreement** which have not yet been invoiced by **The Company** to the **User**; and
- (2) a sum equal to **The Company's** fair and reasonable estimate of **Final Sums**,

such payments in each case to be made within 14 days of the date of **The Company's** invoice(s) in respect thereof subject to adjustment in respect of **The Company's** estimate of **Final Sums** in accordance with Clause 9A.3.3. or 9B.7.3.

12. TERM

- 12.1 Subject to the provisions for earlier termination set out in the **CUSC** this **Construction Agreement** shall continue until terminated in accordance with Clause 2.5, 2.6, 4.8 or 11 hereof.
- 12.2 In addition this **Construction Agreement** shall terminate upon termination of the associated **Bilateral Connection Agreement** and in the event that this is prior to the **Charging Date** the **User** shall in addition to the amounts for which it is liable under Clause 2.4 hereof be liable to pay to **The Company Final Sums** and the provisions of Clause 11 shall apply.
- 12.3 The associated [**Bilateral Connection Agreements** or **Agreement to Vary the Bilateral Connection Agreement**] will automatically terminate upon termination of this **Construction Agreement** prior to the **Charging Date**.
- 12.4 Any provisions for payment shall survive termination of this Construction Agreement.

13. CUSC

The provisions of Sections 6.6 (Payment), 6.14 (Transfer and Subcontracting), 6.15 (Confidentiality), 6.18 (Intellectual Property), 6.19 (Force Majeure), 6.20 (Waiver), 6.21 (Notices), 6.22 (Third party Rights), 6.23 (Jurisdiction), 6.24 (Counterparts), 6.25 (Governing Law), 6.26 (Severance of Terms), 6.27 (Language) inclusive of the **CUSC** shall apply to this **Construction Agreement** as if set out in this **Construction Agreement**.

14. DISPUTES

Except as specifically provided for in this **Construction Agreement** any dispute arising under the terms of this **Construction Agreement** shall be referred to arbitration in accordance with the **Dispute Resolution Procedure**.

15. VARIATIONS

- 15.1 Subject to Clause 15.2 and 15.3 below, no variation to this **Construction Agreement** shall be effective unless made in writing and signed by or on behalf of both **The Company** and the **User**.

15.2 **The Company** and the **User** shall effect any amendment required to be made to this **Construction 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.

15.3 **The Company** has the right to vary Appendices in accordance with Clauses 2.3, 2.11 and 7.4 and Paragraph 6.9 of the **CUSC**.

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)

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

APPENDIX [B]
ONE OFF WORKS

APPENDIX [G]
TRANSMISSION CONNECTION ASSET WORKS

APPENDIX [H]
TRANSMISSION REINFORCEMENT WORKS

APPENDIX [J]
CONSTRUCTION PROGRAMME

APPENDIX [K]

LIQUIDATED DAMAGES

Company:

Connection site:

Type:

The amount of Liquidated Damages payable by The Company to the User pursuant to this Construction Agreement shall be:

Liquidated Damages under Clause [4] of this Construction Agreement shall be calculated on a daily basis at a rate of £XXXXX per week subject to the limit that the total Liquidated Damages payable by The Company to the User under this Clause shall not exceed £XXXXX.

APPENDIX [L]

INDEPENDENT ENGINEER

Company:

Connection site:

Type:

The Independent Engineer will be a Member of the Association of Consulting Engineers (ACE) and shall be agreed between the parties within 120 days of execution of this Construction Agreement or such other period as may be agreed between the parties. Failing agreement it shall be referred to the President of the Institution of Electrical Engineers who shall nominate the Independent Engineer.

APPENDIX [M]

PART 1

SECURITY ARRANGEMENT

1. DEFINITIONS

In this Appendix M, the following terms have the meanings set out next to them:-

“Bi-annual Estimate” means an estimate pursuant to Clause [9B.2.1] of this Construction Agreement of all payments to be made or which may be required to be made by the User in any relevant period, such estimate to be substantially in the form set out in Part 2 of this Appendix M;

“Bank Account” means a separately designated bank account in the name of The Company at such branch of Barclays Bank PLC, or such branch of any other bank, in the City of London as is notified by The Company to the User, bearing interest from (and including) the date of deposit of principal sums to (but excluding) the date of withdrawal of principal sums from such account, mandated for withdrawal of principal solely by The Company against delivery of a Notice of Drawing for the amount demanded therein and mandated for the transfer of any interest accrued to the Bank Account to such bank account as the User may specify;

“Letter of Credit”	means an irrevocable standby letter of credit in a form reasonably satisfactory to The Company but in any case expressed to be governed by the Uniform Customs and Practice for Documentary Credits 1993 Revision ICC Publication No. 500 or such other form as may be reasonably satisfactory to The Company and allowing for partial drawings and providing for the payment to The Company on demand forthwith on and against The Company’s delivery to the issuer thereof of a Notice of Drawing of the amount demanded therein;
“Notice of Drawing”	means a notice of drawing signed by or on behalf of The Company substantially in the form set out in Part 4 of this Appendix M;
“Performance Bond”	means an on first demand without proof or conditions irrevocable performance bond or performance guarantee executed as a deed in a form reasonably satisfactory to The Company but in any case allowing for partial drawings and providing for the payment to The Company on demand forthwith on and against The Company’s delivery to the issuer thereof of a Notice of Drawing of the amount demanded therein;
“Qualified Bank”	means a City of London branch of a bank, its successors and assigns, which has throughout the validity period of the Performance Bond or Letter of Credit it issues in favour of The Company, a rating of at least A- in Standard and Poor’s long term debt

rating or A3 in Moody's long term debt rating provided that such bank is not during such validity period put on any credit watch or any similar credit surveillance which gives The Company reasonable cause to doubt that such bank may not be able to maintain the aforesaid rating throughout the validity period and no other event has occurred which gives The Company reasonable cause to have such doubt;

“Qualified Company” a company which is a public company or a private company within the meaning of section 1(3) of the Companies Act 1985 and which is either :

- (a) a shareholder of the **User** or any holding company of such shareholder-or
- (b) any subsidiary of any such holding company, but only where the subsidiary
 - (i) demonstrates to **The Company's** satisfaction that it has power under its constitution to give a **Performance Bond** other than in respect of its subsidiary;
 - (ii) provides an extract of the minutes of a meeting of its directors recording that the directors have duly concluded that the giving of the **Performance Bond** is likely to promote the success of that subsidiary for the benefit of its members;

(iii) provides certified copies of the authorisation by every holding company of the subsidiary up to and including the holding company of the **User**, of the giving of the **Performance Bond**,

(the expressions “holding company” and “subsidiary” having the respective meanings assigned thereto by section 736, Companies Act 1985 as supplemented by section 144(3), Companies Act 1989) and which has throughout the validity period of the **Performance Bond** it gives in favour of **The Company**, a rating of at least A- in Standard and Poor’s long term debt rating or A3 in Moody’s long term debt rating or such lesser rating which **The Company** may in its absolute discretion allow by prior written notice given pursuant to a resolution of its board of directors for such period and on such terms as such resolution may specify provided that such company is not during such validity period put on any credit watch or any similar credit surveillance procedure which gives **The Company** reasonable cause to doubt that such company may not be able to maintain the aforesaid rating throughout the validity period of the **Performance Bond** and no other event has occurred which gives **The Company** reasonable cause to have such doubt;

“Secured Amount Statement”

means a statement accompanying the Bi-annual Estimate setting out the amount of the User’s Obligation based on figures contained in the Bi-

annual Estimate being the amount for which security shall be provided to The Company pursuant to Clause 9B of this Construction Agreement;

“User’s Obligation” means the User’s obligation to pay under this Construction Agreement:-

(i) all amounts in respect of which the User has a liability to pay to The Company pursuant to Clause 2.4 of this Construction Agreement Agreement;

(ii) Final Sum

“Valid” means valid for payment to be made thereunder against delivery of a Notice of Drawing given within the period stated therein.

2. **SECURITY REQUIREMENT**

The User’s Obligation shall be secured by any one of the following:-

2.1 A Performance Bond or Letter of Credit from a Qualified Bank for the amount stated in the Secured Amount Statement as the estimated amount of the User’s Obligation to be secured, such Performance Bond or Letter of Credit to be Valid for at least the period stated in such Secured Amount Statement and to be renewed periodically where applicable in the manner stated in paragraph 3.3 of this Appendix M; or

2.2 A cash deposit in a Bank Account at least for the amount stated in the Secured Amount Statement as the estimated amount of the User’s Obligation to be secured, such cash deposit to be increased or

reduced periodically where applicable in the manner stated in paragraph 3.4 of this Appendix M; or

- 2.3 A Performance Bond from a Qualified Company for the amount stated in the Secured Amount Statement as the estimated amount of the User's Obligation to be secured, such Performance Bond to be Valid for at least the period stated in such Secured Amount Statement and to be renewed periodically where applicable in the manner stated in paragraph 3.3 of this Appendix M.

3. **GENERAL PROVISIONS**

- 3.1 Any Notice of Drawing to be delivered to Barclays Bank PLC or any other bank at which the Bank Account shall have been opened or a Qualified Bank or a Qualified Company may be delivered by hand, by post or by facsimile transmission.
- 3.2 If the User becomes aware that the bank issuing the Performance Bond or Letter of Credit ceases to be a Qualified Bank or that the company giving the Performance Bond ceases to be a Qualified Company, the User shall so notify The Company in writing as soon as it becomes so aware. If The Company becomes aware that the bank issuing the Performance Bond or Letter of Credit ceases to be a Qualified Bank or that the company giving the Performance Bond ceases to be a Qualified Company, The Company may notify the User to that effect in writing. Where the bank or the company so ceases to be either a Qualified Bank or a Qualified Company (as the case may be) as a consequence of The Company having reasonable cause to doubt the continued rating of the said bank or company, such notice shall be accompanied by a statement setting out The Company's reasons for having such doubt. The User shall within 21 days of the

giving of such notice by The Company or the User whichever is the earlier provide a replacement Performance Bond and/or Letter of Credit from a Qualified Bank or Qualified Company, as the case may be, and/or provide a cash deposit in the required amount in a Bank Account. From the date the replacement Performance Bond or Letter of Credit or Bank Account cash deposit is effectively and unconditionally provided and Valid, The Company will consent in writing to the security which it replaces being released.

3.3 The following provisions shall govern the issuance, renewal and release of the Performance Bond or Letter of Credit:-

3.3.1 The Performance Bond or Letter of Credit shall be Valid initially from the signing of this Construction Agreement at least to and including the following 31st March or 30th September whichever is the earlier date. Such Performance Bond or Letter of Credit shall be for an amount not less than that stated in the Secured Amount Statement as the amount of the User's Obligation to be secured during the period specified in the Secured Amount Statement.

3.3.2 On a date which is at least 45 days (or if such day is not a Business Day then on the immediately preceding Business Day) before the next following 31st March or 30th September whichever is the earlier date such Performance Bond or Letter of Credit shall be renewed so as to be Valid for not less than 6 months commencing from the immediately following 1st April or 1st October (as the case may be). Such renewed Performance Bond or Letter of Credit shall be for an amount not less than the amount of the User's Obligation stated in the Secured Amount Statement as the amount to be secured during the period that such renewed Performance Bond or Letter of Credit shall be Valid.

- 3.3.3 Thereafter, the renewed Performance Bond or Letter of Credit shall be further renewed in like manner every 6 months.
- 3.4 The following provisions shall govern the maintenance of cash deposits in the Bank Account:-
- 3.4.1 The amount of the cash deposit to be maintained in the Bank Account shall be maintained from the date of this Construction Agreement at least to and including the following 31st March or 30th September, whichever is the earlier date. Such cash deposit shall be in an amount as stated in the Secured Amount Statement as the amount of the User's Obligation to be secured during the period stated in the Secured Amount Statement.
- 3.4.2 If the amount stated in the Secured Amount Statement as the amount of the User's Obligation to be secured from the following 1st April to 30th September or from the following 1st October to 31st March (as the case may be) is an amount greater than the amount then secured, the cash deposit in the Bank Account shall be increased to such greater amount on a date which is 45 days before the following 31st March or 30th September (as the case may be) which immediately precedes the commencement of the relevant above mentioned period.
- 3.4.3 If such amount stated in the Secured Amount Statement is smaller than the amount then secured, the cash deposit in the Bank Account shall not be reduced to the amount so stated until the expiry of 7 days after the next following 31st March or 30th September (as the case may be) ("the Release Date").

3.4.4 The sum equal to the amount of reduction in the cash deposit in the Bank Account shall be paid by The Company to the User from the Bank Account on the Release Date.

3.4.5 Any interest accruing to the Bank Account shall be for the account of and belong to the User absolutely, and The Company agrees to take any steps required to be taken by it for the release from the Bank Account and payment to the User of such interest as soon as the same shall have been credited to the Bank Account and The Company shall have received notice of such credit.

3.5 Notwithstanding any provision aforesaid:-

3.5.1 The User may provide different securities to The Company at any one time, each securing a different amount, provided that the aggregate amount secured by such securities shall be not less than the aggregate amount required to be secured pursuant to the Secured Amount Statement for any period specified therein.

3.5.2 The User may upon the expiry of at least 14 days prior written notice to The Company, substitute one type of security for another provided that unless The Company shall otherwise agree in writing such substituted security must be Valid from 1st April or 1st October (as the case may be) and committed at least 45 days before the immediately preceding 31st March or 30th September (as the case may be) in the following manner:-

(a) where a Performance Bond or a Letter of Credit is to substitute for other securities, it must be issued or given at least 45 days before such immediately preceding 31st March or 30th September (as the case may be).

(b) where a cash deposit in a Bank Account is to substitute for other securities, it must be deposited into the Bank Account at least 45 days before such immediately preceding 31st March or 30th September (as the case may be).

3.5.3 Upon request by the User to The Company, securities substituted in the aforesaid manner shall, providing the substitute security shall be Valid, be released on the following 1st April or 1st October (as the case may be). However, where the amount required by the Secured Amount Statement to be secured for any period is less than the amount required to be secured in the preceding period, the substituted security shall not be released until 7 days after the then following 31st March or 30th September (as the case may be).

PART 2

BI-ANNUAL ESTIMATE FOR CONSTRUCTION AGREEMENT
DATED []

Amount due and amount which will
or might fall due for the period
commencing on and including
[] and ending on and
including [] in
respect of which security is
required

1. The Company Engineering Charges & expenses for obtaining Consents pursuant to Clause 2.4
2. Final Sums
- [3. One Off Charge]

PART 3

SECURED AMOUNT STATEMENT

CONSTRUCTION AGREEMENT DATED []

Amount in which security is
required for the period
commencing on and including
[] and ending on and
including []

User's Obligation

We hereby certify that the amount to be secured in respect of the User's Obligation is as stated above in respect of the named period.

for and on behalf of
NATIONAL GRID ELECTRICITY TRANSMISSION PLC

Duly authorised officer

PART 4

NOTICE OF DRAWING

To [] Bank/Public Limited Company/Limited

copy to:

[date]

Dear Sirs,

RE: **CONSTRUCTION AGREEMENT DATED []**
PERFORMANCE BOND NO./DATED []/LETTER OF CREDIT NO.
[]/BANK ACCOUNT NO. [] (“THE SECURITY”)

We refer to the above Security in our favour. We hereby demand immediate payment thereunder in the amount of £[].

We require payment to be made by telegraphic transfer to:-

Bank plc

Address:

Sort Code:

Account Name: National Grid Electricity Transmission plc

Account No:

Yours faithfully,

for and on behalf of
NATIONAL GRID ELECTRICITY TRANSMISSION PLC

Duly authorised officer

APPENDIX [N]
THIRD PARTY WORKS

END OF SCHEDULE 2 EXHIBIT 3

[SCHEDULE 2 EXHIBIT 3A]

INDICATIVE

DATED [] 200[1]

NATIONAL GRID ELECTRICITY TRANSMISSION PLC (1)

and

[] (2)

THE CONNECTION AND USE OF SYSTEM CODE

OFFSHORE CONSTRUCTION AGREEMENT

CONTENTS

<u>Clause</u>	<u>Title</u>
1	Definitions, Interpretation and Construction
2	Carrying out of the Works
3	Delays
4	Commissioning Programme and Liquidated Damages
5	Approval to Connect/Energise/Become Operational
6	Independent Engineer
7	Becoming Operational
8	Compliance with Site Specific Technical Conditions
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17	Development of Offshore Transmission System Development User Works
Appendix B1	One Off Works
Appendix G	Transmission Connection Asset Works
Appendix H1	Onshore Transmission Reinforcement Works
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Appendix I	User's Works
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CUSC v1.5

Appendix K	Liquidated Damages
Appendix L	Independent Engineer
Appendix MM	Attributable Works and Key Consents
Appendix N	Third Party Works
[Appendix O	User Data]
[Appendix P	Offshore Works Assumptions]

THIS CONSTRUCTION AGREEMENT is made on the [] day of [] 200[1]

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** has prepared a Connection and Use of System Code (**CUSC**) setting out the terms of the arrangements for connection to and use of the **National Electricity Transmission System** and the provision of certain **Balancing Services**.
- (B) The **User** has applied for [connection to and use of] [modification to its connection to] the **National Electricity Transmission System** and pursuant to Standard Condition C8 of the **Transmission Licence**, **The Company** is required to offer terms in accordance with the **CUSC** in this respect.
- (C) **The Company** and the **User** are parties to the **CUSC Framework Agreement** (being an agreement by which the **CUSC** is made contractually binding between the parties).
- (D) Certain works are required as part of this offer as set out in this **Construction Agreement**.
- (E) This **Construction Agreement** sets out the **Offshore Works Assumptions** used to identify the initial **Onshore Construction Works** and **Construction Programme** and the process whereby this **Construction Agreement** [will be amended to provide for the **Offshore Construction Works**] [may be varied in case of changes to such assumptions].
- (F) This **Construction Agreement** is entered into pursuant to the terms of the **CUSC**.

NOW IT IS HEREBY AGREED as follows:

1.1. 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** and in the **Bilateral Connection Agreement** have the same meanings, interpretations or constructions in this **Construction Agreement**.

"Authority"	as defined in the CUSC .
"Assumed Offshore Tender Process Start Date"	insert date of Offshore Tender Process it is assumed User will enter.
"Attributable Works"	those Construction Works identified as such in accordance with the User Commitment Methodology and which are set out in Appendix MM Part 1.
"Bilateral Connection Agreement"	the Bilateral Connection Agreement entered into between the parties on even date herewith.
"Cancellation Charge"	as calculated in accordance with the User Commitment Methodology .
"Charging Date"	the date upon which the Construction Works (excluding the Wider Transmission Reinforcement Works are first Commissioned and available for use by the User or if the Independent Engineer before, on or after the Commissioning Programme Commencement Date shall have certified in writing that the [Transmission Connection Assets] [Transmission Plant and Transmission Apparatus at the Transmission Interface Point¹] are completed to a stage where The Company could commence commissioning and by such date the User's Works shall not have been so certified then the date falling [] days after the date of such certification, provided that the Offshore Transmission Reinforcement Works

¹ Use where OTSDUW build

	and ^{2]} the Enabling Works are Commissioned and Seven Year Statement Works are completed as at that date. In the event that the Offshore Transmission Reinforcement Works and ³ the Enabling Works are not so Commissioned and/or the Seven Year Statement Works are not so completed the Charging Date shall be the date on which they are Commissioned and/or completed as appropriate.
“Commissioning Programme Commencement Date”	the date specified in the Construction Programme for the commencement of the Commissioning Programme or any substituted date fixed under the terms of this Construction Agreement
“Commissioning Programme”	the sequence of operations/tests necessary to connect the User’s Works and the [Transmission Connection Asset Works] [Transmission Plant and Transmission Apparatus at the Transmission Interface Point ^{4]} to the National Electricity Transmission System for the purpose of making the User's Works available for operation to be determined pursuant to Clause 2.10 of this Construction Agreement .
“Completion Date”	[] or such other date as may be agreed in terms of this Construction Agreement .
“Connect and Manage Derogation”	the temporary derogation from the NETS SQSS available to The Company under Standard Condition C17 of the Transmission Licence and/or the Relevant Transmission Licensee under Standard Condition D3 of its transmission licence;
“Connected Planning Data”	data required pursuant to the Planning Code which replaces data containing estimated values assumed for planning purposes by validated actual values and updated estimates for the future and by

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⁴ Use where OTSDUW Build

updated forecasts for forecast data items.

“Connection Site Specification”

a specification which sets out the following information in relation to the **Connection Site**:

(a) a description of those **OTSUA** that are to be classed as **Transmission Connection Assets** in accordance with the **Statement of the Connection Charging Methodology**;

(b) a clear identification of the boundary between the **OTSUA** and the **User’s Equipment** (ascertained in the absence of agreement to the contrary with the **Relevant Transmission Licensee** by reference to **CUSC** Paragraph 2.12.1);

(c) information reasonably requested by **The Company** in order to complete Appendices F1 to F5 in the **Bilateral Connection Agreement**; and

(d) a description of the technical design and operating criteria which apply to the **User’s Equipment**.

“Consents”

in relation to any **Works**:-

(a) all such planning and other statutory consents; and

(b) all wayleaves, easements, rights over or interests in land or any other consent; or

(c) permission of any kind as shall be necessary for the construction of the **Works** and for commencement and carrying on of any activity proposed to be undertaken at or from such **Works** when completed.

“Construction Programme”

the agreed programme for the **Works** (excluding the **Wider Transmission Reinforcement Works** to be carried out by **The Company** and the **User** set out in detail in Appendix [J] to this **Construction Agreement** or as amended from time to time pursuant to Clauses 2.3 and 3.2 of this **Construction Agreement**.

"Construction Site" ⁵	the site where the Transmission Connection Asset Works are being undertaken by or on behalf of The Company ;
"Construction Works"	the [Offshore Construction Works and ⁶] Onshore Construction Works but excluding for the avoidance of doubt any Third Party Works
"Dispute Resolution Procedure"	the procedure for referral to arbitration set out in Paragraph 7.4 of the CUSC .
"Enabling Works"	Those Onshore Transmission Reinforcement Works which are specified in Appendix H1 Part 1 to this Construction Agreement .
"Event of Default"	any of the events set out in Clause 10 of this Construction Agreement as constituting an event of default.
"Independent Engineer"	<p>the engineer specified in Appendix L to this Construction Agreement. Provided that:-</p> <p>(a) where the parties fail to agree on a suitable engineer within 120 days of the date of this Construction Agreement; or</p> <p>(b) where any Independent Engineer appointed from time to time shall fail, refuse or cease to act in the capacity set out herein and no substitute engineer of suitable standing and qualification can be agreed by the parties within 30 days;</p> <p>then such engineer as the President of the Institution of Electrical Engineers shall, on the application of either party, nominate shall be the Independent Engineer.</p>
"Interface Agreement"	the agreement substantially in the form of

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⁶ Delete where OTSDUW Build

	CUSC Exhibit O [Part IC or Part IIC] to be entered into pursuant to Clause 2.17.
“Key Consents”	those Consents required in respect of the [User’s/Developer’s] Power Station which The Company has identified as such and which are set out in Appendix MM Part 2.
“Liquidated Damages”	the sums specified in or calculated pursuant to Appendix K to this Construction Agreement .
“Offshore Agreement to Vary”	the agreement proposed by The Company to the User pursuant to Clause 1.2.3.
“Offshore Construction Works” ⁷	the Transmission Connection Asset Works, Offshore Transmission Reinforcement Works and such additional works as are required in order to comply with any relevant Consents relating to any such works.
“Offshore TO Construction Offer” ⁸	the offer to be made to The Company in respect of the Offshore Construction Works pursuant to the System Operator – Transmission Owner Code .
“Offshore Transmission Reinforcement Works” ⁹	those works other than the Transmission Connection Asset Works, Onshore Transmission Reinforcement Works, Seven Year Statement Works and One Off Works , which in the reasonable opinion of The Company are necessary to extend or reinforce the National Electricity Transmission System in relation to and prior to the connection of the User’s Equipment at the Connection Site and which are specified in Appendix H2 to this Construction Agreement , where Part 1 is works required for the User and Part 2 is works required for wider system

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⁸ Delete if OTSDUW Build

⁹ Delete if OTSDUW Build

reasons[; but **OTSDUW** are excluded from **Offshore Transmission Reinforcement Works** (and are specified in Appendix I Part 2 and not Appendix H2)].

“Offshore Works Assumptions”

the assumptions set out in Appendix [P] as amended from time to time in accordance with the provisions of this **Construction Agreement** and/or the **CUSC**

“One Off Works”

the works described in Appendix B1 to this **Construction Agreement**.

“Onshore Construction Works”

the **Onshore Transmission Reinforcement Works, Seven Year Statement Works** and **One Off Works** and such additional works as are required in order to comply with any relevant **Consents** relating to any such works.

“Onshore Transmission Reinforcement Works”

those works other than the **Transmission Connection Asset Works, [Offshore Transmission Reinforcement Works¹⁰] [OTSDUW¹¹], Seven Year Statement Works** and **One Off Works**, which in the reasonable opinion of **The Company** (and in the absence of the **Connect and Manage Derogation**) are necessary to extend or reinforce the **National Electricity Transmission System** to ensure that the **National Electricity Transmission System** complies with the requirements of Standard Condition C17 of the **Transmission Licence** and Standard Condition D3 of any **Relevant Transmission Licensee’s** transmission system and which are specified in Appendix H1 to this **Construction Agreement**, where Part 1 the **Enabling Works** and Part 2 is the **Wider Transmission Reinforcement Works**.

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¹¹ Use if OTSDUW Build

[“Onshore Transmission Licensee”	In the context of the Transmission Interface Site, shall mean The Company in England and Wales, SP Transmission Limited in south of Scotland, and Scottish Hydro-Electric Transmission Limited in north of Scotland]
OTSDUW Development and Data Timetable	has the meaning given in Clause 17.2.
[“Services Capability Specification”	a specification including, without limitation, information describing the parameters within and to which the services that are to be delivered to The Company through the OTSDUW (and the OTSUA (if any) once transferred to the Relevant Transmission Licensee) have been planned or are normally capable of being provided including any technical limits that apply.]
“Seven Year Statement Works”	the works set out in Table B7 of the statement prepared by The Company pursuant to Standard Condition C11 of the Transmission Licence and issued by The Company in [] which in The Company’s reasonable opinion (and in the absence of the Connect and Manage Derogation are required to be completed before the Completion Date to ensure that the National Electricity Transmission System complies with the requirements of Standard Condition C17 of the Transmission Licence and Standard Condition D3 of any Relevant Transmission Licensee’s transmission licence prior to the Connection of the User’s Equipment in terms of Clause 7.1 [or 7.2] of this Construction Agreement .
“Term”	the term of this Construction Agreement commencing on the date hereof and ending in accordance with Clause 12.
“Third Party Works”	the works to be undertaken on assets

	belonging to a party other than The Company and the User to enable it to provide or as a consequence of the connection to and/or use of the National Electricity Transmission System by the User as specified in Appendix N;
"Transmission Connection Assets"	the assets specified in Appendix A to the Bilateral Connection Agreement .
"Transmission Connection Asset Works" ¹²	the works necessary for construction and installation of the Transmission Connection Assets at the Connection Site specified in Appendix G to this Construction Agreement [but OTSDUW are excluded from Transmission Connection Asset Works (and are specified in Appendix I2 and not Appendix G)].
Transmission Interface Agreement	an agreement of that name entered into pursuant to Section C, Part Three, paragraph 3.2 of the STC
["Transmission Interface Site Specification"]	a specification which sets out the following information:- (a) a description of those OTSUA at the Transmission Interface Site ; (b) a clear identification of the boundary between the OTSUA and the Onshore Transmission System ; and (c) a description of the technical design and operating criteria which apply to the OTSUA (including any reliance on the User's Equipment in respect the minimum technical, design and operational criteria and performance requirements set out or referred to in CC.6.3)]
"Transmission Reinforcement Works"	the Offshore Transmission Reinforcement Works and Onshore Transmission Reinforcement Works .
"Trigger Date"	[date] as identified in accordance with the User Commitment Methodology .
"User Data"	the data set out in Appendix O.

¹² Delete if OTSDUW Build

“User’s Works”	those works necessary for installation of the User’s Equipment which are specified in Appendix I [(Part 1)] to this Construction Agreement [and OTSDUW [subject to Clause [1.4] of this Construction Agreement ¹³].
“Wider Transmission Reinforcement Works”	those Onshore Transmission Reinforcement Works which are specified in Appendix H1 Part 2 to this Construction Agreement where Part 2.1 is works required for the User and Part 2.2 is works required for wider system reasons.
“Works”	the Construction Works and the User’s Works .

Users in the capacity of a Directly Connected Power Station or Embedded Power Station (other than those who are a BELLA) insert the following

Notice of Intent	the notice issued by The Company pursuant to Clause 7.4.4
[Notice of Reduction	the notice issued by The Company pursuant to Clause 7.4.7 including a revised Appendix C specifying the revised Transmission Entry Capacity.]
Preliminary Request	the request issued by The Company pursuant to Clause 7.4.1
[Reduction Fee	the fee payable by the User to The Company in respect of the agreement to vary issued pursuant to Clause 7.4.9 such fee being calculated on the same basis as that set out in the Charging Statements as payable on a payment of actual costs basis in respect of a Modification Application.]

- 1.2.1 The nature, extent of and the timescales associated with the **Onshore Construction Works** are based on the **Offshore Works Assumptions** and **User Data**.

¹³ Delete if OTSDUW Build

- 1.2.2 The **Offshore Construction Works** will need to be identified and where there are changes from the **Offshore Works Assumptions** and/or **User Data** the nature, extent of and the timescales associated with the **Offshore Construction Works** and as a consequence the **Onshore Construction Works** may need to be amended.
- 1.2.3 [The **Company** [shall] as soon as practicable and (save where the **Authority** consents to a longer period) in any event within 3 months of the receipt of notice from the **Authority** that the **Relevant Transmission Licensee** has been appointed propose to the **User** an agreement to vary this **Construction Agreement** and the **Bilateral Connection Agreement**. This agreement to vary will identify the **Offshore Construction Works** as set out in the **Offshore TO Construction Offer** and shall make such further amendments to the **Construction Agreement** and **Bilateral Connection Agreement** as are necessary as a consequence of this identification and the timing of the **Offshore Tender Process** on the **Offshore Works Assumptions** and the **Onshore Construction Works** and shall include such terms and conditions as **The Company** in its discretion requires as a consequence of such amendments]. [In the case of **OTSDUW** **The Company** may as soon as practicable and (save where the **Authority** consents to a longer period) in any event within 3 months of the receipt of notice from the **Authority** that the **Relevant Transmission Licensee** has been appointed propose to the **User** an agreement to vary this **Construction Agreement** and the **Bilateral Connection Agreement** to amend the **Bilateral Connection Agreement** and **Construction Agreement** as necessary to reflect any inconsistencies between the **OTSDUW**, **OTSUA** and **Offshore Works Assumptions**.]
- 1.2.4 The **Offshore Agreement to Vary** will be open for acceptance for a period of three months from receipt. If the **User** does not accept the **Offshore Agreement to Vary** within three months of receipt [or, where the **Offshore Agreement to Vary** has been referred to the **Authority** pursuant to Standard Licence Condition C9 paragraph 4 of the **Transmission Licence**, within 14 days after any determination by the **Authority** pursuant to such application] then **The Company** shall be entitled to terminate this **Construction Agreement**.
- 1.2.5 [With effect from acceptance by the **User** of the **Offshore Agreement to Vary** the provisions of this **Construction Agreement** as amended by the **Offshore Agreement to Vary** shall have full force and effect and the provisions of this Sub-Clause 1.2 shall cease to have any further force or effect.]
- 1.2.6 [The rights and obligations of the **User** and **The Company** under this **Construction Agreement** (with the exception of those rights and obligations under or referred to in this Clause 1.2 and Clause 1.3) are subject to the above provisions of this Clause 1.2 (and neither party

shall have any rights or obligations under any other provisions of this **Construction Agreement** until the provisions of sub-clause 1.2.5 have been fulfilled)]

OR

[The rights and obligations of the **User** and **The Company** under this **Construction Agreement** (with the exception of those rights and obligations under or referred to in this Clause 1.2 and Clause 1.3) and Clauses 2.2, 2.3 and 2.4, and rights and obligations flowing from those Clauses) are subject to the above provisions of this Clause 1.2.]

1.3 The **User** shall confirm that the **User Data** remains the same prior to the start of the **Offshore Tender Process**.

[1.4 Where the **OTSDUW** comprise only the design, planning and/or consenting of (and/or other pre-construction activities relating to) the [**Offshore Transmission System**], and do not comprise works for construction and installation, direct or indirect references to the **User's Works** shall be deemed to include the **Offshore Construction Works** for the purposes only of (and to the extent so provided in the description of **OTSDUW**) Clauses 2.2, 2.3 and 2.4 of this **Construction Agreement**.]

2. CARRYING OUT OF THE WORKS

2.1 Forthwith following the date of [the Offshore Agreement to Vary] [this **Construction Agreement**] the User shall agree with the [Relevant Transmission Licensee] [Onshore Transmission Licensee] the Safety Rules and Local Safety Instructions to apply at the [Connection Site] [Transmission Interface Site] during the Construction Programme and Commissioning Programme [and until the **OTSUA Transfer Time**]. Failing agreement within three months of such date the matter shall be referred to the Independent Engineer for determination in accordance with Clause 6 of the Construction Agreement.

2.2 Subject to Clauses 2.3 and 2.4 of this **Construction Agreement** forthwith following the date of [the **Offshore Agreement to Vary**] [this **Construction Agreement**] The **Company** shall use its best endeavours to obtain in relation to the **Construction Works**, excluding the **Wider Transmission Reinforcement Works** and the **User** shall use its best endeavours to obtain in relation to the **User's Works**, all **Consents**. Each shall give advice and assistance to the other to the extent reasonably required by the other in the furtherance of these obligations. Further, the **User** and the [**Relevant Transmission Licensee**] [**Onshore Transmission Licensee**] shall, so far as it is legally able to do so, grant to, the other in respect of the [**Connection Site**] [**Transmission Interface Site**] all such wayleaves, easements, servitude rights, rights over or interests in land or any other consents reasonably required by the **User** or [**Relevant Transmission Licensee**]

[**Onshore Transmission Licensee**] in order to enable the **Works** excluding the **Wider Transmission Reinforcement Works** to be expeditiously completed and to enable that other to carry out its obligations to the other under this **Construction Agreement** and in all cases subject to such terms and conditions as are reasonable.

2.3 The following additional provisions shall apply in respect of the **Consents** and **Construction Works** [and **OTSDUW**] excluding the **Wider Transmission Reinforcement Works**:-

2.3.1 All dates specified in this **Construction Agreement** are subject to **The Company** obtaining **Consents** for the **Construction Works** in a form acceptable to it within the time required to carry out the **Construction Works** excluding the **Wider Transmission Reinforcement Works** [and the **User** obtaining **Consents** for the **OTSDUW**] in accordance with the **Construction Programme**.

2.3.2 In the event of:-

- (a) the **Consents** not being obtained by the required date; or
- (b) the **Consents** being subject to conditions which affect the dates; or
- (c) **The Company** wishing to amend the **Construction Works** excluding the **Wider Transmission Reinforcement Works** [or the **User** wishing to amend **OTSDUW**] to facilitate the granting of the **Consents**,

then, in the case of **Construction Works** and **Consents** therefor, **The Company** shall be entitled to revise the **Construction Works** (and as a consequence Appendix A to the **Bilateral Connection Agreement**) and all dates specified in this **Construction Agreement** in relation to those **Construction Works** and the charges specified in Appendix B to the **Bilateral Connection Agreement**. For the avoidance of doubt such revisions shall be at **The Company's** absolute discretion and the consent of the **User** is not required. [In the case of **OTSDUW** and **Consents** therefore, the **User** shall be entitled to revise the **OTSDUW** (including any changes to the **Offshore Works Assumptions**) and the dates specified in this **Construction Agreement** in relation to **OTSDUW**, in which case the **User** shall propose such revisions to **The Company** and the parties shall (without prejudice to paragraph 6.9.2) agree such amendments to this **Construction Agreement** as are necessary to reflect such revisions. The parties acknowledge that any dispute regarding such amendments shall be referable to and determined by the **Authority** under the provisions of Standard Condition C9 Paragraph 4 of the **Transmission Licence**, and where such application is made, the parties shall take into account any determination or other direction from the **Authority**.]

2.3.3 The **User** shall be regularly updated by **The Company** in writing or by

such other means as the parties may agree as to progress made by **The Company** from time to time in the obtaining of relevant **Consents** pursuant to its obligations under Clause 2.2 or 2.3 of this **Construction Agreement**.

- 2.3.4** [**The Company** shall be regularly updated by the **User** in writing or by such other means as the parties may agree as to progress made by the **User** from time to time in the obtaining of relevant **Consents** for the **OTSDUW** pursuant to its obligations under Clause 2.2 or 2.3 of this **Construction Agreement**.]
- 2.4 Paragraphs 11.2.3 to 11.2.5 of the **CUSC** relating to **Consents** shall apply to the **Construction Agreement** as if set out here in full.
- 2.5 Prior to the commencement of the **Transmission Connection Asset Works** [**Onshore Transmission Reinforcement Works** or any **One Off Works**] the **User** shall have the right to terminate this **Construction Agreement** upon giving not less than 7 (seven) days notice in writing to **The Company**. In the event of the **User** terminating this **Construction Agreement** in terms of this Clause 2.5 the provisions of Clause 11 shall apply.
- 2.6 If the **User** fails to obtain all **Consents** for the **User's Works** having complied with the obligations in Clause 2.2 of this **Construction Agreement** the obligation on the **User** to complete the **User's Works** shall cease and the **User** may by written notice to **The Company** terminate this **Construction Agreement**. In the event of the **User** terminating this **Construction Agreement** in terms of this Clause 2.6 the provisions of Clause 11 shall apply
- 2.7 Both parties shall be entitled to contract or sub-contract for the carrying out of their respective parts of the **Works** excluding the **Wider Transmission Reinforcement Works** (which in the case of **The Company** shall include work carried out by a **Relevant Transmission Licensee** or its contractors or sub-contractors). The **User** or any contractor on its behalf shall be responsible for commencing and for carrying out the **User's Works** to such stage of completion as shall render them capable of being **Commissioned** in accordance with the **Construction Programme** and **The Company** or any contractor on its behalf shall be responsible for commencing and carrying out the **Construction Works** excluding the **Wider Transmission Reinforcement Works** to such stage of completion as shall render them capable of being **Commissioned** in accordance with the **Construction Programme**.
- 2.8 The parties shall continuously liaise throughout the **Construction Programme** and **Commissioning Programme** and each shall provide to the other all information relating to its own **Works** reasonably necessary to assist the other in performance of that other's part of the **Works**, [and where the **User** is undertaking **OTSDUW** such additional information as **The Company** shall require in order to perform its obligations under the **STC** provided that **The Company** shall not request information greater in scope than that which **The Company** would be entitled to receive from a **Relevant Transmission Licensee** were it undertaking the **OTSDUW**,] and shall use all reasonable endeavours to coordinate and integrate their respective part of the **Works**.

There shall be meetings between representatives of the parties at intervals to be agreed between the parties. Each party shall deliver to the other party a written report of progress during each calendar quarter within 7 days of the end of that quarter.

- 2.9 During the period of and at the times and otherwise as provided in the **Construction Programme** and the **Commissioning Programme** **The Company** shall allow the **User**, its employees, agents, suppliers, contractors and sub-contractors necessary access to the [**Construction Site**] [**Transmission Interface Site**] and the **User** shall allow **The Company** or, the **Relevant Transmission Licensee** and in either case their employees, agents, suppliers, contractors and sub-contractors necessary access to its site to enable each to carry out the [**Transmission Connection Asset Works**] [**Onshore Transmission Reinforcement Works** or any **One Off Works**] or **User's Works** but not so as to disrupt or delay the construction and completion of the other's **Works** on the said sites or the operation of the other's **Plant** and **Apparatus** located thereon, such access to be in accordance with any reasonable regulations relating thereto made by the site owner or occupier.
- 2.10 Not later than six months prior to the **Commissioning Programme Commencement Date** **The Company** shall provide the **User** with a draft **Commissioning Programme** for the **Commissioning** of the [**Transmission Connection Assets**] [**OTSUA**], and the **User's Equipment**. The **User** shall, as quickly as practicable and in any event within three months of receipt thereof, determine whether or not to approve the proposed **Commissioning Programme** (which approval shall not be unreasonably withheld or delayed) and shall within such three month period either notify **The Company** of its approval or, in the event that the **User** reasonably withholds its approval, notify **The Company** of any changes or variations to the proposed commissioning programme recommended by the **User**. If **The Company** does not accept such changes or variations submitted by the **User** any dispute shall be referred to the **Independent Engineer** for determination. The **Commissioning Programme** agreed between the parties or determined by the **Independent Engineer** as the case may be shall be implemented by the parties and their sub-contractors in accordance with its terms.
- 2.11 If at any time prior to the **Completion Date** it is necessary for **The Company** or **The Company** in its reasonable discretion wishes to make any addition to or omission from or amendment to the [**Transmission Connection Asset Works** and/or] **Transmission Reinforcement Works** and/or the **One Off Works** and/or the **Third Party Works** **The Company** shall notify the **User** in writing of such addition, omission or amendment and Appendices [B1 (One Off Works), [G (**Transmission Connection Asset Works**)] H (**Transmission Reinforcement Works**), MM (**Attributable Works**) and N (**Third Party Works**)] to this **Construction Agreement** and consequently Appendices [A (**Transmission Connection Assets**) and B (**Connection Charges** and **One Off Charges**)] to the associated **Bilateral Connection Agreement** shall be automatically amended to reflect the change. Provided that where a **User** has elected for the **Local Cancellation Amount** to be based on the **Fixed Local**

Cancellation Charge Methodology the **Attributable Works** can only be changed after the **Trigger Date** as provided for in **CUSC** Section 15. [If at any time prior to the **Completion Date** it is necessary for the **User** or the **User** in its reasonable discretion wishes to make any addition to or omission from or amendment to the **OTSDUW** (including any changes to the **Offshore Works Assumptions**), the **User** shall propose such revision to **The Company** and the parties shall (without prejudice to paragraph 6.9.2) agree changes to this **Construction Agreement** as are necessary to reflect such revision. The parties acknowledge that any dispute regarding such amendments shall be referable to and determined by the **Authority** under the provisions of Standard Condition C9 Paragraph 4 of the **Transmission Licence**, and where such application is made, the parties shall take into account any determination or other direction from the **Authority**.]

- 2.12 The **User** shall apply to the Secretary of State for Trade and Industry as part of its application under Section 36 of the Act for its generating station, for deemed planning permission in relation to the substation forming part of the **Transmission Connection Asset Works**. The **User** shall use its best endeavours to procure that the said deemed planning permission is so obtained. **The Company's** obligations under Clause 2.2 of this **Construction Agreement** shall not require it to obtain planning consent for the said substation unless and until the Secretary of State for Trade and Industry shall for whatever reason refuse to deem the grant of planning permission in respect of the same. The **User** shall liaise with **The Company** as to its construction and operational requirements and shall ensure that the said application meets **The Company's** requirements. **The Company** shall provide the **User** with all information reasonably required by it in relation to the application and the **User** shall ensure that all requirements of **The Company** are incorporated in the application for deemed planning consent.
- 2.13 [The Enabling Works are conditional on British Energy Generation Limited and/or Magnox Electric plc (as the case may be) granting approval to the carrying out of the **Construction Works** in terms of the Nuclear Site Licence Provisions Agreement being an agreement dated 30 March 1990 between **The Company** and Nuclear Electric plc (now called Magnox Electric plc) and an agreement dated 31 March 1996 between The Company and British Energy Generation Limited (and described as such). In the event of British Energy Generation Limited and/or Magnox Electric plc (as the case may be) not granting approval **The Company** shall be entitled to change the **Construction Works**, the **Construction Programme** and all dates specified in this **Construction Agreement**.]
- 2.14 [It is hereby agreed and declared for the purposes of the Construction (Design and Management) Regulations 1994 that the **User** is the only client in respect of the **User's Works** and **The Company** is the only client in respect of the **Construction Works** and each of the **User** and **The Company** shall accordingly discharge all the duties of clients under the said **Regulations**.]
- 2.15 [**The Company** and the **User** hereby agree and acknowledge that this **Construction Agreement** is not to be treated as a construction contract within the meaning of section 104 of the Housing Grants, Construction and

Re-generation Act 1996 and sections 104 to 113 of the said Act shall have no application either to the **Construction Works** or the **User's Works** and the parties' rights and obligations with regard to matters of dispute resolution and payment procedures are as expressly set out herein.

2.16 **Third Party Works**

2.16.1 The **User** shall be responsible for carrying out or procuring that the **Third Party Works** are carried out and shall carry them out or procure that they are carried out in accordance with the timescales specified in the **Construction Programme**. The **User** shall confirm to **The Company** or, where requested to do so by **The Company**, provide confirmation from the third party that the **Third Party Works** have been completed.

2.16.2 Given the nature of these works it may not be possible to fully identify the works required or the third parties they relate to at the date hereof. Where this is the case **The Company** shall, subject to 2.x.3 below, advise the **User** as soon as practicable and in any event by [] of the **Third Party Works** and shall be entitled to revise Appendix N and as a consequence the **Construction Programme** as necessary to reflect this.

[2.16.3 Where **Third Party Works** are likely to be **Modifications** required to be made by another user(s) ("the "**First User(s)**") as a consequence of **Modifications** to the **National Electricity Transmission System** to be undertaken by **The Company** under this **Construction Agreement** **The Company** shall as soon as practicable after the date hereof issue the notification to such **First User's** in accordance with **CUSC** Paragraph 6.9.3.1. The **User** should note its obligations under **CUSC** Paragraph 6.10.3 in respect of the costs of any **Modifications** required by the **First User(s)**.]

2.16.4 In the event that the **Third Party Works** have not been completed by the date specified in the **Construction Programme** or, in **The Company's** reasonable opinion are unlikely to be completed by such date, **The Company** shall be entitled to revise the **Construction Programme** as necessary to reflect such delay and also, where **The Company** considers it necessary to do so, shall be entitled to revise the **Construction Works** excluding the **Wider Transmission Reinforcement Works** (and as a consequence Appendices A and B to the **Bilateral Connection Agreement**). For the avoidance of doubt such revisions shall be at **The Company's** absolute discretion and the consent of the **User** is not required. Further, in the event that the **Third Party Works** have not been completed by [] **The Company** shall have the right to terminate this **Construction Agreement** upon giving notice in writing to the **User** and in this event the provisions of Clause 11 of this **Construction Agreement** shall apply.

2.17 Not later than 6 months prior to the **Completion Date** or such other period as the parties shall agree the **User** shall enter into the **Interface Agreement** with the **Relevant Transmission Licensee** to reflect the **Works** excluding the

Wider Transmission Reinforcement Works¹⁴. [Not later than 6 months prior to the **Completion Date** or such other period as the parties shall agree the **User** shall enter into an agreement (in similar form to the **Interface Agreement**) with the **Onshore Transmission Licensee** to reflect the **Works** excluding the **Wider Transmission Reinforcement Works** at the **Transmission Interface Site** for the period up to and including the **OTSUA Transfer Time**.¹⁵]

- 2.18 In the event that there are any [material] changes to the **Offshore Works Assumptions** **The Company** shall be entitled to revise the **Construction Works** excluding the **Wider Transmission Reinforcement Works** and **Construction Programme** and as a consequence Appendices A, B, C and F3 to F5 in the **Bilateral Connection Agreement** as necessary to reflect such change. **The Company** shall notify the **User** as soon as practicable upon it becoming aware that it may need to exercise its rights under this Clause and provide the **User** with an indication of the nature and scope of the changes required and the reasons for the same.
- 2.19.1 **The Company** shall keep the **User** advised as to progress on the **Wider Transmission Reinforcement Works** and shall include information on these in the reports produced pursuant to Clause 2.8.

3 DELAYS

- 3.1 If either party shall have reason to believe that it is being delayed or will be delayed in carrying out that party's **Works** excluding the **Wider Transmission Reinforcement Works** for any reason (whether it is one entitling it to the fixing of a new date under Clause 3.2 of this **Construction Agreement** or not) it shall forthwith notify the other party in writing of the circumstances giving rise to the delay and of the extent of the actual and/or anticipated delay.
- 3.2 If prior to the **Completion Date** a party (in this Clause 3.2 "the **Affected Party**") shall be delayed in carrying out any of the **Affected Party's Works** (including their commissioning) by reason of any act, default or omission on the part of the other Party (in this Clause the "**Defaulting Party**") or the **Defaulting Party's** employees, agents, contractors or sub-contractors or by reason of an event of **Force Majeure**, the **Affected Party** shall be entitled to have such later date or dates fixed as the **Commissioning Programme Commencement Date** and/or (as the case may be) the **Completion Date** as may be fair and reasonable in the circumstances provided that it shall have notified the **Defaulting Party** in writing of such act, default or omission or event of **Force Majeure** within 28 days of it becoming aware of the occurrence giving rise to the delay together with an estimate of the proposed delay which it will cause the **Affected Party**. In the event of a dispute between the parties over what is or are any fair and reasonable new date or

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¹⁵ Use OTSDUW Build

dates to be fixed in the circumstances this shall be promptly referred to and determined by the **Independent Engineer**. Once the new date or dates are fixed the **Construction Programme** and/or **Commissioning Programme** shall be deemed automatically amended as appropriate.

4 COMMISSIONING PROGRAMME AND LIQUIDATED DAMAGES

- 4.1** Each party shall give written notice to the other declaring its readiness to commence the **Commissioning Programme** when this is the case.
- 4.2** The **Commissioning Programme** shall commence forthwith once both parties have given written notice to the other under Clause 4.1.
- 4.3** The **Works** excluding the **Wider Transmission Reinforcement Works** shall be deemed to have been **Commissioned** on the date that the **Independent Engineer** certifies in writing to that effect.
- 4.4** In the event that the actual date of commencement of the **Commissioning Programme** is later than the **Commissioning Programme Commencement Date The Company** (if and to the extent that it is responsible for delayed commissioning beyond the **Commissioning Programme Commencement Date**, such responsibility and/or its extent to be determined by the **Independent Engineer** failing agreement between the parties) shall be liable to pay to the **User Liquidated Damages** for each day that the actual date of commencement of the **Commissioning Programme** is later than the **Commissioning Programme Commencement Date**. It is declared and agreed that such **Liquidated Damages** shall cease to be payable in respect of any period after the date of actual commencement of the **Commissioning Programme**.
- 4.5** In the event that the actual date on which the **Construction Works** are **Commissioned** is later than the **Completion Date The Company** (if and to the extent that it is responsible for delayed completion beyond the **Completion Date**, such responsibility and/or its extent to be determined by the **Independent Engineer** failing agreement between the parties) shall be liable to pay to the **User Liquidated Damages** for each day that the actual date on which the **Construction Works** are **Commissioned** is later than the **Completion Date**. It is hereby agreed and declared that such **Liquidated Damages** shall cease to be payable in respect of any period after completion of the **Construction Works**.
- 4.6** **Liquidated Damages** payable under Clauses 4.4 and 4.5 of this **Construction Agreement** shall accumulate on a daily basis but shall be payable calendar monthly. On or before the 15th day of each month the party entitled to receive the payment of **Liquidated Damages** shall send to the other party a statement of the **Liquidated Damages** which have accrued due in the previous calendar month. The party receiving such statement shall in the absence of manifest error pay the **Liquidated Damages** shown on the statement within 28 days of the date upon which the statement is received.

- 4.7 Without prejudice to and in addition to the obligation of the **User** pursuant to Clause 2.4 of this **Construction Agreement**, the payment or allowance of **Liquidated Damages** pursuant to this Clause 4 shall be in full satisfaction of **The Company's** liability for failure to perform its obligations by the **Commissioning Programme Commencement Date** and/or the **Completion Date** as appropriate.
- 4.8 In the event that the **User** shall have failed, in circumstances not entitling it to the fixing of a new date as the **Commissioning Programme Commencement Date** pursuant to Clause 3.2, to complete the **User's Works** by [] to a stage where the **User** is ready to commence the **Commissioning Programme**, **The Company** shall have the right to terminate this **Construction Agreement** upon giving notice in writing to the **User** and the provisions of Clause 11 shall apply.

5 APPROVAL TO CONNECT/ENERGISE/BECOME OPERATIONAL

- 5.1 Not later than 4 months prior to the expected **Commissioning Programme Commencement Date** or by such other time as may be agreed between the parties the parties shall prepare and submit the **Operation Diagrams** required to be prepared and submitted by each of them respectively under CC 7.4.7 and 7.4.10 and likewise the **Site Common Drawings** required under CC 7.5.2 and 7.5.4 and, if necessary, **Gas Zone Diagrams** referred to in CC 7.4.9 and 7.4.12.
- 5.2 Not later than 3 months prior to the expected **Commissioning Programme Commencement Date** or by such other time as may be agreed between the parties the parties shall prepare and submit the **Operation Diagrams** required to be prepared and submitted by each of them respectively under CC 7.4.8 and 7.4.11 and likewise the **Site Common Drawings** required under CC 7.5.3 and 7.5.5.
- 5.3 Not later than 3 months prior to the expected **Commissioning Programme Commencement Date** or by such other time as may be agreed between the parties:-
- 5.3.1 each party shall submit to the other data within its possession needed to enable the completion of Appendices F3 and F4 to the **Bilateral Connection Agreement**; and
- 5.3.2 the **User** shall submit to **The Company** evidence satisfactory to **The Company** that the **User's Equipment** [and **OTSUA**] complies or will on completion of the **User's Works** comply with Clause 8 of this **Construction Agreement** and Paragraphs 1.3.3(b), 2.9 and 6.7 of the **CUSC**.
- 5.4 Not later than 8 weeks prior to the expected **Commissioning Programme Commencement Date** or by such other time as may be agreed between the parties each party shall submit to the other:

- 5.4.1** for the **Connection Site** information to enable preparation of **Site Responsibility Schedules** complying with the provisions of Appendix 1 to the **Connection Conditions** together with a list of managers who have been duly authorised by the **User** to sign such **Site Responsibility Schedules** on the **User's** behalf;
- 5.4.2** written confirmation as required under CC.5.2(g) that the list of **Safety Co-ordinators** are authorised and competent [and a list of persons appointed pursuant to **Grid Code** CC5.2(m)];
- 5.4.3** a list of the telephone numbers for the facsimile machines referred to in CC6.5.9.
- 5.4.4** [For the **Transmission Interface Site** information to enable preparation of **Site Responsibility Schedules** between the **User** and the **Onshore Transmission Licensee** for the period up to the **OTSUA Transfer Time** and between the **Onshore Transmission Licensee** and **Relevant Transmission Licensee** for the period from the **OTSUA Transfer Time** complying with the provisions of Appendix 1 to the **Connection Conditions**¹⁶].
- 5.5** Not later than 3 months prior to the expected **Commissioning Programme Commencement Date** each party shall submit to the other a statement of readiness to complete the **Commissioning Programme** in respect of the **Works** excluding the **Wider Transmission Reinforcement Works** and the statement submitted by the **User** shall in addition contain relevant **Connected Planning Data** and a report certifying to **The Company** that, to the best of the information, knowledge and belief of the **User**, all relevant **Connection Conditions** applicable to the **User** have been considered and complied with. If **The Company** considers that it is necessary, it will require this latter report to be prepared by the **Independent Engineer**. The report shall incorporate if requested by **The Company** type test reports and test certificates produced by the manufacturer showing that the **User's Equipment** meets the criteria specified in CC6.

INDEPENDENT ENGINEER

The parties agree and shall procure that the **Independent Engineer** shall act as an expert and not as an arbitrator and shall decide those matters referred or reserved to him under this **Construction Agreement** by reference to **Good Industry Practice** using his skill, experience and knowledge and with regard to such other matters as the **Independent Engineer** in his sole discretion considers appropriate. All references to the **Independent Engineer** shall be made in writing by either party with notice to the other being given contemporaneously as soon as reasonably practicable and in any event within 14 days of the occurrence of the dispute to be referred to the **Independent Engineer**. The parties shall promptly supply the **Independent Engineer** with

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such documents and information as he may request when considering such question. The **Independent Engineer** shall use his best endeavours to give his decision upon the question before him as soon as possible following its referral to him. The parties shall share equally the fees and expenses of the **Independent Engineer**. The parties expressly acknowledge that submission of disputes for resolution by the **Independent Engineer** does not preclude subsequent submission of disputes for resolution by arbitration as provided for in the **Dispute Resolution Procedure**. Pending any such submission the parties shall treat the **Independent Engineer's** decision as final and binding.

7. BECOMING OPERATIONAL

7.1 **The Company** shall connect and **Energise** the **User's Equipment** at the **Connection Site** [and the **OTSUA** at the **Transmission Interface Site**] during the course of and in accordance with the **Commissioning Programme** and thereafter upon compliance by the **User** with the provisions of Clause 5 and provided (1) the **Construction Works** excluding the **Wider Transmission Reinforcement Works** and **Seven Year Statement Works** [and the **OTSDUW**] shall be **Commissioned** and (2) the **Seven Year Statement Works** and **Third Party Works** shall be completed. **The Company** shall forthwith notify the **User** in writing that the **Connection Site** [**Transmission Interface Site**¹⁷] shall become **Operational**.

[7.2 If, on completion of the **User's Works** in accordance with the terms of this **Construction Agreement** the **Registered Capacity** of the **User's Equipment** is less than []MW, **The Company** shall automatically have the right to amend Clause 7 and Appendix C to the **Bilateral Connection Agreement** to reflect the actual **Registered Capacity** of the **User's Equipment**.

Users in the capacity of a Directly Connected Power Station or Embedded Power Station (other than those who are a BELLA) insert the following.

7.3 Transmission Entry Capacity Reduction

7.3.1 If, at any time prior to the **Completion Date** **The Company** reasonably believes from data provided by the **User** to **The Company**, the reports provided by the **User** pursuant to Clause 2.8. and Clause 5 of this **Construction Agreement**, the commissioning process under the **Construction Agreement** or otherwise that the **User's Equipment** will be such that it will not be capable of exporting power onto the **National Electricity Transmission System** at the level of the **Transmission Entry Capacity** **The Company** shall advise the **User** accordingly in writing setting out its reasons for this belief, the source of the information giving rise to the concern and seeking clarification from the **User**.

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- 7.3.2 The **User** shall respond to **The Company** within 15 **Business Days** of the date of the **Preliminary Request** providing such information or data as is necessary to satisfy **The Company's** concerns set out in the **Preliminary Request** and making any amendments necessary to the report provided by the **User** pursuant to Clause 2.8 and/or data provided by the **User** to **The Company** to reflect this.
- 7.3.3 In the event that **The Company** is satisfied from the information provided in accordance with 7.3.2 by the **User** that the **User's Equipment** is such that it will be capable of exporting power onto the **National Electricity Transmission System** at the level of the **Transmission Entry Capacity** **The Company** shall notify the **User** accordingly.
- 7.3.4 In the event that the **User** does not respond to the **Preliminary Request** or, notwithstanding the **User's** response, **The Company** remains of the view that the **User's Equipment** will be such that it will not reasonably be capable of exporting power onto the **National Electricity Transmission System** at the level of the **Transmission Entry Capacity** **The Company** shall inform the **User** in writing that it intends to amend Clause 7 and Appendix C to the **Bilateral Connection Agreement** to reflect the **Transmission Entry Capacity** that it reasonably believes to be the level of power that the **User's Equipment** will be capable of exporting .
- 7.3.5 The **User** shall respond to the **Notice of Intent** within 15 **Business Days** of the date of the **Notice of Intent** explaining why it still reasonably believes that its **User's Equipment** will be capable of exporting power onto the **National Electricity Transmission System** at the level of the **Transmission Entry Capacity** or at more than the MW figure proposed by **The Company** in the **Notice of Intent** or providing a reasonable explanation as to why this is not the case.
- 7.3.6 In the event that **The Company** is satisfied from the information provided in accordance with 7.3.5 by the **User** that the **User's Equipment** is such that it will be capable of exporting power onto the **National Electricity Transmission System** up to the level of the **Transmission Entry Capacity** **The Company** shall notify the **User** accordingly.
- 7.3.7 Where notwithstanding the **User's** response to the **Notice of Intent** **The Company** remains of the view that the **User's Equipment** is such that it will not reasonably be capable of exporting power onto the **National Electricity Transmission System** at the level of the **Transmission Entry Capacity** or at more than the MW figure proposed by **The Company** in the **Notice of Intent** or the **User** does not provide a response that is satisfactory to **The Company** within the timescale specified in 7.3.5 above **The Company** will issue the **Notice of Reduction** to the **User** and will send a copy of the same to the **Authority**.

7.3.8 Unless during such period the matter has been referred by the **User** to the **Authority** for determination by the **Authority** under the provisions of Standard Condition C9 Paragraph 4 of the **Transmission Licence**, the **Notice of Reduction** shall take effect on the day 15 **Business Days** after the date of the **Notice of Reduction** and Appendix C of the **Bilateral Connection Agreement** shall be amended on that date in the manner set out in the **Notice of Reduction**. Where the matter has been referred the amendments of the **Bilateral Connection Agreement** and the date they take effect shall be as set out in the **Authority's** determination

7.3.9 After a **Notice of Reduction** has taken effect **The Company** shall be entitled to make such amendments to this **Construction Agreement** as are reasonably necessary as a result of the reduction in **Transmission Entry Capacity** effected by the **Notice of Reduction** and as a consequence to the **Bilateral Connection Agreement**. **The Company** shall advise the **User** as soon as practicable and in any event within 3 months of the date of the **Notice of Reduction** (or if the matter has been referred by the **User** to the **Authority** for determination, the date of determination) of such amendments by way of offer of an agreement to vary the **Construction Agreement** and **Bilateral Connection Agreement**. This agreement to vary will also provide for payment by the **User** of the **Reduction Fee** where applicable. The parties acknowledge that any dispute regarding this variation shall be referable to and determined by the **Authority** under the provisions of Standard Condition C9 Paragraph 4 of the **Transmission Licence**.

7.4 Where there is a reduction in **Transmission Entry Capacity** under Clause 7.3 prior to the **Charging Date**, on such reduction in **Transmission Entry Capacity** taking effect the **User** shall pay to **The Company** the **Cancellation Charge** such payment to be made within 14 days of the date of **The Company's** invoice in respect thereof.

8. COMPLIANCE WITH SITE SPECIFIC TECHNICAL CONDITIONS

The **User** shall ensure that on the **Completion Date** the **User's Equipment** complies with the site specific technical conditions set out in Appendix F 1-5 to the **Bilateral Connection Agreement** [and that the **OTSUA** complies with the site specific technical conditions set out in Appendix OF to this **Construction Agreement**]. The obligation in respect of **OTSUA** shall apply up to the **OTSUA Transfer Time**, whereupon such provisions shall (without prejudice to any prior non-compliance) cease to apply

9. PROVISION OF SECURITY

Where required to do so under the **CUSC** Section 15, the **User** shall provide **The Company** with security arrangements in accordance with **CUSC** Section 15 Part Three in respect of the **User's** obligations to pay the **Cancellation Charge** to **The Company** on termination of this **Construction Agreement** or a reduction in **Transmission Entry Capacity** prior to the **Charging Date**.

10. EVENT OF DEFAULT

Once any of the **Events of Default** in Paragraph 5.3.1 and/or Paragraph 5.4.6.2 and/or Paragraph 5.4.6.3 of the **CUSC** has occurred and is continuing **The Company** may give notice of termination to the **User** whereupon this **Construction Agreement** shall forthwith terminate and the provisions of Clause 11 shall apply.

11. TERMINATION

11.1 On termination of this **Construction Agreement** **The Company** shall disconnect all the **User's Equipment** at the **Connection Site** and:

- (a) where the **Relevant Transmission Licensee** is the owner of the **Offshore Platform** the **User** shall remove any of the **User's Equipment** on the **Offshore Platform** within such period as may be agreed between the **Relevant Transmission Licensee** and the **User**; or
- (b) where the **User** is the owner of the **Offshore Platform** **The Company** shall procure that the **Relevant Transmission Licensee** removes, any **[Transmission Connection Assets]** on the **Offshore Platform** within such period as may be agreed between the **Relevant Transmission Licensee** and the **User.**]

OR

[(a) **The Company** shall disconnect the **OTSUA** at the **Transmission Interface Site**; and

- (b) the **User** shall remove any of the **OTSUA** on the **Onshore Transmission Licensee's** land at the **Transmission Interface Site** and **The Company** shall (as appropriate) remove or procure that the **Onshore Transmission Licensee** removes its equipment (if any) from the **User's** land at the **Transmission Interface Site** in each case within such period as may be agreed between **Onshore Transmission Licensee** and the **User.**]

11.2 The **User** shall where this **Construction Agreement** terminates prior to the **Charging Date** be liable forthwith on the date this **Construction Agreement** so terminates to pay to **The Company** the **Cancellation Charge** such payment to be made within 14 days of the date of **The Company's** invoice in respect thereof.

12. TERM

- 12.1 Subject to the provisions for earlier termination set out in the **CUSC** this **Construction Agreement** shall continue until terminated in accordance with Clause 1, 2.5, 2.6, 4.8 or 11 hereof.
- 12.2 In addition this **Construction Agreement** shall terminate upon termination of the associated **Bilateral Connection Agreement** and in the event that this is prior to the **Charging Date** the provisions of Clause 11 shall apply.
- 12.3 The associated **Bilateral Connection Agreements** will automatically terminate upon termination of this **Construction Agreement** prior to the **Charging Date**.
- 12.4 Any provisions for payment shall survive termination of this Construction Agreement.

13. **CUSC**

The provisions of Sections 6.6 (Payment), 6.14 (Transfer and Subcontracting), 6.15 (Confidentiality), 6.18 (Intellectual Property), 6.19 (Force Majeure), 6.24 (Counterparts), 6.20 (Waiver), 6.21 (Notices), 6.22 (Third party Rights), 6.23 (Jurisdiction), 6.25 (Governing Law), 6.26 (Severance of Terms), 6.27 (Language) inclusive of the **CUSC** shall apply to this **Construction Agreement** as if set out in this **Construction Agreement**.

14. **DISPUTES**

Except as specifically provided for in this **Construction Agreement** any dispute arising under the terms of this **Construction Agreement** shall be referred to arbitration in accordance with the **Dispute Resolution Procedure**.

15. **VARIATIONS**

- 15.1 Subject to Clause 15.2 and 15.3 below, no variation to this **Construction Agreement** shall be effective unless made in writing and signed by or on behalf of both **The Company** and the **User**.
- 15.2 **The Company** and the **User** shall effect any amendment required to be made to this **Construction 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.
- 15.3 **The Company** has the right to vary this **Construction Agreement** and Appendices in accordance with Clauses 1, 2.3 and 2.11, 2.13, 2.16, 2.18, 7.3 and Paragraph 6.9 of the **CUSC**.

16. **RESTRICTIVE TRADE PRACTICES ACT**

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 **Construction Agreement** shall not take effect or shall cease to have effect:-

- (a) if a copy of this **Construction Agreement** is not provided to the Department of Trade and Industry (“DTI”) within 28 days of the date of this **Construction Agreement**; or
- (b) if, within 28 days of the provision of that copy to the DTI, the DTI gives notice of objection to the party providing it.

[Clause 17 is to be included where the User is undertaking OTSDUW]

17. Development of Offshore Transmission System Development User Works

17.1 To the extent not already provided and, within **three months** of the date of this **Construction Agreement** (or such later date as **The Company** shall agree) the **User** shall provide **The Company** with:

- (a) confirmation of the **OTSDUW** to be undertaken by the **User**;
- (b) confirmation of the programme for the **OTSDUW** to be undertaken by the **User**; and
- (c) information equivalent to that provided under Sections B and D of the **Connection Application** but by reference to the **Transmission Interface Site** rather than the **Connection Site**.

Upon any revision to the **Offshore Works Assumptions**, the **User** shall provide updated information under paragraphs (a), (b) and (c) to and the parties shall (without prejudice to paragraph 6.9.2) agree such amendments to this **Construction Agreement** as are necessary to reflect such updated information. The parties acknowledge that any dispute regarding such amendments shall be referable to and determined by the **Authority** under the provisions of Standard Condition C9 Paragraph 4 of the **Transmission Licence**, and where such application is made, the parties shall take into account any determination or other direction from the **Authority**.

17.2 The **User** and **The Company** shall within 3 months of the date of this **Construction Agreement** (or such later date as **The Company** and **User** shall agree) agree a timeline (the **OTSDUW Development and Data Timeline**) detailing the activities to be undertaken by the **User** in order to develop the scope of the **OTSDUW** and (provided for under the **PC**) providing for the exchange of data and information required.

17.3 Such data shall take account of **The Company’s** obligations to the **Relevant Transmission Licensees** under the **STC** in providing information and data in respect of additions to and changes on the **National Electricity Transmission System** and the need to coordinate the **OTSDUW** with the **Onshore Construction Works** and other works planned on the **National Electricity Transmission System**.

- 17.4 Within six months of the date of this **Construction Agreement** (or such later date as the **The Company** shall agree) the **User** shall provide **The Company** on an initial and indicative basis with:
- (a) information that would enable the **Relevant Transmission Licensee** to complete the **Connection Site Specification** (advising of any changes from or additions required to the site specific technical conditions set out in Appendices F1 to F5 to the **Bilateral Connection Agreement**) (to the extent practicable given the information and data available to the **User** at that time);
 - (b) information that would enable the **Relevant Transmission Licensee** to complete the **Transmission Interface Site Specification** (advising of any changes from or additions required to the site specific technical conditions set out in Appendix OF to this **Construction Agreement**) (to the extent practicable given the information and data available to the **User** at that time);
 - (c) information that would enable the **Relevant Transmission Licensee** to complete the **Services Capability Specification** (to the extent practicable given the information and data available to the **User** at that time).
- 17.5 Information referred to in Clause 17.4 (a), (b) and (c) shall be developed and amended by the **User** and agreed by **The Company** as the design and detail of the **OTSDUW** is finalised and such that the information can be provided by **The Company** to the extent practicable to the **Relevant Transmission Licensee** on its appointment and such that the **Connection Site Specification** and **Services Capability Specification** and **Transmission Interface Site Specification** are capable of being finalised on or prior to the **OTSUA Transfer Time**.
- 17.6 Any dispute between **The Company** and the **User** as to the information provided to enable finalisation of the **Connection Site Specification**, **Services Capability Specification** or **Transmission Interface Site Specification** shall be managed in accordance with **CUSC** Section 7 Paragraph 7.4.1 but the reference to **Electricity Arbitration** shall instead be to the **Authority** and the **Authority's** determination of such dispute shall, without prejudice to apply for judicial review of any determination, be final and binding on **The Company** and the **User**.
- 17.7 The **User** shall provide **The Company** with such information and assistance as **The Company** may reasonably require to enable the **Onshore Transmission Licensee** and the **Relevant Transmission Licensee** to have in place a **Transmission Interface Agreement** relating to the **Transmission Interface Site** and an **Interface Agreement** relating to the **Connection Site** in each case from no later than the **OTSUA Transfer Time**.
- 17.8 Taking into account the expected extent of the **OTSUA Commissioning Period** prior to the **OTSUA Transfer Time**, **The Company** and the **User** shall establish, as part of the **OTSDUW Development and Data Timetable**:

- (a) a timetable for the provision of the items required from the **User** pursuant to Clause 5 of this **Construction Agreement**, the **Grid Code** and **CUSC** Paragraphs 2.10 and 2.11 as they relate to the **Connection Site**; and
- (b) where the **Transmission Interface Site** will be **Operational** prior to the **OTSUA Transfer Time**, by when and to what extent the information referred to in Clause 17.4 (a), (b) and (c) should be in final form prior to the **OTSUA Transfer Time**;
- (c) where the **Transmission Interface Site** will be **Operational** prior to the **OTSUA Transfer Time**, to what extent and by when the **User** has to comply with the requirements in Appendices OF prior to the **OTSUA Transfer Time**.¹⁸

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)

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

¹⁸ Use OTSDUW Build

**APPENDIX [B1]
[Part 1]**

ONE OFF WORKS

APPENDIX [G]
TRANSMISSION CONNECTION ASSET WORKS

APPENDIX [H1]

ONSHORE TRANSMISSION REINFORCEMENT WORKS

PART 1 Enabling Works

PART 2 Wider Transmission Reinforcement Works

APPENDIX [H2]

OFFSHORE TRANSMISSION REINFORCEMENT WORKS

PART 1

PART 2

APPENDIX [I]
USER'S WORKS

PART 1

PART 2

[OTSDUW – the works for the design, consenting, construction and installation of the Offshore Transmission System] [nb to be edited to identify works post offer and limited to consenting and design in case of early OFTO appointment]

APPENDIX [J]
CONSTRUCTION PROGRAMME

APPENDIX [K]
LIQUIDATED DAMAGES

Company:

Connection site:

Type:

The amount of Liquidated Damages payable by The Company to the User pursuant to this Construction Agreement shall be:

Liquidated Damages under Clause [4] of this Construction Agreement shall be calculated on a daily basis at a rate of £XXXXXX per week subject to the limit that the total Liquidated Damages payable by The Company to the User under this Clause shall not exceed £XXXXXX.

APPENDIX [L]
INDEPENDENT ENGINEER

Company:

Connection site:

Type:

The Independent Engineer will be a Member of the Association of Consulting Engineers (ACE) and shall be agreed between the parties within 120 days of execution of this Construction Agreement or such other period as may be agreed between the parties. Failing agreement it shall be referred to the President of the Institution of Electrical Engineers who shall nominate the Independent Engineer.

APPENDIX [MM]

ATTRIBUTABLE WORKS AND KEY CONSENTS

Part 1

Attributable Works

Part 2

Key Consents

APPENDIX [N]
THIRD PARTY WORKS

APPENDIX O

USER DATA

Examples Being

Number of Turbines

Capacity in MW of each Turbine

Manufacturer of Turbines and Machine Type

Reactive Capability of each Turbine

APPENDIX P
OFFSHORE WORKS ASSUMPTIONS

Examples Being

Onshore landing point
Connection to Onshore Transmission System
Voltage of Cable
Length of cable
Assumed ownership of platform
Assumed tender window
Assumed preferred bidder decision date
Assumed start of offshore works build\build programme\completion
Assumed start of onshore works build\build programme\completion

END OF SCHEDULE 2 EXHIBIT 3A

SCHEDULE 2 - EXHIBIT 4

DATED [] 200[]

NATIONAL GRID ELECTRICITY TRANSMISSION COMPANY PLC (1)

and

[] (2)

THE CONNECTION AND USE OF SYSTEM CODE

MANDATORY SERVICES AGREEMENT

RELATING TO [] POWER STATION

THIS **MANDATORY SERVICES 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 **National Electricity Transmission System** and the provision of certain **Balancing Services**.
- (B) As at the date hereof, **The Company** and the **User** are parties to the **CUSC Framework Agreement** (being an agreement by which the **CUSC** is made contractually binding between the parties).
- (C) This **Mandatory Services Agreement** is entered into pursuant to the terms of the **CUSC** and shall be read as being governed by it and, as between **The Company** and the **User**, has priority over the terms of the **CUSC** in accordance with (and subject to) Paragraph 11.2.2 of the **CUSC**.

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 **Mandatory Services Agreement**. Subject thereto, unless the subject matter or context otherwise requires or is inconsistent therewith, in this **Mandatory Services Agreement** the terms set out in Appendix 3 shall have the meanings set out respectively therein.

2. COMMENCEMENT

This **Mandatory Services Agreement** shall commence on [] (“**Commencement Date**”).

3. OBLIGATORY REACTIVE POWER SERVICE - DEFAULT UTILISATION

3.1 Schedule 3, Part I to the CUSC

The provisions of this Clause 3 implement the terms of Paragraph 2 of Schedule 3, Part I to the **CUSC** (“**CUSC Schedule**”) with respect to the payments to be made by **The Company** to the **User** for the provision by the **User** from the **BM Units** of the **Obligatory Reactive Power Service**, and in accordance with Paragraph 2.1 thereof the **Parties** hereby agree to make all necessary amendments to this **Mandatory Services Agreement** so as to give effect to the provisions of the **CUSC Schedule** as amended or modified from time to time.

3.2 Term and Suspension

[3.2.1 The provisions of this Clause 3 shall be deemed to have applied in relation to each **BM Unit** with effect from 00.00 hours on the [date hereof] [**Commencement Date**] and, subject always to Sub-Clause 3.2.2, shall continue thereafter unless and until the earlier of termination of the **CUSC Schedule** and termination of this **Mandatory Services Agreement**. For the avoidance of doubt, in the event this **Mandatory Services Agreement** is terminated in relation to any individual **BM Unit**, the provisions of this Clause 3 shall terminate in relation to that **BM Unit** only.] *OR*

[3.2.1 The provisions of Sub-Clauses 3.3 to 3.6 inclusive shall apply with effect from 00.00 hours on the date on which it is demonstrated (having regard to industry practice) to the reasonable satisfaction of **The Company** that each of the [**CCGT**] [**BM**] [**Non-Synchronous Generating**] **Units** complies with the provisions of **Grid Code CC 6.3.2** and **6.3.4** as applicable (or the coming into force of a direction issued by the **Authority** relieving the **User** of the obligation under its **Licence** to comply therewith) or (where **The Company** in its sole discretion requires **Reactive Power** from the **BM Units** before then for the purposes of security of the **National Electricity Transmission System**) such earlier date as **The Company** may agree with the **User** and, subject always to Sub-Clause 3.2.3, shall continue thereafter unless and until the earlier of termination of the **CUSC Schedule** and termination of this **Mandatory Services Agreement**. For the avoidance of doubt, the issue by **The Company** in relation to the **BM Unit** of a **Reactive Despatch Instruction** to unity power factor or zero Mvar shall not imply demonstration to **The Company's** reasonable satisfaction of

compliance as referred to above nor imply in relation to the **BM Unit** agreement by **The Company** of an earlier date as referred to herein.

3.2.2 No demonstration referred to in Sub-Clause 3.2.1 shall take place until the **User** shall have demonstrated to **The Company's** reasonable satisfaction (having regard to industry practice) that [each **[CCGT] [BM] Unit's Excitation System**, and in particular where applicable) the **Under-excitation Limiter**] [the continuously-acting automatic control system required to provide control of the voltage or zero transfer of **Reactive Power** with respect to each **[Power Park Moule] [DC Converter]** has been successfully commissioned and complies with the provisions of **Grid Code CC 6.3.8.**]

3.2.2/3 In relation to any **BM Unit**, the provisions of this Clause 3 (except this Sub-Clause 3.2) shall be suspended and have no force and effect upon the coming into effect, and for the duration of, any agreement (referred to in the **CUSC Schedule** as a "**Market Agreement**" and being either a new **Ancillary Services Agreement** or an agreement incorporating provisions into this **Mandatory Services Agreement**) which may be entered into between the Parties pursuant to Paragraph 3 of the **CUSC Schedule** for the provision by the **User** in relation to that **BM Unit** of:-

- (a) the **Obligatory Reactive Power Service** but with alternative payment arrangements to those provided in this Clause 3; or
- (b) an **Enhanced Reactive Power Service**.

For the avoidance of doubt, with effect from the expiry or termination of any **Market Agreement** such provisions shall in relation to that **BM Unit** cease to be suspended and shall resume full force and effect.

3.2.3/4 Termination or suspension of this Clause 3 shall not affect the rights and obligations of the **Parties** accrued as at the date of termination or suspension.

3.3 Capability Data

3.3.1 The **Parties** agree that, for the purposes of the Appendices to the **CUSC Schedule**:-

- [(a) the figures set out in Table B of Appendix 1, Section A, Part I represent for each **BM Unit** the **Reactive Power** capability at **Rated MW** which the **User** is obliged to provide under and in accordance with the **Grid Code CC 6.3.2(a)**, together with

Reactive Power capability at other levels of **MW Output** as specified therein by reference to the **Generator Performance Chart** submitted in accordance with **Grid Code OC 2.4.2** and measured at the generator stator terminals; and

(b) the figures set out in Table A of Appendix 1, Section A, Part I shall constitute for each of the **BM Units** the value of QC_{lead} and QC_{lag} referred to in Section 2 of Appendix 3 to the **CUSC Schedule** representing the **Reactive Power** capability at **Rated MW** shown at the **Commercial Boundary** (by application of the formulae set out in Appendix 8, Part 1 to the **CUSC Schedule**).] *OR*

[(a) the figures set out in Table B of Appendix 1, Section A, Part I represent for each relevant **CCGT Unit** the **Reactive Power** capability at **Rated MW** which the **User** is obliged to provide under and in accordance with **Grid Code CC 6.3.2(a)**, together with **Reactive Power** capability at other levels of **MW Output** as specified therein by reference to the **Generator Performance Chart** submitted in accordance with **Grid Code OC 2.4.2** and measured at the generator stator terminals; and

(b) the figures set out in summary Table C of Appendix 1, Section A, Part I represent for the **BM Unit** the **Reactive Power** capability of each relevant **CCGT Unit** at **Rated MW** (derived from Table B) but shown at the high voltage side of the **Generating Unit** step-up transformer by application of the formulae set out in Appendix 8, Part 2 to the **CUSC Schedule**; and

(c) the figures set out in Table A of Appendix 1, Section A, Part I shall constitute for the **BM Unit** the value of QC_{lead} and QC_{lag} referred to in Section 2 of Appendix 3 to the **CUSC Schedule** representing the **Reactive Power** capability of the **BM Unit** at **Rated MW** shown at the **Commercial Boundary** (derived by the summation of the **Reactive Power** capability of each relevant **CCGT Unit** at **Rated MW** extracted from summary Table C and by application of the formulae set out in Appendix 8, Part 2 to the **CUSC Schedule**.)

[(a) the figures set out in Table B of Appendix 1, Section A, Part I represent for the **BM Unit** the **Reactive Power** capability at **Rated MW** and at various other **Active Power** output levels which the **User** is obliged to provide under and in accordance **Grid Code CC 6.3.2(c)** or **6.3.2(d)(i)** (as the case may be) by reference to the **Generator Performance Chart** submitted in accordance with **Grid Code OC 2.4.2** and measured at either the **Grid Entry Point** in England and Wales or at the HV side of the 33/132 kV or 33/275 kV or 33/400 kV transformer for

Users connected to the **National Electricity Transmission System** in Scotland or the **User System Entry Point** if **Embedded**; and

- (b) the figures set out in Table A of Appendix 1, Section A, Part I shall constitute for the **BM Unit** the value of QC_{lead} and QC_{lag} referred to in Section 2 of Appendix 3 to the **CUSC Schedule** representing the **Reactive Power** capability at **Rated MW** shown at the **Commercial Boundary**.
- [(a) the figures set out in Table B of Appendix 1, Section A, Part I represent for each relevant **Non-Synchronous Generating Unit** the **Reactive Power** capability at **Rated MW** which the **User** is obliged to provide under and in accordance with **Grid Code CC 6.3.2(d)(ii)**, together with **Reactive Power** capability at other levels of **MW Output** as specified therein by reference to the **Generator Performance Chart** submitted in accordance with **Grid Code OC 2.4.2** and measured at the generator stator terminals; and
- (b) where applicable, the figures set out in summary Table C of Appendix 1, Section A, Part I represent for a **Power Park Module** the **Reactive Power** capability of each relevant **Power Park Unit** at **Rated MW** (derived from Table B) but shown at the high voltage side of the **Generating Unit** step-up transformer by application of the formulae set out in Appendix 8, Part 3 to the **CUSC Schedule**; and
- (c) the figures set out in Table A of Appendix 1, Section A, Part I shall constitute for the **BM Unit** the value of QC_{lead} and QC_{lag} referred to in Section 2 of Appendix 3 to the **CUSC Schedule** representing the **Reactive Power** capability of the **BM Unit** at **Rated MW** shown at the **Commercial Boundary** (where applicable, derived by the summation of the **Reactive Power** capability of each relevant **Power Park Unit** at **Rated MW** extracted from summary Table C and by application either of the formulae set out in Appendix 8, Part 3 to the **CUSC Schedule** or such other methodology as **The Company** and the **User** may agree in writing.]

3.4 Payments to User

- 3.4.1 In respect of each **BM Unit**, and in consideration of the **User** providing the **Obligatory Reactive Power Service** from that **BM Unit**, **The Company** shall pay to the **User** in respect of each calendar month in accordance with Paragraph 4.3 of the **CUSC** the aggregate total payments calculated in accordance with Appendix 1 to the **CUSC Schedule** and referred to therein as "PT".

3.4.2 For the purposes of Sub-Clause 3.4.1:-

- (a) the **Relevant Zone** in which the **BM Units** are situated is specified in Appendix 1, Section A, Part I;
- (b) without prejudice to Paragraph 4.1.2.2 of the **CUSC**, **The Company** shall use the meters and aggregation principles specified and/or referred to in Appendix 1, Section A, Part II to ascertain the amount of **Leading** and **Lagging** Mvarh produced in each **Settlement Period** by the **BM Units**, and such amount of **Leading** or **Lagging** Mvarh shall constitute the respective values of U_{lead} and U_{lag} as referred to in paragraph 1 of Appendix 3 to the **CUSC Schedule**; and
- (c) the **Parties** acknowledge that all meters and metered data used for the purposes of this Clause 3 shall comply with the provisions of Appendix 4 to the **CUSC Schedule**.

4. FREQUENCY RESPONSE

4.1 Paragraph 4.1.3 of CUSC

The provisions of this Clause 4 give effect to the provisions of Paragraph 4.1.3 of the **CUSC** in respect of the provision by the **User** from the **BM Units** of the **Mandatory Ancillary Service of Frequency Response** and the payments to be made by **The Company** to the **User** in respect thereof.

4.2 Term

4.2.1 The provisions of this Clause 4 shall be deemed to have applied in relation to each **BM Unit** with effect from 00.00 hours on the [date hereof] [**Commencement Date**] and shall continue thereafter unless and until this **Mandatory Services Agreement** is terminated. For the avoidance of doubt, in the event this **Mandatory Services Agreement** is terminated in relation to any individual **BM Unit**, the provisions of this Clause 4 shall terminate in relation to that **BM Unit** only.

4.2.2 Termination of this Clause 4 shall not affect the rights and obligations of **The Company** and the **User** accrued as at the date of termination.

4.3 Provision of Frequency Response

4.3.1 The **Parties** agree that:-

- (a) [subject always to Sub-Clause 4.4,] for the purposes of Paragraph 4.1.3.7 of the **CUSC**, the figures set out in the response tables in Appendix 1, Section B, Part I represent the amount of **Primary Response**, **Secondary Response** and **High Frequency Response** referred to therein;
- (b) [subject always to Sub-Clause 4.4] for the purposes of Paragraph 4.1.3.9 of the **CUSC**, the figures set out in the summary response table in Appendix 1, Section B, Part II represent the capabilities in respect of **Primary Response**, **Secondary Response** and **High Frequency Response** at given levels of **De-Load** referred to therein;
- (c) for the purposes of Paragraph 4.1.3.4 of the **CUSC**, the table in Appendix 1, Section B, Part III shows the permissible combinations of **Primary Response**, **Secondary Response** and **High Frequency Response** referred to therein;
- (d) for the purposes of Paragraph 4.1.3.9 of the **CUSC**, the figures (if any) set out in the plant configuration table in Appendix 1, Section B, Part II represent the plant configuration adjustment factors referred to therein to be applied where the **BM Unit** is a **CCGT Module**;
- (e) [subject always to Sub-Clause 4.4,] for the purposes of Paragraph 4.1.3.9A(a) of the **CUSC** in respect of calculation of the **Response Energy Payment**, the response values in Appendix 1, Section B, Part IV represent the **Frequency Response Power** that is deemed to be delivered in respect of **Primary Response**, **Secondary Response** and **High Frequency Response**.

4.4 [Commissioning and Provisional Response Levels

Without prejudice to Paragraph 4.1.3.14 of the **CUSC**, the **User** acknowledges that the levels of **Response** set out in the response tables in Appendix 1, Section B, Parts I, II and IV are indicative figures only during the period in which the relevant **Generating Unit(s)** is being commissioned and the **User** hereby undertakes to use its reasonable endeavours to forward to **The Company** levels of **Response** which represent the true operating characteristics of such **Generating Unit(s)** for inclusion in Appendix 1, Section B, Parts I, II and IV as soon as possible following completion of commissioning.]

[Indicative Response Levels

Without prejudice to Paragraph 4.1.3.14 of the **CUSC**, the **Parties** acknowledge and agree that the levels of **Response** set out in Appendix 1, Section B, Parts I, II and IV reflect either the absence of or incomplete submissions of data required for the purposes of this Clause 4 to be made by the **User** for the relevant **BM Unit(s)** as at the **Commencement Date**, and furthermore the performance of such **BM Units(s)** has not been assessed by **The Company** to establish that such levels of **Response** represent the true operating characteristics of such **BM Unit(s)**, and accordingly:-

- (a) to that extent the figures set out in Appendix 1, Section B, Parts I, II and IV for such **BM Unit(s)** are provisional pending:-
 - (i) the submission by the **User** of such complete data, which the **User** hereby undertakes to provide to **The Company**, and
 - (ii) subsequent assessment by **The Company** of the performance of such **BM Unit(s)** (based upon demonstration to **The Company** by the **User** of operation of such **BM Unit(s)** and/or the provision by the **User** to **The Company** of such information as **The Company** shall reasonably require) in order to establish to **The Company's** reasonable satisfaction that such figures represent the true operating characteristics of such **BM Unit(s)**; and
- (b) upon submission by the **User** of such complete data and following assessment by **The Company** of performance of such **BM Unit(s)** as aforesaid, if **The Company** is of the reasonable opinion that any or all of the levels of **Response** set out in Appendix 1, Section B, Parts I, II and IV do not represent the true operating characteristics of such **BM Unit(s)**, then **The Company** shall so notify the **User** and the **Parties** shall discuss and agree consequential changes to the relevant part or parts of Appendix 1, Section B, Parts I, II and IV to reflect such true operating characteristics,

provided always that such complete data shall be submitted by the **User**, the assessment by **The Company** of the performance of such **BM Unit(s)** shall be completed and (where applicable) any consequential changes to the relevant part or parts of Appendix 1, Section B, Parts I, II and IV shall be agreed by the **Parties**, in each case as soon as reasonably practicable and in any event no later than 6 months after the **Commencement Date** (or such later date as the **Parties** may agree in writing).]

5. NOT USED

6. GENERAL PROVISIONS

Paragraphs 6.12 (limitation of liability), 6.14 (transfer and subcontracting), 6.15 (confidentiality), 6.18 (intellectual property), 6.19 (force majeure), 6.20 (waiver), 6.21 (notices), 6.22 (third party rights), 6.23 (jurisdiction), 6.24 (counterparts), 6.25 (governing law), 6.26 (severance of terms) and 6.27 (language) and Section 7 (dispute resolution) of the **CUSC** are incorporated into this **Mandatory Services Agreement** *mutatis mutandis*.

7. VARIATIONS

7.1 Subject to Sub-Clause 7.2, no variation to this **Mandatory Services Agreement** shall be effective unless made in writing and signed by or on behalf of both **The Company** and the **User**.

7.2 **The Company** and the **User** shall effect any amendment required to be made to this **Mandatory Services 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.

8. NOTICES

For the purposes of this **Mandatory Services Agreement**, unless and until otherwise notified by the relevant **Party** to the other in accordance with Paragraph 6.21.1 of the **CUSC**, any notice or other communication to be given by **The Company** or the **User** to the other under, or in connection with matters contemplated by, this **Mandatory Services Agreement** shall be sent to the following address and/or facsimile number and marked for the attention of the person named below:

The Company:

Address:

Facsimile number:

For the attention of:

User:

Address:

Facsimile number:

For the attention of:

9. BANK ACCOUNT DETAILS

For the purposes of Paragraph 4.3.2.18 of the **CUSC**, unless and until otherwise notified by the relevant **Party** to the other in accordance with that Paragraph, details of each of the **Party's** bank accounts to which sums payable in connection with this **Mandatory Services Agreement** shall be paid are set out below:

The Company: Bank:
 Branch:
 Account Number:

User: Bank:
 Branch:
 Account Number:

[10. **AGREEMENT TO AMEND THIS MANDATORY SERVICES AGREEMENT**

The **Parties** hereby acknowledge and agree that the terms of this **Mandatory Services Agreement** may require amendment to reflect the fact that the **Mandatory Services** are provided under this **Mandatory Services Agreement** from **Generating Units** within a **Power Park Module**, and that accordingly certain **Grid Code Connection Conditions** and other relevant requirements of the **Grid Code** and the **CUSC** applicable to **BM Unit(s)** may not apply to such **Generating Unit(s)** or may apply in a modified manner. The **Parties** shall discuss in good faith and endeavour to agree such amendments as soon as reasonably practicable and in any event no later than 6 months after the **Commencement Date** (or such later date as the **Parties** may agree in writing).]

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)

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

APPENDIX 1 – DATA
SECTION A (REACTIVE POWER)

Part I
Capability Tables (Relevant Zone [])

**[TABLES BELOW FOR USE WHERE GRID CODE CC6.3.2(a) APPLICABLE
(EXCEPT FOR CCGT MODULES)]**

BM Unit No.

REACTIVE POWER CAPABILITY AT COMMERCIAL BOUNDARY (at rated stator terminal and nominal system voltage)

TABLE A	LEAD (Mvar)	LAG (Mvar)
AT RATED MW		

REACTIVE POWER CAPABILITY AT GENERATOR STATOR TERMINAL (at rated terminal voltage)

TABLE B	MW	LEAD (Mvar)	LAG (Mvar)
AT RATED MW			
AT FULL OUTPUT (MW)			
AT MINIMUM OUTPUT (MW)			

BM Unit No.

REACTIVE POWER CAPABILITY AT COMMERCIAL BOUNDARY (at rated stator terminal and nominal system voltage)

TABLE A	LEAD (Mvar)	LAG (Mvar)
AT RATED MW		

REACTIVE POWER CAPABILITY AT GENERATOR STATOR TERMINAL (at rated terminal voltage)

TABLE B	MW	LEAD (Mvar)	LAG (Mvar)
AT RATED MW			
AT FULL OUTPUT (MW)			
AT MINIMUM OUTPUT (MW)			

BM Unit No.

REACTIVE POWER CAPABILITY AT COMMERCIAL BOUNDARY (at rated stator terminal and nominal system voltage)

TABLE A	LEAD (Mvar)	LAG (Mvar)
AT RATED MW		

REACTIVE POWER CAPABILITY AT GENERATOR STATOR TERMINAL (at rated terminal voltage)

TABLE B	MW	LEAD (Mvar)	LAG (Mvar)
AT RATED MW			
AT FULL OUTPUT (MW)			
AT MINIMUM OUTPUT (MW)			

BM Unit No.

REACTIVE POWER CAPABILITY AT COMMERCIAL BOUNDARY (at rated stator terminal and nominal system voltage)

TABLE A	LEAD (Mvar)	LAG (Mvar)
AT RATED MW		

REACTIVE POWER CAPABILITY AT GENERATOR STATOR TERMINAL (at rated terminal voltage)

TABLE B	MW	LEAD (Mvar)	LAG (Mvar)
AT RATED MW			
AT FULL OUTPUT (MW)			
AT MINIMUM OUTPUT (MW)			

OR

[TABLES BELOW FOR USE WHERE GRID CODE CC6.3.2(a) APPLICABLE - CCGT MODULES ONLY]

REACTIVE POWER CAPABILITY AT COMMERCIAL BOUNDARY (at rated stator terminal and nominal system voltage)

TABLE A	MW	LEAD (Mvar)	LAG (Mvar)
AT RATED MW			

REACTIVE POWER CAPABILITY AT GENERATOR STATOR TERMINAL (at rated terminal voltage)

CCGT Unit No. []

TABLE B	MW	LEAD (Mvar)	LAG (Mvar)
AT RATED MW			
AT FULL OUTPUT (MW)			
AT MINIMUM OUTPUT (MW)			

CCGT Unit No. []

TABLE B	MW	LEAD (Mvar)	LAG (Mvar)
AT RATED MW			
AT FULL OUTPUT (MW)			
AT MINIMUM OUTPUT (MW)			

CCGT Unit No. []

TABLE B	MW	LEAD (Mvar)	LAG (Mvar)
AT RATED MW			
AT FULL OUTPUT (MW)			
AT MINIMUM OUTPUT (MW)			

REACTIVE POWER CAPABILITY AT HV SIDE OF STEP-UP TRANSFORMER (at rated terminal and nominal system voltage)

SUMMARY TABLE C	RATED MW	LEAD (Mvar)	LAG (Mvar)
CCGT UNIT			

OR

[TABLES BELOW FOR USE WHERE GRID CODE CC6.3.2(c) or (d)(i) APPLICABLE]

REACTIVE POWER CAPABILITY AT COMMERCIAL BOUNDARY (at rated stator terminal and nominal system voltage)

BM Unit No. _____

<u>TABLE A</u>	<u>MW</u>	<u>LEAD (Mvar)</u>	<u>LAG (Mvar)</u>
<u>AT RATED MW</u>			

REACTIVE POWER CAPABILITY AT GRID ENTRY POINT (ENGLAND AND WALES) OR HV SIDE OF RELEVANT TRANSFORMER (SCOTLAND) OR USER SYSTEM ENTRY POINT (IF EMBEDDED)

BM Unit No. _____

TABLE B	MW	LEAD (Mvar)	LAG (Mvar)
AT RATED MW			
AT 50% OF RATED MW			
AT 20% OF RATED MW			
AT BELOW 20% OF RATED MW			
AT 0% OF RATED MW			

OR

[TABLES BELOW FOR USE WHERE GRID CODE CC6.3.2(d)(ii) APPLICABLE (INCLUDING FOR POWER PARK UNITS)]

REACTIVE POWER CAPABILITY AT COMMERCIAL BOUNDARY (at rated stator terminal and nominal system voltage)

TABLE A	MW	LEAD (Mvar)	LAG (Mvar)
AT RATED MW			

REACTIVE POWER CAPABILITY AT NON-SYNCHRONOUS GENERATING UNIT STATOR TERMINAL (at rated terminal voltage)

Non Synchronous Generating Unit (including Power Park Unit): Each

TABLE B	MW	LEAD (Mvar)	LAG (Mvar)
AT RATED MW			
AT 50% OF RATED MW			
AT 20% OF RATED MW			
AT BELOW 20% OF RATED MW			
AT 0% OF RATED MW			

REACTIVE POWER CAPABILITY AT HV SIDE OF STEP-UP TRANSFORMER (at rated terminal and nominal system voltage)

SUMMARY TABLE C	RATED MW	LEAD (Mvar)	LAG (Mvar)
POWER PARK UNIT			

[NOTE: SUMMARY TABLE C ONLY APPLICABLE TO POWER PARK MODULES]

Part II
Meters and Aggregation Principles

[BM Unit No.]

[BM] or [CCGT] Unit No	<u>Metering Subsystem ID</u>	<u>Outstation ID</u>	<u>Channel Number</u>	<u>Meter Register ID</u>	<u>Measurement Quantity ID (RI or RE)</u>	Loss Adjustment Factor

Aggregation Methodology

[N/A]

or

[Category A/B/C/D* aggregation principles as set out in the latest published version of the document entitled “Methodology Document for the Aggregation of Reactive Power Metering” shall apply]

* Delete as applicable

Part III
Calculation of Reactive Power Capability
at the Commercial Boundary

For the purposes of Appendix 8 to the **CUSC Schedule**, the following table shows the reactive load applicable to each of the relevant **BM Units**, constituting the respective value Q_{ts} referred to therein:-

Reactive Load	
BM Unit	Q_{ts}

APPENDIX 1 – DATA (Cont.)
SECTION B (FREQUENCY RESPONSE)
Part I - Frequency Response Data

Station:
 BM Unit Nos.

Table 1		Low Frequency Response – Mode A					
Genset De-Load (MW)	δf_p (Hz)	Primary Response (MW)	Secondary Response (MW)				
			$\delta f_s = -0.1\text{Hz}$	$\delta f_s = -0.2\text{Hz}$	$\delta f_s = -0.3\text{Hz}$	$\delta f_s = -0.4\text{Hz}$	$\delta f_s = -0.5\text{Hz}$
	-0.1						
	-0.2						
	-0.3						
	-0.4						
	-0.5						
	-0.6						
	-0.7						
	-0.8						
	-0.1						
	-0.2						
	-0.3						
	-0.4						
	-0.5						
	-0.6						
	-0.7						
	-0.8						
	-0.1						
	-0.2						
	-0.3						
	-0.4						
	-0.5						
	-0.6						
	-0.7						
	-0.8						
	-0.1						
	-0.2						
	-0.3						
	-0.4						
	-0.5						
	-0.6						
	-0.7						
	-0.8						
	-0.1						
	-0.2						
	-0.3						
	-0.4						
	-0.5						
	-0.6						
	-0.7						
	-0.8						
	-0.1						
	-0.2						
	-0.3						
	-0.4						
	-0.5						
	-0.6						
	-0.7						
	-0.8						

Station:
 BM Unit Nos:

Table 2	High Frequency Response (MW) - Mode A				
Genset De-Load (MW)	Frequency Deviation from Target Frequency				
	$\delta f_h = +0.1$ Hz	$\delta f_h = +0.2$ Hz	$\delta f_h = +0.3$ Hz	$\delta f_h = +0.4$ Hz	$\delta f_h = +0.5$ Hz

[In relation to the levels of **Response** capability pursuant to Paragraph 4.1.3 of **CUSC** and Table 2 above it is agreed that for low operating outputs, the **High Frequency Response** capability will be limited such that the generation level will under normal operating conditions not be caused to drop below [] MW.]

For the purpose of Paragraph 4.1.3.11(a) of the **CUSC** the level of **Response** capability for a **Frequency Deviation** of 0.0 Hz shall be 0.0 MW.

Part II

Frequency Response Summary Data

Station:
BM Unit Nos:

Table 1	Frequency Response Capability Summary - Mode A		
Genset De-Load (MW)	Primary Response @ -0.5Hz (MW)	Secondary Response @ -0.2Hz (MW)	High Frequency Response @ +0.5Hz (MW)
	P_{MW}	S_{MW}	H_{MW}

Table 2	Plant Configuration Adjustment Factor K_{GRC} – Mode A	
1 Gas Turbine and 1 Steam Turbine		
1 Gas Turbine		

(or whatever configuration is appropriate)

Part III
Frequency Response - Permissible Combinations

Station:
BM Unit Nos:

Table 1	Mode A Response	
Primary Response	✓	✓
Secondary Response		✓
High Frequency Response	✓	✓

Part IV
Frequency Response Power Delivery Data

Station:
BM Unit Nos:

Primary Response Power Delivery – Mode A						
Frequency Deviation (Hz)	Genset De-load (MW)					
-0.1						
-0.2						
-0.3						
-0.4						
-0.5						

Primary & Secondary Response Power Delivery – Mode A						
Frequency Deviation (Hz)	Genset De-load (MW)					
-0.1						
-0.2						
-0.3						
-0.4						
-0.5						

High Frequency Response Power Delivery – Mode A						
Frequency Deviation (Hz)	Genset De-load (MW)					
+0.1						
+0.2						
+0.3						
+0.4						
+0.5						

The figures for genset deload in the tables shall be taken from the figures for genset deload shown in the tables Frequency Response Capability Data tables in Part I.

APPENDIX 2 - PRICES

SECTION A (REACTIVE POWER)

Not Used

APPENDIX 2

SECTION B (FREQUENCY RESPONSE)

Not Used

APPENDIX 3 – FURTHER DEFINITIONS

“BM Units” [“Commercial Boundary”	<i>[identify]</i> for a BM Unit comprising a Power Park Module or DC Converter , the Grid Entry Point in England and Wales or the HV side of the 33/132 kV or 33/275 kV or 33/400 kV transformer for Users connected to the National Electricity Transmission System in Scotland or the User System Entry Point if Embedded ;
"Frequency Sensitive Mode"	a Genset operating mode which will result in the Active Power output changing, in response to a change in System Frequency , in a direction which assists in the recovery to Target Frequency by operating so as to provide Primary Response and/or Secondary Response and/or High Frequency Response ;
"Full Output"	the meaning attributed to it in Grid Code BC 2.A.3.1 ;
"Generator Performance Chart"	a diagram which shows the MW and Mvar capability limits within which a BM Unit will be expected to operate under steady state conditions;
“Grid Entry Point”	The meaning attributed to it in the Grid Code ;
"Minimum Output"	the meaning attributed to it in Grid Code BC 2.A.3.1 ;
“Mode A”	in relation to Primary, Secondary and/or High Frequency Response means the levels of Response set out in relation thereto in Table 1 and/or (as applicable) Table 2 of Appendix 1, Section B, Part I;

“Parties”	the parties to this Mandatory Services Agreement ;
“Reactive Power Zone”	means those separate areas of England and Wales identified as zones in the Seven Year Statement for 1997 for the purposes of specifying local Reactive Power capability and need;
“Relevant Zone”	the Reactive Power Zone in which the BM Units are situated, which for convenience only shall be specified in Appendix 1, Section A, Part I;
"Under-excitation Limiter"	the meaning attributed to it in the Grid Code ;
δf_h	a Frequency Deviation from Target Frequency which is achieved 10 seconds from the time of the Frequency change and is sustained thereafter;
δf_p	a Frequency Deviation from Target Frequency which is achieved 10 seconds from the time of the Frequency change and is sustained for a further 20 seconds;
δf_s	a Frequency Deviation from Target Frequency which is achieved 30 seconds from the time of the Frequency change and is sustained for a further 30 minutes.

SCHEDULE 2 - EXHIBIT 5

DATED [_____]

NATIONAL GRID ELECTRICITY TRANSMISSION PLC (1)

and

[_____] (2)

THE CONNECTION AND USE OF SYSTEM CODE

BELLA

[EMBEDDED EXEMPTABLE LARGE POWER STATION WHICH IS SMRS REGISTERED]

At [_____]

Reference:[_____]

CONTENTS

- 1. Definitions, Interpretation and Construction**
 - 2. Conditions Precedent and Commencement**
 - 3. The Site of Connection to the Distribution System**
 - 4. Outages**
 - 5. Grid Code Matters**
 - 6. Operational Notification**
 - 7. Compliance with Site Specific Technical Conditions**
 - 8. Term**
 - 9. Variations**
 - 10. Restrictive Trade Practices Act**
 - 11. General Provisions**
 - 12. Wider Transmission Reinforcement Works**
- Appendix A The Site of Connection**
- Appendix F1 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**
- Appendix F5 Site Specific Technical Conditions - Other**
- Appendix H Transmission Reinforcement Works**

THIS **BELLA** 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**).
- (B) The **User** has applied in the capacity of an **EELPS** whose **Boundary Point Metering System** is [to be] registered in **SMRS** or in **CMRS** by a **User** who is responsible for the **Use of System Charges** associated with the **BM Unit** [to be] registered in **CMRS**.
- (C) The **User** has made a **BELLA Application** and **The Company** is required to make a **BELLA Offer** in accordance with Paragraph 1.5.2 of the **CUSC**.
- (D) This **Offer** has been made on the basis of the **Connect and Manage Arrangements**.

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 **BELLA** and the following term(s) shall have the meaning(s) set out below:

DNO	name address and registered number of owner/operator of the distribution network to which user is to connect.
DNO Construction Agreement	the agreement between The Company and the DNO for Transmission Reinforcement Works as a consequence of the User's connection to the Distribution System .
Enabling Works	those elements of the Transmission Reinforcement Works which are required to be completed prior to the User's Equipment being Energised and specified in Appendix H Part 1.

Notice of Reduction	the notice of that name given by The Company to the DNO and the User pursuant to Clause 7 of the DNO Construction Agreement .
Notice of Reduction Effective Date	the date the amendments proposed by the Notice of Reduction take effect.
Transmission Reinforcement Works	those works which in the reasonable opinion of The Company are necessary to extend or reinforce the National Electricity Transmission System as a consequence of the User's Equipment being Energised specified in Appendix H.
User's Capacity	the MW [export] figure specified in the User's Data .
User's Data	the data submitted by the User and set out in Appendix A to the BELLA against which the effect on the National Electricity Transmission System of the User's connection to the Distribution System has been assessed.
Wider Transmission Reinforcement Works	those elements of the Transmission Reinforcement Works which are not required to be completed prior to the User's Equipment being Energised and specified in Appendix H Part 2.

2. CONDITIONS PRECEDENT AND COMMENCEMENT

2.1 The rights and obligations of the **User** and **The Company** pursuant to this **BELLA** are subject to the following conditions precedent having been fulfilled before such rights and obligations arise:

2.1.1 the **User** having provided (in a form reasonably satisfactory to **The Company**) proof of having entered into a **Distribution Agreement** with the owner/operator of the **Distribution System**; and

2.1.2 of the acceptance by the owner/operator of the **Distribution System** of any necessary **Modification Offer** relevant to the **Embedded Power Station**;

2.1.3 **The Company** and / or the **Users** as appropriate having received the derogations [if any] required in respect of the Grid Code.

2.2 If the conditions precedent have not been fulfilled, in the case of 2.1.1 and 2.1.3 within 6 months of the date hereof, and in the case of 2.1.2 within 3 months of the date of receipt by the owner/operator of the **Distribution System** of the **Modification Offer**,

shall apply to and be complied with by the **User**. For the purposes of the **Grid Code** the **User** shall be treated as a **BM Participant**.

- [5.2 **The Company** does not require compliance by the **User** in respect of this **Embedded Exemptable Large Power Station** with the provisions of BC1 and BC2]

[Note: which alternative of Clause 5.2 will apply will depend upon whether or not The Company reasonably requires compliance with these Grid Code obligations. Please note that the User has a right to ask the Authority to determine on these matters.]

6. OPERATIONAL NOTIFICATION

Subject to the provisions of Clause 2.1 having been fulfilled, and subject, if **The Company** so requires, to **Enabling Works** [and/or works for any **Modification Offer**] being carried out and to notification by the **User** that the site of connection of the **User's Equipment** to the **Distribution System** is operational, **The Company** shall forthwith notify ("**Operational Notification**") the **User** in writing that it may energise its **Equipment**.

7. COMPLIANCE WITH SITE SPECIFIC TECHNICAL CONDITIONS

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

- 7.2 **The Company** and the **User** shall operate respectively the **National Electricity Transmission System** and the **User System** with the special automatic facilities and schemes set out in Appendix F3 to this **BELLA**.

- 7.3 The **User** shall ensure that the **User's Equipment** complies with the site specific technical conditions set out in Appendix F4 to this **BELLA**.

- 7.4 The **User** shall use all reasonable endeavours to ensure that the **User's Equipment** shall continue to comply with the site specific technical conditions set out in Appendix F5 of this **BELLA**.

- 7.5 If the **User** or **The Company** wishes to modify alter or otherwise change the site specific technical conditions or the manner of their operation under Appendix F1, F3, F4 or F5 to this **BELLA** this shall be deemed to be a **Modification** for the purposes of the **CUSC**.

8. TERM

- 8.1 Subject to the provisions for earlier termination set out in **CUSC** and Clause 8.2 below, this **BELLA** shall continue until all of the **User's** equipment is **Disconnected** from the relevant **Distribution System** at the site of **Connection** as provided in Section 5 of **CUSC**.
- 8.2 This **BELLA** shall terminate on the earlier of
- (a) the **Notice of Reduction Effective Date** where as a result of the **Notice of Reduction** the **User** is no longer an **Embedded Exemptable Large Embedded Power Station**.
 - (b) termination of the **DNO Construction Agreement** pursuant to Clause 7.4.10.2 of the **Construction Agreement** and provided that the **Bilateral Connection Agreement** between the **DNO** and **The Company** has, where required by **The Company**, been amended to reflect the fact that the **Developer** is no longer party to a **BELLA** but is a **Relevant Embedded Small Power Station**

9. VARIATIONS

- 9.1 Subject to 9.2, 9.3 and 9.4, no variation to this **BELLA** shall be effective unless made in writing and signed by or on behalf of both **The Company** and the **User**.
- 9.2 **The Company** and the **User** shall effect any amendment required to be made to this **BELLA** 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.
- 9.3 If it is necessary for **The Company** or **The Company** in its reasonable discretion wishes to make any addition to or omission from or amendment to the **Transmission Reinforcement Works**, Appendix H shall be automatically amended to reflect the change.
- 9.4 Appendix A shall be automatically amended to reflect any **Notice of Reduction** on the **Notice of Reduction Effective Date**

10. RESTRICTIVE TRADE PRACTICES ACT

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 **BELLA** shall not take effect or shall cease to have effect:

- 10.1.1 if a copy of this **BELLA** is not provided to the Department of Trade and Industry (“**DTI**”) within 28 days of the date of this; or
- 10.1.2 if, within 28 days of the provision of that copy to the **DTI**, the **DTI** gives notice of objection to the party providing it.

11. GENERAL PROVISIONS

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

12. WIDER TRANSMISSION REINFORCEMENT WORKS

The Company shall keep the User informed as to its progress on the **Wider Transmission Reinforcement Works**.

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

CUSC v1.7

SIGNED BY)

[name])

for and on behalf of)

NATIONAL GRID ELECTRICITY TRANSMISSION plc)

SIGNED BY)

[name])

for and on behalf of)

[User])

APPENDIX A

THE SITE OF CONNECTION AND USER'S DATA

SITE[s] OF CONNECTION

Company:

Site[s] of Connection:

Size of Power Station:

Owner[s] / Operator[s] of Distribution System:

[Insert details equivalent to data listed in part 1 of the planning code]

Anticipated date when Power Station's connection to use of the Distribution System will be energised.

APPENDIX F1

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

APPENDIX F5

SITE SPECIFIC TECHNICAL CONDITIONS:

OTHER

APPENDIX H

TRANSMISSION REINFORCEMENT WORKS

END OF SCHEDULE 2 - EXHIBIT 5

SCHEDULE 2 - EXHIBIT 6

DATED []

NATIONAL GRID ELECTRICITY TRANSMISSION PLC (1)

and

[]

TRANSMISSION RELATED AGREEMENT REGARDING
BID PRICE/OFFER PRICE HEDGE
FOLLOWING FAILURE TO COMPLY WITH
RESTRICTIONS ON AVAILABILITY

THIS **TRANSMISSION RELATED AGREEMENT** is made on the _____ day of _____ 200

BETWEEN

- (1) **NATIONAL GRID ELECTRICITY TRANSMISSION PLC** a company registered in England and Wales with company 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) **The Company** and the **User** are parties to the **CUSC Framework Agreement** which gives effect to the document designated by the **Secretary of State** and adopted by **The Company** as the Connection and Use of System Code pursuant to the **Transmission Licence**, as from time to time modified pursuant to the **Transmission Licence** (the "**CUSC**").
- (B) **The Company** and the **User** are parties to a [**Bilateral Connection Agreement**] [**Bilateral Embedded Generation Agreement**] dated [] (ref: []) in respect of the connection to and/or use of the **National Electricity Transmission System** at [] (the "**Bilateral Agreement**").
- (D) Under the terms of the **Bilateral Agreement** restrictions on availability apply under certain conditions and as a result the **User** is required to enter into this **Transmission Related Agreement** on the terms and subject to the conditions set out below.

NOW IT IS HEREBY AGREED as follows:

1. **DEFINITIONS, INTERPRETATION AND CONSTRUCTION**

- 1.1 Unless the subject matter or context otherwise requires or is inconsistent therewith, terms and expressions defined in Section 11 of the **CUSC** and in the **Bilateral Agreement**, [the **Construction Agreement**,] the **Balancing and Settlement Code** and the **Grid Code** have the same meanings, interpretations or constructions in this **Transmission Related Agreement**.
- 1.2 "**Base Rate**" shall be defined in respect of any day as the rate per annum which is equal to the base lending rate from time to time of Barclays Bank plc as at the close of business on the immediately preceding week-day other than a Saturday on which banks are open in the City of London (the "**Business Day**").
- 1.3 "**Enhanced Rate**" shall be defined in respect of any day as the rate per annum which is 4 % per annum above the base lending rate from time to time of Barclays Bank plc at the close of business immediately preceding the **Business Day**.

1.4 “Party” shall be defined as each party to this **Transmission Related Agreement** and any successor(s) in title to, or permitted assign(s) of such person.

1.5 References in this **Transmission Related Agreement** to “this **Transmission Related Agreement**” include references to the Schedule hereto.

2. **COMMENCEMENT AND TERM**

2.1 This **Transmission Related Agreement** shall come into effect on the date hereof and shall continue in force and effect until the **Bilateral Agreement** is terminated in accordance with the **CUSC**.

2.2 Any provisions for payment shall survive termination of this **Transmission Related Agreement**.

3. **PAYMENTS BY THE USER**

3.1 Where in accordance with Clause [9] of the **Bilateral Agreement** the provisions of this **Transmission Related Agreement** are expressed to apply then the **User** shall make a payment to **The Company** determined in accordance with Clause 3.2 hereof.

3.2 The payment by the **User** referred to in Clause 3.1 above shall be an amount calculated on a **Settlement Period** basis and for each relevant **BM Unit** and shall be determined in accordance with the provisions set out below:-

Where in respect of all or part of an **Outage Period**:-

(a) in respect of a **BM Unit**, either the prevailing **Maximum Export Limit** or the prevailing **Maximum Import Limit** is other than that permitted under Clause [10/9] of the **Bilateral Agreement**; and

(b) **The Company** issues in accordance with the **Grid Code** a **Bid-Offer Acceptance** requiring the **BM Unit** to reduce the absolute value of **Output** or **Demand** to the figure as required under Clause [9] of the **Bilateral Agreement**, then the following formula shall apply:-

$$PNGC_i = \sum_{J \in j} \sum^n \left(\min(0, PB^{n_{ij}}) \times QAB^{n_{ij}} + \max(0, PO^{n_{ij}}) \times QAO^{n_{ij}} \right)$$

Where:-

$PNGC_i$ represents the payment from the User to **The Company** in respect of **BM Unit i**

\sum^n represents the sum over all **Bid-Offer Pair Numbers** for the **BM Unit**

Σ

$J \in j$ represents the summation over all **Settlement Periods** j in the set of **Settlement Periods** J being those **Settlement Periods** in respect of which both the events specified in (a) and (b) above occurred

And:

$PB^{n_{ij}}$ = **Bid Price** n for **BM Unit** i in **Settlement Period** j

$QAB^{n_{ij}}$ = **Period BM Unit Total Accepted Bid Volume**

$PO^{n_{ij}}$ = **Offer Price** n for **BM Unit** i in **Settlement Period** j

$QAO^{n_{ij}}$ = **Period BM Unit Total Accepted Offer Volume**

n = **Bid–Offer Pair Number**

i = **BM Unit**

j = **Settlement Period**

3.3 The payment by the **User** referred to in Clause 3.1 above shall be made in accordance with the Schedule to this **Transmission Related Agreement**.

4. **VARIATIONS**

4.1 Subject to Clause 4.2, no variation to this **Transmission Related Agreement** shall be effective unless made in writing and signed by or on behalf of both **The Company** and the **User**.

4.2 **The Company** and the **User** shall effect any amendment required to be made to this **Transmission Related 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.

5. **GENERAL PROVISIONS**

The following provisions of the **CUSC** shall apply to this **Transmission Related Agreement** *mutatis mutandis* as if set out in full herein:-

Paragraphs 6.12 (Liability), 6.14 (Transfer and Sub-contracting), 6.15 (Confidentiality), 6.16 (Data), 6.18 (Intellectual Property), 6.19 (Force Majeure), 6.20 (Waiver), 6.21 (Notices), 6.22

(Third Party Rights), 6.23 (Jurisdiction), 6.25 (Governing Law), 6.26 (Severance of Terms), 6.27 (Language), 7.4 (Disputes) and 7.5 (Third Party Claims).

6. COUNTERPARTS

This **Transmission Related Agreement** may be entered into in any number of counterparts and by different parties in separate counterparts, each of which when signed shall constitute an original but all the counterparts shall together constitute but one and the same agreement.

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

SIGNED BY)

)

for and on behalf of)

NATIONAL GRID ELECTRICITY TRANSMISSION PLC)

SIGNED BY)

)

for and on behalf of)

[])

SCHEDULE OF PAYMENT PRINCIPLES

1.1 On the fifth **Business Day** of each calendar month **The Company** shall where applicable send to the **User** a statement (“the **Provisional Monthly Statement**”) consisting of:-

(a) a statement (the “**Provisional Statement**”) containing details of the payment calculation(s) made pursuant to Clause 3.2 of this **Transmission Related Agreement** in respect of the previous month; and,

(b) if relevant, a statement showing adjustments to be made (net of interest) in relation to any dispute regarding the payment calculation(s) in respect of any month prior to the previous month (“the **Provisional Adjustments Statement**”),

in each case showing the payments due to or from the **User** as a result thereof and the net amount due to or from the **User**.

1.2 If the **User** disagrees with any of the dates, times, facts or calculations as set out in the **Provisional Statement** and/or the **Provisional Adjustments Statement**, it shall produce to **The Company** the evidence which it relies upon in support of such disagreement. The

Parties shall discuss and endeavour to resolve the matter but if it cannot be resolved the **Parties** may have recourse to an arbitrator appointed pursuant to Paragraph 7.4 of the **CUSC**. Where a dispute is resolved, **The Company** shall adjust the account between itself and the **User** accordingly in the **Final Statement** where practicable or otherwise in the next **Provisional Adjustments Statement** which it issues.

- 1.3 Thirteen **Business Days** after the date specified in paragraph 1.1 **The Company** shall send to the **User** a statement (“the **Final Monthly Statement**”) consisting of:-
- (a) a statement (“the **Final Statement**”) incorporating:-
 - (i) in the case of an undisputed **Provisional Statement** (or where any dispute has been resolved and no changes have been effected to the calculations contained in the **Provisional Statement**) the calculation made under paragraph 1.1.(a) together with an invoice for the amount shown as being due to or from the **User** (as the case may be) ; or
 - (ii) In the case of a disputed **Provisional Statement** where the dispute has been resolved prior to the issue of the **Final Statement** and changes to the calculations contained in the **Provisional Statement** have been agreed, a revised calculation made under paragraph 1.1(a) together with an invoice for the amount shown as being due to or from the **User** (as the case may be) ; and
 - (b) if a **Provisional Adjustments Statement** has been issued in accordance with paragraph 1.1(b), a statement (“the **Final Adjustments Statement**”) showing adjustments to be made in relation to any dispute concerning any month prior to the previous month together with interest thereon up to and including the date of payment referred to in paragraph 1.5 such adjustments will be reflected in the invoice referred to at paragraph 1.3 (a) .
- 1.4 Where either **Party** discovers that any previous **Provisional Monthly Statement** or **Final Monthly Statement** contains an arithmetic error or omission **The Company** shall adjust the account between itself and the **User** accordingly in the next **Provisional Adjustments Statement** which it issues, setting out the reason why the adjustment has been made and the provisions of paragraph 1.2 shall apply *mutatis mutandis* to such adjustments.
- 1.5 The due date of payment in respect of any disputed amount subsequently determined or agreed to be payable shall be the date for payment of the relevant **Provisional Statement** from which the dispute arises. The successful **Party** to the dispute shall be entitled to interest at the **Base Rate** on any disputed amount until the date of payment.

- 1.6 Each **Party** shall pay to the other the net amount shown as due from that **Party** in the **Final Monthly Statement** within three **Business Days** of the date on which such statement is issued.
- 1.7 If either **Party** ("the **Defaulting Party**"), in good faith fails to pay under paragraph 1.6 any amount properly due under this **Transmission Related Agreement**, then such **Defaulting Party** shall pay to the other **Party** interest on such overdue amount from and including the due date of such payment to (but excluding) the date of actual payment at the **Base Rate**. Provided that should the **Defaulting Party** otherwise fail to pay any amount properly due under this **Transmission Related Agreement** on the due date then the **Defaulting Party** shall pay to the other **Party** interest on such overdue amount at the **Enhanced Rate** from the due date on which such payment was properly due to (but excluding) the date of actual payment. Any interest shall accrue from day to day.
- 1.8 If following a dispute or by virtue of paragraphs 1.2 or 1.4 it is determined or agreed that a **Party** was entitled to a further payment from the other **Party**, that **Party** shall be entitled to interest at the **Base Rate** on the amount of such further payment from the due date calculated in accordance with paragraph 1.5 until the date of payment.
- 1.9 If following a dispute or by virtue of the provisions of paragraphs 1.2 or 1.4 it is determined or agreed that a **Party** was not entitled to any payment it has received, the other **Party** shall be entitled to interest at the **Base Rate** on the amount so paid from the date of payment until the date of repayment or the date when the first **Party** makes a payment to the other **Party** which takes such payment into account.
- 1.10 Notwithstanding the terms thereof, **The Company** shall be entitled to set off against any amount falling due and payable by **The Company** to the **User** under any **Balancing Services Agreement** from time to time in force, all or a part of any payment or payments falling due and payable by the **User** to **The Company** under this **Transmission Related Agreement**.
- 1.11 All amounts specified hereunder shall be exclusive of any Value Added Tax or other similar tax and **The Company** or the **User** as the case may be shall pay the Value Added Tax at the rate for the time being and from time to time properly chargeable in respect of all payments made under this **Transmission Related Agreement**.
- 1.12 Save where otherwise stated, references in this Schedule to paragraphs are references to paragraphs of this Schedule.

CUSC – SCHEDULE 3

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SCHEDULE 3

BALANCING SERVICES

Part I

Balancing Services Market Mechanisms - Reactive Power

1 Definitions and Interpretations

- 1.1 For the purpose of this Part I and the Appendices, “**Obligatory Reactive Power Service**” means the **Mandatory Ancillary Service** referred to in **Grid Code CC 8.1** which the relevant **User** is obliged to provide (for the avoidance of doubt, as determined by any direction in force from time to time and issued by the **Authority** relieving a relevant **User** from the obligation under its **Licence** to comply with such part or parts of the **Grid Code** or any **Distribution Code** or, in the case of **The Company**, the **Transmission Licence** as may be specified in such direction) in respect of the supply of **Reactive Power** (otherwise than by means of synchronous or static compensation except in the case of a **Power Park Module** where synchronous or static compensation within the **Power Park Module** may be used to provide **Reactive Power**) and in respect of the required **Reactive Power** capability referred to in **Grid Code CC 6.3.2**. This **Mandatory Ancillary Service** shall comprise, in relation to a **Generating Unit**, **DC Converter** or **Power Park Module** compliance by the relevant **User** in all respects with all provisions of the **Grid Code** applicable to it relating to that supply of **Reactive Power** and required **Reactive Power** capability, together with the provision of such despatch facilities (including the submission to **The Company** of all relevant technical, planning and other data in connection therewith) and metering facilities (meeting the requirements of Appendix 4), and upon such terms, as shall be set out in a **Mandatory Services Agreement** entered into between **The Company** and the relevant **User**.

For the avoidance of doubt, “**Obligatory Reactive Power Service**” when used in this Part I and the Appendices excludes provision of **Reactive Power** capability from **Synchronous Compensation** and from static compensation equipment (except in the case of a **Power Park Module** where synchronous or static compensation

within the **Power Park Module** may be used to provide **Reactive Power**, and the production of **Reactive Power** pursuant thereto.

1.2 For the purpose of this Part I and the Appendices, “**Enhanced Reactive Power Service**” means the **Commercial Ancillary Service** of:-

- (a) the provision of **Reactive Power** capability of a **Generating Unit, DC Converter or Power Park Module** in excess of that which a **User** is obliged to provide from that **Generating Unit, DC Converter or Power Park Module**, under and in accordance with the **Connection Conditions** of the **Grid Code** and the production of **Reactive Power** pursuant thereto, which a **User** may agree to provide and which is capable of being made available to, and utilised by, **The Company** in accordance with the **Balancing Codes** of the **Grid Code** (or as may otherwise be agreed in writing between **The Company** and a **User**) for the purposes of voltage support on the **GB Transmission System**, upon and subject to such terms as may be agreed in writing between **The Company** and such **User**; or
- (b) the provision of **Reactive Power** capability from **Synchronous Compensation** or from static compensation equipment (except in the case of a **Power Park Module** where Grid Code CC8,1 specifies that such **Reactive Power** capability is a **Mandatory Ancillary Service**) and the production of **Reactive Power** pursuant thereto, which a **User** or any other person may agree to provide and which is capable of being made available to, and utilised by, **The Company** for the purposes of voltage support on the **GB Transmission System**, upon and subject to such terms as may be agreed in writing between **The Company** and such **User** or other person; or
- (c) such other provision or enhancement of capability of **Plant** and/or **Apparatus** or other equipment to generate or absorb **Reactive Power**, and the production of **Reactive Power** pursuant thereto, which a **User** or any other person may agree to provide and which is capable of being made available to, and utilised by, **The Company** for the purposes of voltage support on the **GB Transmission System**, upon and subject to such terms as may be agreed in writing between **The Company** and such **User** or other person.

- 1.3 Unless otherwise defined in the **CUSC**, terms and expressions found in the **Grid Code** have the same meanings, interpretations and constructions in this Part I and the Appendices.
- 1.4 In this Part I and the Appendices, except where the context otherwise requires, references to a particular Appendix, Part, Section, sub-section, Paragraph or sub-Paragraph shall be a reference to a particular Appendix to or part of this Part I or, as the case may be, that Section, sub-section, Paragraph or sub-Paragraph in this Part I.

2. **Obligatory Reactive Power Service – Default Payment Arrangements**

- 2.1 Notwithstanding any other provision of the **CUSC**, the provisions of this Part I and the Appendices, together with the **Mandatory Services Agreements** referred to in sub-Paragraph 2.6, shall govern the rights and obligations of **The Company** and relevant **Users** with respect to payments to be made by **The Company** to such **Users** for the provision of the **Obligatory Reactive Power Service**.
- 2.2 Subject always to Paragraph 3, and notwithstanding the provisions of any **Ancillary Services Agreement** now or hereafter in effect (but subject always to sub-Paragraph 4.2), the payments to be made by **The Company** to **Users** for the provision of the **Obligatory Reactive Power Service** in all **Mandatory Services Agreements** under which **Users** are or will be paid for the **Obligatory Reactive Power Service** shall, subject always to sub-Paragraph 2.7, comprise solely payments for utilisation determined in respect of each **Settlement Period** in accordance with sub-Paragraph 2.3.
- 2.3 Save to the extent and for the duration of any **Market Agreement** (as defined in sub-Paragraph 3.1) which may be entered into between **The Company** and a **User** as referred to in Paragraph 3 the utilisation payment for provision of the **Obligatory Reactive Power Service** shall be determined in accordance with the provisions of Appendix 1.
- 2.4 The Parties acknowledge and agree that, as at 1st October 1997:-
 - (a) the totality of payments for the provision of the **Obligatory Reactive Power Service**, determined in accordance with the provisions of this Paragraph 2, reflect so far as

reasonably practicable the overall variable costs (on the basis of the charging principles set out in Appendix 7) incurred across all relevant **Generating Units** of the provision of the **Obligatory Reactive Power Service** (whether or not payments are made in respect of those **Generating Units** pursuant to this Paragraph 2 or pursuant to **Market Agreements** entered into in accordance with Paragraph 3); and

(b) such totality of payments will continue to reflect those overall variable costs notwithstanding all and any variations thereto reasonably anticipated at such date.

- 2.5 It is hereby agreed and acknowledged that nothing in this Part I and the Appendices shall affect in any way the obligation on each **User** to comply with the provisions of the **Grid Code** insofar as they relate to **Reactive Power**. For the avoidance of doubt, and without limiting the foregoing, it is hereby agreed and acknowledged that, notwithstanding that the payments for the **Obligatory Reactive Power Service** shall comprise solely payments for utilisation, nothing in this Part I and the Appendices shall relieve **Users** from the obligations to comply with the provisions of the **Grid Code** in relation to **Reactive Power** by virtue of Paragraph 6.3.3 of the **CUSC** or otherwise howsoever.
- 2.6 **Mandatory Services Agreements** have been and will continue to be entered into bilaterally between **The Company** and **Users** but it is intended that, subject as provided below, **Mandatory Services Agreements** between **The Company** and **Users** providing the **Obligatory Reactive Power Service** will be amended or (if not in existence when this Part I takes effect) concluded so as to give effect to the provisions of sub-Paragraphs 2.2 and 2.3. Subject always to sub-Paragraphs 2.8 and 4.2, **The Company** and each relevant **User** therefore agree, as soon as reasonably practicable, to amend the existing **Mandatory Services Agreement** or conclude a new **Mandatory Services Agreement** in respect of each relevant **Generating Unit, DC Converter** or **Power Park Module** in order to give effect to the provisions of sub-Paragraphs 2.2 and 2.3.
- 2.7 For the avoidance of doubt, no payments referred to in this Paragraph 2 shall be payable by **The Company** to a **User** in relation to any **Generating Unit, DC Converter** or **Power park Module** unless and until the relevant **Mandatory Services Agreement** is so amended or concluded as provided in sub-Paragraph 2.6.

2.8 Notwithstanding the foregoing provisions of this Paragraph 2, and without prejudice to Paragraph 5, **The Company** shall only be obliged to amend or conclude any **Mandatory Services Agreement** with regard to any **Generating Unit, DC Converter or Power Park Module** if:-

(a) either:-

(i) the leading or lagging **Reactive Power** capability required of that **Generating Unit, DC Converter or Power Park Module** in accordance with **Grid Code CC 6.3.2** (or, where the **Generating Unit, DC Converter or Power Park Module** is **Derogated Plant** of an **Embedded Exemptable Large Power Station** the level to which, it has been **Derogated**) is 15Mvar or more (measured at the **Commercial Boundary**); or

(ii) that **Generating Unit, DC Converter or Power Park Module** is at or comprises a **Large Power Station** where such required capability is less than 15Mvar (measured at the **Commercial Boundary**) and the **User** requests **The Company** in writing to so amend or conclude a **Mandatory Services Agreement** with respect thereto; and

(b) there exists in relation to that **Generating Unit, DC Converter or Power Park Module** metering facilities meeting the requirements of Appendix 4.

3. **Obligatory Reactive Power Service and Enhanced Reactive Power Service – Market Payment Mechanism**

3.1 Nothing in this Part I and the Appendices, and nothing in any **Mandatory Services Agreement** entered into or amended in accordance with sub-Paragraph 2.6, shall prevent or restrict:-

(a) the entering into of an **Ancillary Services Agreement** or the amendment of any **Mandatory Services Agreement** between **The Company** and any **User** to provide for the making of payments by **The Company** to that **User** for the provision of the **Obligatory Reactive Power Service** on an alternative basis to that set out or referred to in Paragraph 2; or

- (a) the entering of an **Ancillary Services Agreement** between **The Company** and any **User** (or other person) for the provision of an **Enhanced Reactive Power Service**,

and any such agreement so entered into in accordance with the principles contained in sub-Paragraph 3.3 is referred to in this Part I and the Appendices as a “**Market Agreement**”.

- 3.2 The coming into effect of a **Market Agreement** in relation to any **Generating Unit**, **DC Converter** or **Power Park Module** shall, in respect of that **Generating Unit**, **DC Converter** or **Power Park Module**, suspend and replace for the duration thereof the provisions for payment for the **Obligatory Reactive Power Service** (if applicable) set out or referred to in Paragraph 2. In such a case, and for the avoidance of doubt, with effect from the expiry or termination of the **Market Agreement**, the provisions for payment for the **Obligatory Reactive Power Service** set out or referred to in Paragraph 2 shall in relation to that **Generating Unit**, **DC Converter** or **Power Park Module** cease to be suspended and shall resume full force and effect.

- 3.3 The following principles shall govern the entering into of **Market Agreements**:-

- (a) *Relevant Dates*

- (i) Each **Market Agreement** will commence on either 1st April or 1st October, whichever next follows the submission by **The Company** of the package of information as more particularly described in sub-Paragraph 3.3(b)(i) (“**Contract Start Days**”).

- (ii) For the purposes of this sub-Paragraph 3.3:-

- (a) a “**Market Day**” shall be a date not earlier than twelve weeks and not later than eight weeks prior to a **Contract Start Day**; and
- (b) a “**Tender Period**” shall be a period of at least four consecutive weeks commencing on a date nominated by **The Company** and ending on a **Market Day**.

- (b) *Submission of **Tender** information by **The Company***

- (i) **The Company** shall, acting reasonably and having regard to the principles contained in this sub-Paragraph 3.3, compile a package of information for the use of interested parties comprising technical, procedural and contractual requirements, directions and specifications to govern **Market Agreements** to take effect from the following **Contract Start Day**. **The Company** shall ensure that such requirements, directions and specifications do not conflict with any of the principles contained in this sub-Paragraph 3.3 and so far as reasonably practicable do not discriminate between **Tenderers**.
 - (ii) Prior to the commencement of each **Tender Period**, **The Company** shall provide to all persons who shall by then have requested the same the package of information as more particularly described in sub-Paragraph 3.3(b)(i).
- (c) *Submission of **Tenders***

During the **Tender Period**, but for the avoidance of doubt not later than the **Market Day**, an interested party may submit to **The Company**:-

- (i) in relation to any **Generating Unit, DC Converter or Power Park Module** providing the **Obligatory Reactive Power Service**, prices for and **Tendered Capability Breakpoints** relating to the provision thereof; or
- (ii) in relation to that **Generating Unit, DC Converter or Power Park Module** a tender for provision of the **Enhanced Reactive Power Service** specified in sub-Paragraph 1.2(a) and/or (b) and/or (c); and/or
- (iii) in relation to any other **Generating Unit, DC Converter or Power Park Module** or other **Plant and Apparatus** (or other equipment), a tender for provision of the **Enhanced Reactive Power Service** specified in sub-Paragraph 1.2(b) and/or (c),

in each case in accordance with sub-Paragraph 3.3(d). All such submissions are referred to in this Part I and the Appendices as "**Tenders**", and "**Tenderers**" shall be construed accordingly.

(d) *Form of Tenders*

- (i) All **Tenders** submitted by **Users** which comprise:-
 - (a) prices for and **Tendered Capability Breakpoints** relating to the provision of the **Obligatory Reactive Power Service**; and
 - (b) terms for the provision of the **Enhanced Reactive Power Service** specified in sub-Paragraph 1.2(a),

shall be completed on the basis that payment will be determined in respect of each **Settlement Period** in accordance with the formulae and other provisions set out in Appendix 2 and in the manner set out in Appendix 5.

- (ii) All other **Tenders** (including without limitation those comprising terms for the provision of the **Enhanced Reactive Power Service** specified in sub-Paragraphs 1.2(b) and (c)) shall be submitted in accordance with and on the basis of such (if any) reasonable directions given by **The Company** in the package of information referred to in sub-Paragraph 3.3(b)(i) or otherwise in such manner as may be reasonably specified by **The Company** from time to time, which directions shall in either case be, so far as reasonably practicable, consistent with the provisions of Appendices 2 and 5.
- (iii) Each **Tender** comprising prices for and **Tendered Capability Breakpoints** relating to the provision of the **Obligatory Reactive Power Service** shall be submitted on the basis that **The Company** may only select all (and not some) of the prices and **Tendered Capability Breakpoints** comprised therein.
- (iv) Save where expressly provided otherwise in a **Tender**, each **Tender** comprising terms for the provision of an **Enhanced Reactive Power Service** shall be treated as having been submitted on the basis that **The Company** may select all or part only of the **Reactive Power** capability comprised therein (which, in the case of the **Enhanced Reactive Power Service** specified in sub-Paragraph 1.2(a), shall

mean all or part only of the excess capability comprised therein).

- (v) All **Tenders** shall be submitted in respect of periods of whole and consecutive calendar months, to be not less than twelve months and in multiples of six months, to commence on the next following **Contract Start Day**. Save where expressly provided otherwise in a **Tender**, a **Tender** (whether in relation to the **Obligatory Reactive Power Service** or an **Enhanced Reactive Power Service**) shall be treated as having been submitted on the basis that **The Company** may select all or part only of any period so tendered (in multiples of six months), subject to a minimum period of twelve consecutive months, commencing on the next following **Contract Start Day**.
- (e) *Qualification and Evaluation of **Tenders***
 - (i) Each **Tender** must satisfy the mandatory qualification criteria set out in Section A of Appendix 6.
 - (ii) **The Company** shall evaluate and (without prejudice to sub-Paragraphs 3.3(d)(iii), (iv) and (v)) select **Tenders** (or part(s) thereof) on a basis consistent with its obligations under the **Act** the **Transmission Licence** and the **CUSC** and, subject thereto, in accordance with the evaluation criteria set out in Section B of Appendix 6. Without limitation, **The Company** reserves the right to require tests of a **Generating Unit, DC Converter or Power Park Module** or other **Plant and Apparatus** (or other equipment), on a basis to be agreed with a **Tenderer**, as part of the evaluation of a **Tender**.
 - (iii) **The Company** shall use reasonable endeavours to evaluate **Tenders** within five weeks from each **Market Day**.
- (f) *Entering into **Market Agreements***
 - (i) Having selected a **Tender** (or part(s) thereof) in accordance with sub-Paragraph 3.3(e), **The Company** shall notify the relevant **Tenderer** that it wishes to enter into a **Market Agreement** in respect

thereof, and that **Tenderer** and **The Company** shall each use reasonable endeavours to agree the terms of, and enter into a **Market Agreement** in respect thereof as soon as reasonably practicable but in any event not later than two weeks prior to the relevant **Contract Start Day**. Notwithstanding the foregoing, if a **Market Agreement** has not been entered into by the date being two weeks prior to the relevant **Contract Start Day**, then either **The Company** or the **Tenderer** shall be entitled, provided that it shall have used all reasonable endeavours to agree the terms of, and enter into, the **Market Agreement** as aforesaid, to notify the other that it no longer wishes to enter into the **Market Agreement**, whereupon the **Tender** in question shall be deemed to be withdrawn.

- (ii) In the event of a deemed withdrawal of a **Tender** in the circumstances set out in sub-Paragraph 3.3(f)(i), **The Company** shall be entitled to re-evaluate and select all or part of any outstanding **Tenders** in accordance with sub-Paragraphs 3.3(e)(i) and (ii) and to notify one or more **Tenderers** if, in substitution for the **Tender** so deemed to be withdrawn, it wishes to enter into a **Market Agreement** in respect of any other **Tender** or **Tenders** (or part(s) thereof). Following such notification, **The Company** and each **Tenderer** in question shall use reasonable endeavours to agree the terms of, and enter into, a **Market Agreement** prior to the relevant **Contract Start Day**.
 - (iii) If, in respect of any **Tender**, a **Market Agreement** is not entered into by the relevant **Contract Start Day**, that **Tender** shall be deemed to be withdrawn.
 - (iv) Save where otherwise provided in this Paragraph 3, all **Market Agreements** must be entered into on the basis of the terms set out in the relevant **Tender** (or relevant part(s) thereof).
- (g) *Legal Status of **Tenders***

For the avoidance of doubt, a **Tender** shall not constitute an offer open for acceptance by **The Company**, and in respect of any **Tender** (or part(s) thereof) selected by **The Company**

pursuant to sub-Paragraph 3.3(e) or (f), neither the **Tenderer** in question nor **The Company** shall be obliged to provide or pay for the **Obligatory Reactive Power Service** and/or an **Enhanced Reactive Power Service** upon the terms of that **Tender** (or the relevant part(s) thereof) unless and to the extent that those terms are incorporated in a **Market Agreement** subsequently entered into.

(h) *Publication*

- (i) Within the six weeks following each **Contract Start Day**, **The Company** shall provide to all persons requesting the same the following information:-
- (a) in respect of all **Market Agreements** then subsisting, prices and contracted **Reactive Power** capability on an individual **Tender** basis relating to the period from the immediately preceding **Contract Start Day** until the next following **Contract Start Day**;
 - (b) in respect of all **Mandatory Services Agreements** and **Market Agreements** subsisting in respect of the six month period ending on the immediately preceding **Contract Start Day**, details of utilisation of Mvarh provided by individual **BM Units** (or, where relevant, other **Plant** and/or **Apparatus** or other equipment) pursuant to the **Obligatory Reactive Power Service** and **Enhanced Reactive Power Service**;
 - (c) details of the circumstances surrounding any failure by **The Company** during the preceding six month period to perform any of its duties and responsibilities under this Paragraph 3 in the circumstances referred to in Paragraph 5; and
 - (d) any other information reasonably considered by **The Company** to be pertinent to the **Tender** process, and, to this extent, each relevant **User** consents to the disclosure by **The Company** of the information referred to in sub-sub-Paragraphs (a) and (b) above in so far as it relates to the provision of the **Obligatory**

Reactive Power Service and (where applicable) an **Enhanced Reactive Power Service** from its **Generating Units, DC Converters** or **Power Park Modules** and/or other **Plant** and **Apparatus** (or other equipment).

- (ii) Without prejudice to the provision of information pursuant to sub-Paragraph 3.3(h)(i), **The Company** further agrees to use all reasonable endeavours to provide to all persons requesting the same, within the six weeks following each **Contract Start Day**, estimates of the Mvarh absorption and generation by the **GB Transmission System**, where used for the purposes of voltage support, during the preceding six month period.

4. Amendment and Conclusion of Mandatory Services Agreements

- 4.1 **The Company** and each relevant **User** shall promptly do all such acts and execute and deliver such agreements and other documentation as may be necessary to amend or conclude the relevant **Mandatory Services Agreements** so as to give effect to the provisions of this Part I and the Appendices as amended from time to time.
- 4.2 Sub-Paragraphs 2.6 and 4.1 shall not require **The Company** or any **User** to amend or conclude a **Mandatory Services Agreement** so as to give effect to this Part I and the Appendices if and to the extent that, in respect of any **Generating Unit, DC Converter** or **Power Park Module**. **The Company** and such **User** shall have expressly agreed in writing that no payments shall be made by **The Company** to such **User** under an **Ancillary Services Agreement** for the provision of the **Obligatory Reactive Power Service** from that **Generating Unit, DC Converter** or **Power Park Module** (as the case may be).

5. Statutory and Regulatory Obligations

- 5.1 Neither **The Company** nor any **User** shall be bound to perform any of its duties or responsibilities under this Part I and the Appendices (including without limitation with regard to the amending or concluding of **Mandatory Services Agreements** in accordance with sub-Paragraph 2.6 and the entering into of **Market Agreements** in accordance with Paragraph 3) if and to the extent that to do so would be likely to involve that party in breach of its

duties and obligations (if any) under the **Act** of or any condition of a **Licence**. Accordingly, nothing in this Part I and the Appendices shall preclude **The Company** from procuring the provision of any **Enhanced Reactive Power Service** in a manner otherwise than in accordance with Paragraph 3 in order to comply with its duties and obligations under the **Act** and/or any condition of the **Transmission Licence** to the extent such compliance cannot reasonably be assured by the performance of its duties and responsibilities under Paragraph 3.

- 5.2 Without prejudice to sub-Paragraph 5.1, **The Company** shall not be bound to comply with the provisions of sub-Paragraph 3.3(h) with regard to the disclosure of information to the extent that to do so would be likely to restrict, distort or prevent competition in the provision of the **Obligatory Reactive Power Service** and/or **Enhanced Reactive Power Service**.

6. Redundant Provisions

Certain redundant provisions of Schedule 5 to the **MCUSA** with respect to capability payments comprised within the default payment arrangements and matters for review which were applicable on and from 1 October 1997 but are of no continuing effect by effluxion of time or otherwise, together with other provisions contained elsewhere in this Part I and the Appendices which, prior to the **CUSC Implementation Date**, included reference to such provisions, are set out (or, as the case may be, repeated) for information purposes only in Appendix 9.

APPENDIX 1**Obligatory Reactive Power Service
– Default Payment Arrangements**

The provisions of this Appendix 1, as referred to in sub-Paragraph 2.2 of this Part I, shall apply to the calculation of default payments for provision of the **Obligatory Reactive Power Service** from **BM Units**. All payments shall be expressed in pounds sterling.

1. Total Payment

Total Payment (PT) = PU [*£ per Settlement Period per BM Unit*]

where, subject always to paragraphs 5 and 6 below:

PU = the utilisation payment in respect of a **BM Unit** for a **Settlement Period** determined in accordance with paragraph 2 below.

2. Utilisation Payment

PU = $BP_U * U$ [*£ per Settlement Period per BM Unit*]

Where

$BP_U = \frac{46,270,000 * I * X * Y}{42,054,693}$ [*£/Mvarh*]

Where

I = defined in paragraph 3 below;

X = 1 (unless the circumstances in sub-paragraphs (a) through to (d) apply)

And where X shall be 0.2 in all **Settlement Periods** from (and including) that in which:-

- (a) the relevant **BM Unit** (or, in relation to a **CCGT Module**, any relevant **CCGT Unit**) fails a **Reactive Test** until (and including) the

Settlement Period in which a subsequent **Reactive Test** is passed in relation to that **BM Unit** (or **CCGT Unit** (as the case may be)); or

- (b) the **User** fails (other than pursuant to an instruction given by **The Company** or as permitted by the **Grid Code**) to set the automatic voltage regulator of the **BM Unit** (or, in relation to a **CCGT Module**, any relevant **CCGT Unit**) to a voltage following mode until (and including) the **Settlement Period** in which the **User** notifies **The Company** that the automatic voltage regulator is so set; or
- (c) the **BM Unit** fails to comply with a **Reactive Despatch Instruction** due to the fact that the **BM Unit** (or, in relation to a **CCGT Module**, any relevant **CCGT Unit**) is unable to increase and/or decrease its Mvar output (other than as a direct result of variations in **System** voltage) until (and including) the **Settlement Period** in which the **User** notifies **The Company** that the **BM Unit** is so able to comply; or
- (d) the **BM Unit** fails to have a Mvar range which includes the ability to provide zero Mvar at the **Commercial Boundary** until (and including) the **Settlement Period** in which the **User** notifies **The Company** that the **BM Unit** has or once more has such range; and

Y = 1, except that Y shall be 0 in all **Settlement Periods** from and including that in which the **BM Unit** is affected by a **Reactive Despatch Network Restriction** until (and including) the **Settlement Period** in which notification is given to **The Company** pursuant to the **Grid Code** that such **Reactive Despatch Network Restriction** is no longer affecting that **BM Unit**

U = defined in Section 1 of Appendix 3

3. Indexation

3.1 The indexation factor I used in the formulae in paragraph 2 above shall be determined as follows:-

- (a) For all periods up to (and including) 31st March, 2004, I shall with effect from 1st April in respect of each subsequent 12 month period ending 31st March be determined as follows:-

$$I = \frac{RP1_2}{RP1_1}$$

where

For the period from (and including) 1st October, 1997 to (and including) 31st March, 1998 $RPI_2 = 155.4$, and thereafter RPI_2 is the RPI for March of the immediately preceding twelve month period ending 31st March.

RPI_1 is the RPI for March, 1994 (142.5).

3.2

- (b) For all periods from (and including) 1st April, 2004, I shall in respect of each calendar month be determined as follows:-

$$I = I_m$$

where

I_m = the indexation factor I for the calendar month in question

$$I_m = C * [(0.5 * FRPI_m / RPI_x) + (0.5 * PI_m)]$$

where

$$C = RPI_x / RPI_1$$

RPI_x is the RPI for March, 2003 (179.9)

RPI_1 is as defined in sub-paragraph (a) above

$FRPI_m$ is the Forecast RPI for the calendar month in question

and where PI_m is a wholesale power price index determined as follows:-

$$PI_m = [(p * HPI_m / HPI_1) + (q * PAPI_m / PAPI_1) + (r * PPI_m / PPI_1)]$$

Where

HPI_m is the mean average of the OTC baseload month ahead Heren power index bid and offer prices for all days on which this index is published in the calendar month immediately preceding the calendar month in question

$PAPI_m$ is the mean average of the OTC baseload month ahead Petroleum Argus power index bid and offer prices for all days on which this index is published in the calendar month immediately preceding the calendar month in question

PPI_m is the mean average of the OTC baseload month ahead Platts power index bid and offer prices for all days on which this index is published in the calendar month immediately preceding the calendar month in question

and where

$p = 1/3$ (subject always to sub-paragraph 3.2 (c))

$q = 1/3$ (subject always to sub-paragraph 3.2(c))

$r = 1/3$ (subject always to sub-paragraph 3.2(c))

and where

HPI_1 is the mean average of the OTC baseload month ahead Heren power index bid and offer prices for all days on which this index is published during the period from (and including) 1st October 2002 to (and including) 30th September 2003

$PAPI_1$ is the mean average of the OTC baseload month ahead Petroleum Argus power index bid and offer prices for all days on which this index is published during the period from (and including) 1st October 2002 to (and including) 30th September 2003

PPI_1 is the mean average of the OTC baseload month ahead Platts power index bid and offer prices for all days on which this index is published during the period from (and including) 1st October 2002 to (and including) 30th September 2003

3.2 For the purposes of sub-paragraph 3.1 above:-

- (a) the RPI Index used is the **Retail Price Index** with 1987 = 100 base, and the source of the RPI Index is the monthly Office for National Statistics "Business Monitor MM23";
- (b) Forecast RPI is as provided monthly by Experian Business Strategies Ltd; and
- (c) if in respect of any calendar month the mean average of any of the power indices more particularly referred to in sub-paragraph 3.1(b) is incapable of being derived and/or there is a material change in the basis of that power index, then subject as provided below, for the purpose of sub-paragraph 3.1(b) **The Company** shall determine the wholesale power price index PI_m for that calendar

month by substituting for the original value of factor p,q, or r as relates to that power index (“the Affected Factor”) the value of zero, and by substituting for the original value of each of the remaining factors p, q, or r a value which is increased from the original value by a pro rata proportion of the original value of the Affected Factor. Provided always that if in respect of any calendar month the mean average of each of such power indices is incapable of being derived and/or there is a material change in the basis of each such power index, then **The Company** shall determine the wholesale power price index PI_m for that calendar month by substituting for the value PI_m in the determination of I_m the value $FRPI_m/RPI_x$.

4. Information Unavailable

Save where otherwise provided in this Part I, where any information or data required by **The Company** for the calculation of payments to be made pursuant to this Part I is not available to **The Company** at the relevant time, **The Company** shall calculate payments using **The Company’s** best estimate of the unavailable information of data. Once such information or data is available, **The Company** shall accordingly make all consequential adjustments to the payments from itself to **Users** as soon as reasonably practicable thereafter to reflect any repayment or additional payment so required to be made by one party to the other in respect of the relevant period (including interest thereon at the **Base Rate** from the original date of payment or due date (as the case may be) until the date of such repayment or additional payment).

5. Commissioning

- 5.1 Save in relation to **BM Units** operational prior to 1st April, 1997 no utilisation payments referred to in this Appendix 1 shall fall due and payable to any **User** in respect of any **BM Unit** until the **Settlement Period** in which it is demonstrated to the reasonable satisfaction of **The Company**, having regard to industry practice, that the **BM Unit** (or, in the case of a **CCGT Module**, but subject always to sub-paragraph 5.4 below, each relevant **CCGT Unit**) complies with the provisions of **Grid Code CC 6.3.2** and **CC 6.3.4** or (where **The Company** in its sole discretion requires **Reactive Power** from a **BM Unit** before then for the purposes of security of the **GB Transmission System**) such earlier date as **The Company** may agree with a **User** in respect of that **BM Unit**.
- 5.2 Before any demonstration of compliance referred to in sub-paragraph 5.1 above, it shall be necessary for the **User** to demonstrate to **The Company’s** reasonable satisfaction, having regard to industry practice, that the **BM Unit’s** (or, in the case of a **CCGT Module**, each relevant **CCGT Unit’s**) **Excitation System**, and in particular the under-excitation

limiter, has been successfully commissioned and complies with the provisions of **Grid Code CC 6.3.8**.

- 5.3 For the avoidance of doubt the issue by **The Company** in relation to a **BM Unit** of a **Reactive Despatch Instruction** to unity power factor or zero Mvar shall neither imply by itself that **The Company** is reasonably satisfied with compliance as referred to in sub-paragraph 5.1 above nor imply in relation to the **BM Unit** agreement by **The Company** of an earlier date as also referred to therein.
- 5.4 Until such time as it shall be demonstrated to the reasonable satisfaction of **The Company** that, in relation to a **CCGT Module**, all relevant **CCGT Units** comply with the provisions of **Grid Code CC 6.3.2** and **CC 6.3.4** as referred to in sub-paragraph 5.1 above, it is the intention that utilisation payments shall fall due to a **User** in respect of that **CCGT Module** notwithstanding the provisions of sub-paragraph 5.1 above. For such period, and in relation to that **CCGT Module**, only, this Appendix 1 and the definitions of QC and QR set out in Appendix 3 shall be read and construed accordingly.

6. **De-energisation and Disconnection**

Subject to all rights and obligations of **The Company** and the **User** accrued at such date, utilisation payments referred to in this Appendix 1 shall cease to fall due and payable to any **User** in respect of any **BM Unit** with effect from the date of expiry or termination for whatever reason of the relevant **Mandatory Services Agreement** in accordance with its terms or (if earlier) with effect from the date of **De-energisation** or **Disconnection** of that **BM Unit** for any reason pursuant to the relevant **Bilateral Agreement** or the **CUSC**.

Appendix 2

Obligatory Reactive Power Service and Enhanced Reactive Power Services – Market Payment Mechanism

The provisions of this Appendix 2, as referred to in sub-Paragraph 3.3(d)(i) of this Part I, shall apply to the calculation of payments in respect of **Tenders** comprising prices for and **Tendered Capability Breakpoints** relating to the **Obligatory Reactive Power Service** and in respect of **Tenders** comprising terms for the provision of the **Enhanced Reactive Power Services** specified in sub-Paragraph 1.2(a) of this Part I, in each case in respect of **BM Units**. All payments shall be expressed in pounds sterling. All algebraic terms contained in this Appendix 2 shall bear the meanings set out in paragraph 1 below unless the context otherwise requires.

1. Definitions

For the purposes of this Appendix 2, unless the context otherwise requires, the following terms shall have the following meanings:-

CA1,CA2 and CA3 = the available capability prices (expressed to apply to both leading and lagging) (£/Mvar/h) (as more particularly described in paragraph 2 of Appendix 5) as specified in the relevant **Market Agreement**;

CS1,CS2 and CS3 = the synchronised capability prices (expressed to apply to both leading and lagging) (£/Mvar/h) (as more particularly described in paragraph 2 of Appendix 5) as specified in the relevant **Market Agreement**;

CU1,CU2 and CU3 = the utilisation prices (expressed to apply to both leading and lagging) (£/Mvarh) (as more particularly described in paragraph 2 of Appendix 5) as specified in the relevant **Market Agreement**;

K = in respect of **CCGT Modules** and **Power Park Modules** the relevant configuration factor as specified in the relevant **Market Agreement**, otherwise 1;

Q_{lead} = defined in Section 2 of Appendix 3;

Q_{lag} = defined in Section 2 of Appendix 3;

QM_{ij}	=	BM Unit Metered Volume (as defined in the Balancing and Settlement Code);
Q1, Q2 and Q3	=	the contracted capability breakpoints (expressed to apply to both leading and lagging) in whole Mvar as may be specified in the relevant Market Agreement , where: <ul style="list-style-type: none"> (i) Q1 = TQ1, Q2 = TQ2 and Q3 = QC where $TQ2 < QC \leq TQ3$ (ii) Q1 = TQ1, Q2 = QC Q3 = null where $TQ1 < QC \leq TQ2$ (iii) Q1 = QC, Q2 = null Q3 = null where $0 \leq QC \leq TQ1$
SPD	=	the duration of a Settlement Period , being 0.5;
TQ1, TQ2 and TQ3	=	defined in Appendix 5;
U_{lead}	=	defined in Section 1 of Appendix 3;
U_{lag}	=	defined in Section 1 of Appendix 3;
V	=	the system voltage range performance factor (expressed to apply to both leading and lagging) as calculated in accordance with the formulae set out in the relevant Market Agreement , otherwise 1;
$MEL_i(t)$	=	Maximum Export Limit (as defined in the Balancing and Settlement Code).

2. Total Payment

Total Payment (PTM) = PUM + PCA + PCS *[£ per Settlement Period per BM Unit]*

where, subject always to paragraphs 6, 7 and 8 below:

PUM = the utilisation payment in respect of a **BM Unit** for a **Settlement Period** determined in accordance with paragraph 3 below;

PCA = the available capability payment in respect of a **BM Unit** for a **Settlement Period** determined in accordance with paragraph 4 below; and

PCS = the synchronised capability payment in respect of a **BM Unit** for a **Settlement Period** determined in accordance with paragraph 5 below.

Provided always that PTM shall be 0 in all **Settlement Periods** from and including that in which:-

- (a) the relevant **BM Unit** (or, in relation to a **CCGT Module**, any relevant **CCGT Unit**) fails a **Reactive Test** or a **Contract Test** until (and including) the **Settlement Period** in which a subsequent **Reactive Test** or **Contract Test** (as the case may be) is passed in relation to that **BM Unit** (or **CCGT Unit** (as the case may be)); or
- (b) the **User** fails (other than pursuant to an instruction given by **The Company** or as permitted by the **Grid Code**) to set the automatic voltage regulator of the **BM Unit** (or, in relation to a **CCGT Module**, any relevant **CCGT Unit**) to a voltage following mode until (and including) the **Settlement Period** in which the **User** notifies **The Company** that the automatic voltage regulator is so set; or
- (c) the **BM Unit** fails to comply with a **Reactive Despatch Instruction** due to the fact that the **BM Unit** (or, in relation to a **CCGT Module**, any relevant **CCGT Unit**) is unable to increase and/or decrease its Mvar **Output** (other than as a direct result of variations in **System** voltage) until (and including) the **Settlement Period** in which the **User** notifies **The Company** that the **BM Unit** is so able to comply; or
- (d) the **BM Unit** fails to have a Mvar range which includes the ability to provide zero Mvar at the **Commercial Boundary** until (and

including) the **Settlement Period** in which the **User** notifies **The Company** that the **BM Unit** has or once more has such range; or

- (e) the **BM Unit** is affected by a **Reactive Despatch Network Restriction** until (and including) the **Settlement Period** in which notification is given to **The Company** pursuant to the **Grid Code** that such **Reactive Despatch Network Restriction** is no longer affecting that **BM Unit**

3 Utilisation Payment

3.1 For each **Settlement Period**,

$$PUM = PUM_{lead} + PUM_{lag} \quad [\text{£ per Settlement Period per BM Unit}]$$

where

PUM_{lead} = defined in sub-paragraph 3.2 below;

PUM_{lag} = defined in sub-paragraph 3.3 below.

3.2 Leading Utilisation (PUM_{lead})

There are four mutually exclusive cases (a), (b), (c) or (d):

(a) If $Q2_{lead} < (U_{lead}/SPD)$ and both $Q2_{lead}$ and $Q3_{lead}$ are not deemed null
(i.e. there are three breakpoints)

then $PUM_{lead} = SPD * [(CU1_{lead} * Q1_{lead}) + (CU2_{lead} * (Q2_{lead} - Q1_{lead})) + (CU3_{lead} * ((U_{lead}/SPD) - Q2_{lead}))]$

(b) If either $Q1_{lead} < (U_{lead}/SPD) \leq Q2_{lead}$ and $Q2_{lead}$ is not deemed null
(i.e. there are at least two breakpoints)

or $Q2_{lead} < (U_{lead}/SPD)$ and $Q2_{lead}$ is not deemed null and $Q3$ is deemed null
(i.e. there are only two breakpoints)

then $PUM_{lead} = SPD * [(CU1_{lead} * Q1_{lead}) + (CU2_{lead} * ((U_{lead}/SPD) - Q1_{lead}))]$

- (c) If
- either $0 < (U_{lead}/SPD) \leq Q1_{lead}$
(i.e. irrespective of the number of breakpoints)
- or $Q1_{lead} < (U_{lead}/SPD)$ and $Q2_{lead}$ and $Q3_{lead}$ are
 deemed null
(i.e. there is only one breakpoint)
- then $PUM_{lead} = CU1_{lead} * U_{lead}$
- (d) otherwise
- $PUM_{lead} = 0$ **[£ per Settlement Period per BM Unit]**

3.3 Lagging Utilisation (PUM_{lag})

There are four mutually exclusive cases (a), (b), (c) or (d):

- (a) If $Q2_{lag} < (U_{lag}/SPD)$ and both $Q2_{lag}$ and $Q3_{lag}$ are not
 deemed null
(i.e. there are three breakpoints)
- then $PUM_{lag} = SPD * [(CU1_{lag} * Q1_{lag}) + (CU2_{lag} * (Q2_{lag} - Q1_{lag})) + (CU3_{lag} * ((U_{lag}/SPD) - Q2_{lag}))]$
- (b) If
- either $Q1_{lag} < (U_{lag}/SPD) \leq Q2_{lag}$ and $Q2_{lag}$ is not deemed
 null
(i.e. there are at least two breakpoints)
- or $Q2_{lag} < (U_{lag}/SPD)$ and $Q2_{lag}$ is not deemed null and
 $Q3$ is deemed null
(i.e. there are only two breakpoints)
- then $PUM_{lag} = SPD * [(CU1_{lag} * Q1_{lag}) + (CU2_{lag} * ((U_{lag}/SPD) - Q1_{lag}))]$
- (c) If
- either $0 < (U_{lag}/SPD) \leq Q1_{lag}$
(i.e. irrespective of the number of breakpoints)
- or $Q1_{lag} < (U_{lag}/SPD)$ and $Q2_{lag}$ and $Q3_{lag}$ are deemed to
 be null

(i.e. there is only one breakpoint)

then $PUM_{lag} = CU1_{lag} * U_{lag}$

(d) otherwise

$PUM_{lag} = 0$ *[£ per Settlement Period per BM Unit]*

4 Available Capability Payment

4.1 For each **Settlement Period**,

where at any time $MEL_i(t) > 10MW$

then $PCA = K * ((V_{lead} * PCA_{lead}) + (V_{lag} * PCA_{lag}))$

otherwise

$PCA = 0$ *[£ per Settlement Period per BM Unit]*

where

PCA_{lead} = defined in sub-paragraph 4.2 below;

PCA_{lag} = defined in sub-paragraph 4.3 below.

4.2 Available Leading Capability (PCA_{lead})

There are four mutually exclusive cases (a), (b), (c) or (d):

(a) If $Q2_{lead} < Q_{lead} \leq Q3_{lead}$ and both $Q2_{lead}$ and $Q3_{lead}$ are not deemed null
(i.e. there are three breakpoints)

then $PCA_{lead} = SPD * [(CA1_{lead} * Q1_{lead}) + (CA2_{lead} * (Q2_{lead} - Q1_{lead})) + (CA3_{lead} * (Q_{lead} - Q2_{lead}))]$

(b) If $Q1_{lead} < Q_{lead} \leq Q2_{lead}$ and $Q2_{lead}$ is not deemed null
(i.e. there are at least two breakpoints)

then $PCA_{lead} = SPD * [(CA1_{lead} * Q1_{lead}) + (CA2_{lead} * (Q_{lead} - Q1_{lead}))]$

(c) If $0 < Q_{lead} \leq Q1_{lead}$

(i.e. irrespective of the number of breakpoints)

then $PCA_{lead} = SPD * CA1_{lead} * Q_{lead}$

(d) otherwise

$PCA_{lead} = 0$ *[£ per **Settlement Period** per **BM Unit**]*

4.3 Available Lagging Capability (PCA_{lag})

There are four mutually exclusive cases (a), (b), (c) or (d):

(a) If $Q2_{lag} < Q_{lag} \leq Q3_{lag}$ and $Q2_{lag}$ and $Q3_{lag}$ are not deemed null
(i.e. there are three breakpoints)

then $PCA_{lag} = SPD * [(CA1_{lag} * Q1_{lag}) + (CA2_{lag} * (Q2_{lag} - Q1_{lag})) + (CA3_{lag} * (Q_{lag} - Q2_{lag}))]$

(b) If $Q1_{lag} < Q_{lag} \leq Q2_{lag}$ and $Q2_{lag}$ is not deemed null
(i.e. there are at least two breakpoints)

then $PCA_{lag} = SPD * [(CA1_{lag} * Q1_{lag}) + (CA2_{lag} * (Q_{lag} - Q1_{lag}))]$

(c) If $0 < Q_{lag} \leq Q1_{lag}$
(i.e. irrespective of the number of breakpoints)

then $PCA_{lag} = SPD * CA1_{lag} * Q_{lag}$

(d) otherwise

$PCA_{lag} = 0$ *[£ per **Settlement Period** per **BM Unit**]*

5. Synchronised Capability Payment

5.1 For each **Settlement Period**,

where $QM_{ij} > 5MWh$

$PCS = K * ((V_{lead} * PCS_{lead}) + (V_{lag} * PCS_{lag}))$

Otherwise

$$PCS = 0 \quad [\text{£ per Settlement Period per BM Unit}]$$

where

PCS_{lead} = defined in sub-paragraph 5.2 below;

PCS_{lag} = defined in sub-paragraph 5.3 below.

5.2 Synchronised Leading Capability (PCS_{lead})

There are four mutually exclusive cases (a), (b), (c) and (d):

(a) If $Q2_{\text{lead}} < Q_{\text{lead}} \leq Q3_{\text{lead}}$ and $Q2_{\text{lead}}$ and $Q3_{\text{lead}}$ are not deemed null
(i.e. there are three breakpoints)

$$\text{then } PCS_{\text{lead}} = SPD * [(CS1_{\text{lead}} * Q1_{\text{lead}}) + (CS2_{\text{lead}} * (Q2_{\text{lead}} - Q1_{\text{lead}})) + (CS3_{\text{lead}} * (Q_{\text{lead}} - Q2_{\text{lead}}))]$$

(b) If $Q1_{\text{lead}} < Q_{\text{lead}} \leq Q2_{\text{lead}}$ and $Q2_{\text{lead}}$ is not deemed null
(i.e. there are at least two breakpoints)

$$\text{then } PCS_{\text{lead}} = SPD * [(CS1_{\text{lead}} * Q1_{\text{lead}}) + (CS2_{\text{lead}} * (Q_{\text{lead}} - Q1_{\text{lead}}))]$$

(c) If $0 < Q_{\text{lead}} \leq Q1_{\text{lead}}$
(i.e. irrespective of the number of breakpoints)

$$\text{then } PCS_{\text{lead}} = SPD * CS1_{\text{lead}} * Q_{\text{lead}}$$

(d) otherwise

$$PCS_{\text{lead}} = 0 \quad [\text{£ per Settlement Period per BM Unit}]$$

5.3 Synchronised Lagging Capability (PCS_{lag})

There are four mutually exclusive cases (a), (b), (c) or (d):

(a) If $Q2_{\text{lag}} < Q_{\text{lag}} \leq Q3_{\text{lag}}$ and $Q2_{\text{lag}}$ and $Q3_{\text{lag}}$ are not deemed null
(i.e. there are three breakpoints)

$$\text{then } PCS_{\text{lag}} = SPD * [(CS1_{\text{lag}} * Q1_{\text{lag}}) + (CS2_{\text{lag}} * (Q2_{\text{lag}} - Q1_{\text{lag}})) + (CS3_{\text{lag}} * (Q_{\text{lag}} - Q2_{\text{lag}}))]$$

- (b) If $Q1_{lag} < Q_{lag} \leq Q2_{lag}$ and $Q2_{lag}$ is not deemed null
(i.e. there are at least two breakpoints)
- then $PCS_{lag} = SPD * [(CS1_{lag} * Q1_{lag}) + (CS2_{lag} * (Q_{lag} - Q1_{lag}))]$
- (c) If $0 < Q_{lag} \leq Q1_{lag}$
(i.e. irrespective of the number of breakpoints)
- then $PCS_{lag} = SPD * CS1_{lag} * Q_{lag}$
- (d) otherwise
- $PCS_{lag} = 0$ [(£ per **Settlement Period** per **BM Unit**)]

6. Testing

The Company reserves the right to require to be included in any **Market Agreement**, on a basis to be agreed with a **Tenderer**, terms with regard to the carrying out of a **Contract Test**. The provisions of **Grid Code OC 5.5.1** relating to the carrying out of a **Reactive Test** (including re-tests) shall apply to the carrying out of **Contract Tests**.

7. Termination

Save where expressly provided otherwise in a **Tender**, each **Market Agreement** shall contain terms entitling **The Company** to terminate that **Market Agreement** in the event that the **User** fails to provide a satisfactory level of service and entitling the **User** to terminate the **Market Agreement** in the event that **The Company** fails (without reasonable cause) to make due payment to the **User**, in each case as more particularly defined therein.

8. De-energisation and Disconnection

Subject to all rights and obligations of **The Company** and the **User** accrued at such date, utilisation, available capability and synchronised capability payments referred to in this Appendix 2 shall cease to fall due and payable to any **User** in respect of any **BM Unit** with effect from the date of expiry or termination for whatever reason of the relevant **Market Agreement** in accordance with its terms or (if earlier) with effect from the date of **De-energisation** or **Disconnection** of that **BM Unit** for any reason pursuant to the relevant **Bilateral Agreement** or the **CUSC**.

Appendix 3

Technical Data

Section 1 Reactive Utilisation Data

This Section 1 of Appendix 3 specifies the technical data to be used to determine the utilisation payments to be made in accordance with Appendix 1 and Appendix 2. For the purposes thereof, the following terms shall have the following meanings:-

U_{lead} = leading Mvarh produced by the relevant **BM Unit** at the **Commercial Boundary** in the relevant **Settlement Period** measured by metering meeting the requirements of Appendix 4 and as specified in the relevant **Mandatory Services Agreement** and/or **Market Agreement** where the **User** has complied with a **Reactive Despatch Instruction** in accordance with **Grid Code BC 2**, otherwise 0;

U_{lag} = lagging Mvarh produced by the relevant **BM Unit** at the **Commercial Boundary** in the relevant **Settlement Period** measured by metering meeting the requirements of Appendix 4 and as specified in the relevant **Mandatory Services Agreement** and/or **Market Agreement** where the **User** has complied with a **Reactive Despatch Instruction** in accordance with **Grid Code BC 2**, otherwise 0;

U = the total Mvarh (leading and lagging)

where

$$U = U_{lead} + U_{lag} \quad [Mvarh \text{ per } \mathbf{Settlement Period} \text{ per } \mathbf{BM Unit}]$$

For the avoidance of doubt, leading Mvarh shall mean Mvarh imported by the **BM Unit** at the **Commercial Boundary** irrespective of the direction of **Active Power** flow, and lagging Mvarh shall mean Mvarh exported by the **BM Unit** at the **Commercial Boundary** irrespective of the direction of **Active Power** flow.

Section 2 Reactive Power Capability Data and Redeclarations

This Section 2 of Appendix 3 specifies the technical data to be used to determine the capability payments to be made in accordance with Appendix 2.

1. For the purposes thereof, the following terms shall have the following meanings:-

$$Q_{\text{lead}} = \min (QR_{\text{lead}}, QC_{\text{lead}}) [Mvar]$$

$$Q_{\text{lag}} = \min (QR_{\text{lag}}, QC_{\text{lag}}) [Mvar]$$

where

QC = as specified in the relevant **Mandatory Services Agreement** and/or **Market Agreement**, being either (1) the high voltage value (specified in whole Mvar) equivalent at the **Commercial Boundary** to the low voltage Mvar capability (leading or lagging) of the relevant **BM Unit** as described in paragraph 2 below, or (2) where applicable, the high voltage Mvar capability (leading or lagging) of the relevant **BM Unit** as described in paragraph 2 below, in each case representing the capability to supply continuously leading or lagging Mvar (as the case may be);

QR = as determined in accordance with the relevant **Mandatory Services Agreement** and/or **Market Agreement**, being, in relation to a **Settlement Period**, either (1) the high voltage value (specified in whole Mvar) equivalent to the redeclared low voltage Mvar capability (leading or lagging) or (2) the redeclared high voltage Mvar capability (leading or lagging), in each case of the relevant **BM Unit** (or, in the absence of such redeclaration, such high voltage value reasonably determined by **The Company** as a result of monitoring and/or testing as provided in the relevant **Mandatory Services Agreement** and/or **Market Agreement**), and QR_{lead} and QR_{lag} shall be construed accordingly.

2. (a) In respect of capability payments made in accordance with Appendix 1:-
 - (i) QC shall be the low voltage (or high voltage, as the case may be) capability required to be provided under and in accordance with the **Connection Conditions** of the **Grid Code** (where applicable, as determined by any direction in

force from time to time and issued by the **Authority** relieving the relevant **User** from the obligation under its **Licence** to comply with such part or parts of the **Grid Code** as may be specified therein); and

- (ii) QC and QR shall represent the high voltage (or high voltage value equivalent capability (or redeclared capability) at **Rated MW** at the **Commercial Boundary**.
- (b) In respect of capability payments made pursuant to a **Market Agreement** in accordance with Appendix 2:-
- (i) QC shall be the capability required to be provided under and in accordance with the **Connection Conditions** of the **Grid Code** or, where the **Market Agreement** is in respect of a **Tender** for terms for the provision of the **Enhanced Reactive Power Service** specified in sub-Paragraph 1.3(a) of this Part I, a capability agreed to be provided in excess of that required under and in accordance with the **Connection Conditions** of the **Grid Code** but so that in such a case QC cannot exceed TQ3 (defined in Appendix 5);
 - (ii) QC shall represent the high voltage value equivalent at a nominated **Registered Capacity** specified by a **Tenderer** in the **Tender** at the **Commercial Boundary** within the system voltage range specified in the relevant **Market Agreement**; and
 - (iii) QR shall represent the high voltage value equivalent at the then current **Registered Capacity** at the **Commercial Boundary** within the system voltage range specified in the relevant **Market Agreement**.
- (c) For the purposes of this Section 2, the figures for QC and QR shall be determined in a manner consistent with the principles and methodologies set out in a document published or to be published from time to time by **The Company** for this purpose.

For the avoidance of doubt, leading capability shall mean the ability to import **Reactive Power** at the **Commercial Boundary** irrespective of the direction of **Active Power** flow, and lagging capability shall mean the ability to export **Reactive Power** at the **Commercial Boundary** irrespective of the direction of **Active Power** flow.

Appendix 4 Metering

1 Balancing and Settlement Code

For the avoidance of doubt, nothing in this Appendix shall affect the rights and obligations of **The Company** and those **Users** also bound by the **Balancing and Settlement Code** by virtue of being a party to the **BSC Framework Agreement** with regard to **Metering Equipment** and **Metering Systems** insofar as such provisions relate to **Reactive Energy**.

2. BM Units

2.1 For the purposes of this Part I and the Appendices, subject always to sub-paragraph 2.2, the quantities of Mvarh imported and exported by a **BM Unit** shall be derived from the relevant **Metering System** for that **BM Unit** registered pursuant to Section K of the **Balancing and Settlement Code**.

2.2 Where the existing **Metering System** for the **BM Unit** registered pursuant to Section K of the **Balancing and Settlement Code** does not incorporate **Metering Equipment** capable of measuring and recording Mvarh imports and exports for that **BM Unit** for each **Settlement Period**, then the relevant **User** shall register or procure that there is registered pursuant to Section K of the **Balancing and Settlement Code** a **Metering System** which does incorporate such **Metering Equipment**.

2.3 All relevant **Metering Equipment** identification and location codes shall be set out in the relevant **Mandatory Services Agreement**, and the **User** hereby agrees to facilitate agreement between **The Company** and that **User** with respect thereto by providing **The Company** as soon as reasonably practicable following request with all necessary supporting diagrams and other written documentation.

2.4 Where the configuration of the **Metering System** is such that:-

2.4.1 Mvarh import and export values for the **BM Unit** are not measured at the **Commercial Boundary**; and/or

2.4.2 Mvarh import and export values for the **BM Unit** are measured by more than one **Meter**; and/or

2.4.3 the Mvarh import and export values for the **BM Unit** are measured by a **Meter** which also measures the Mvarh import and export values of one or more other **Generating Units, DC Converters, Power Park Modules Plant and Apparatus** or other equipment,

then appropriate loss adjustment factors and aggregation methodologies (as the case may be) shall be used to determine on a **Settlement Period** basis the Mvarh import value and Mvarh export value for the relevant **BM Unit** at the **Commercial Boundary** to be used for the purposes of this Part I.

The appropriate factors and methodologies for each relevant **BM Unit** shall be agreed by **The Company** and each relevant **User** (both acting reasonably) in the relevant **Mandatory Services Agreement** by adoption of one or more of the factors or methodologies set out in the document entitled "Methodology Document for the Aggregation of Reactive Power Metering" (as amended from time to time) published by **The Company** for this purpose. This document shall specify the respective factors and methodologies to be applied for particular **Metering System** configurations in order to determine so far as reasonably practicable the Mvarh import value and Mvarh export value for the relevant **BM Unit** at the **Commercial Boundary** as required by this sub-paragraph 2.4

3. Other Plant and/or Apparatus (or other equipment)

In all other cases not covered by paragraph 2, unless otherwise agreed in writing by The Company, the following provisions shall apply:-

- 3.1 The quantities of Mvarh imported and exported shall be measured and recorded through **Meters** complying with all relevant **Codes of Practice** to the extent applying to **Reactive Energy**, which shall include without limitation those relating to calibration, testing and commissioning.
- 3.2 Such **Meters** shall be capable of providing a Mvarh import and export value for each **Settlement Period** for each item of **Plant** and/or **Apparatus** or other equipment.
- 3.3 Such **Meters** shall be situated as close as reasonably practicable to the **Commercial Boundary** taking into account relevant financial considerations.

- 3.4 The principles set out in paragraph 2.4 in relation to adjustment and aggregation shall apply.
- 3.5 For the purposes of remote interrogation the relevant **Mandatory Services Agreement** shall include appropriate terms with regard to the provision and maintenance of all communication links.

Appendix 5 Submission of Tenders

The provisions of this Appendix 5 specify the manner in which **Users** shall complete **Tenders** comprising prices and **Tendered Capability Breakpoints** relating to the **Obligatory Reactive Power Service** and terms for the provision of the **Enhanced Reactive Power Service** specified in sub-Paragraph 1.3 (a) of this Part I, in each case in respect of **BM Units**.

A **Tender** shall include (inter alia) details of the **Reactive Power** range, the prices tendered for utilisation and capability and an indexation mechanism as set out below. Each **Tender** must relate to one **BM Unit** only. **Users** wishing to tender in relation to more than one **BM Unit** must therefore submit separate **Tenders** for each **BM Unit**.

1. Reactive Power Capability

- 1.1 In respect of each **BM Unit**, a **Tenderer** must nominate a **Registered Capacity** which it anticipates will be the actual **Registered Capacity** on the **Contract Start Day** for that **BM Unit** (in this Appendix 5 referred to as "**Nominated Registered Capacity**") to be used for the duration of the **Market Agreement**. All capability data used for the purpose of a **Tender** must be expressed as the capability of a **BM Unit** at the **Commercial Boundary** and must represent the value of **Reactive Power** output which can be supplied continuously at the **Commercial Boundary** when the **BM Unit** is operating at the **Nominated Registered Capacity**.
- 1.2 In respect of each **BM Unit**, all capability data relating to the provision of the **Enhanced Reactive Power Service** specified in sub-Paragraph 1.2(a) of this Part I must be expressed as the capability of that **BM Unit** at the **Commercial Boundary** across a system voltage range to be specified by the **Tenderer** in its **Tender** (or otherwise in accordance with directions given by **The Company**).
- 1.3 All **Reactive Power** capability data in respect of a **BM Unit** must be expressed as positive, whole numbers in Mvar, with leading and lagging capability data distinguished by the subscripts _{lead} and _{lag}.
- 1.4 In respect of each **BM Unit**, and subject to any directions issued from time to time by **The Company** with regard to such values, the **User** must submit at least one **Reactive Power** capability value and may in addition submit up to a further two **Reactive Power** capability values (all three being "**Tendered Capability Breakpoints**"), for both leading and lagging Mvar. One of these **Tendered Capability Breakpoints**, in respect of both leading and lagging Mvar, must be equivalent to the minimum **Reactive Power** capability of a **BM Unit** which a **User** is obliged to provide under

and in accordance with the **Connection Conditions** of the **Grid Code** (to the nearest whole Mvar) after application of the principles set out in subparagraphs 1.2 and 1.3 above and as further described in the package of information referred to in sub-Paragraph 3.3(b)(i) of this Part I.

- 1.5 The **Tendered Capability Breakpoints** shall be defined for the purposes of this Appendix as TQ1, TQ2, TQ3, for leading and lagging Mvar as the case may be, where:-

$$TQ3_{\text{lead}} > TQ2_{\text{lead}} > TQ1_{\text{lead}} > 0$$

and $TQ3_{\text{lag}} > TQ2_{\text{lag}} > TQ1_{\text{lag}} > 0$

- 1.6 Where only two **Tendered Capability Breakpoints** are tendered, for leading or lagging Mvar as the case may be, then the value of TQ3 shall be deemed to be null for the purposes of calculating payments for capability and utilisation and no additional payments for capability will fall due and payable in respect of a **BM Unit** for the provision of **Reactive Power** capability above **Tendered Capability Breakpoint** TQ2.
- 1.7 Where only one **Tendered Capability Breakpoint** is tendered, for leading or lagging Mvar as the case may be, then the values of TQ2 and TQ3 shall be deemed to be null for the purposes of calculating payments for capability and utilisation and no additional payments for capability will fall due and payable in respect of a **BM Unit** for the provision of **Reactive Power** capability above **Tendered Capability Breakpoint** TQ1.
- 1.8 The **Reactive Power** capability value at zero Mvar (referred to in paragraph 2 below as Q0) shall be treated as a **Tendered Capability Breakpoint** for the purposes of tendering capability and utilisation prices and calculating capability and utilisation payments.

2. Prices

In respect of each **Tendered Capability Breakpoint**, prices submitted by **Users** must be zero or positive, quoted in pounds sterling to the nearest tenth of a penny and shall otherwise be tendered as described in subparagraphs 2.1, 2.2 and 2.3 below. The prices shall be described using the following notation:-

$C1_{\text{lag}}$ is the price applicable between **Tendered Capability Breakpoints** Q0 and TQ1_{lag} including TQ1_{lag}

$C2_{\text{lag}}$ is the price applicable between **Tendered Capability Breakpoints** TQ1_{lag} and TQ2_{lag} including TQ2_{lag}

C_{3lag} is the price applicable between **Tendered Capability Breakpoints** TQ_{2lag} and TQ_{3lag} including TQ_{3lag}

C_{1lead} is the price applicable between **Tendered Capability Breakpoints** Q_0 and TQ_{1lead} including TQ_{1lead}

C_{2lead} is the price applicable between **Tendered Capability Breakpoints** TQ_{1lead} and TQ_{2lead} including TQ_{2lead}

C_{3lead} is the price applicable between **Tendered Capability Breakpoints** TQ_{2lead} and TQ_{3lead} including TQ_{3lead}

where C shall represent CU, CA or CS as the case may be.

2.1 Utilisation Prices (CU)

- (a) Utilisation prices submitted by **Users** must be:-
- (i) quoted in units of £/Mvarh; and
 - (ii) no greater than £999.999/Mvarh.
- (b) Utilisation prices must increase across the **Reactive Power** capability range, for leading or lagging Mvar as the case may be, such that:-

$$CU_{3lead} \geq CU_{2lead} \geq CU_{1lead} \geq 0$$

$$CU_{3lag} \geq CU_{2lag} \geq CU_{1lag} \geq 0$$

- (c) Utilisation payments shall be made for metered **Reactive Power** output and shall be calculated in accordance with Appendix 2.

2.2 Available Capability Prices (CA)

- (a) Available capability prices submitted by **Users** must be:-
- (i) quoted in units of £/Mvar/h; and
 - (ii) no greater than £999.999/Mvar/h.
- (b) Available capability prices must increase across the **Reactive Power** capability range, for leading or lagging Mvar as the case may be, such that:-

$$CA3_{\text{lead}} \geq CA2_{\text{lead}} \geq CA1_{\text{lead}} \geq 0$$

$$CA3_{\text{lag}} \geq CA2_{\text{lag}} \geq CA1_{\text{lag}} \geq 0$$

- (c) Available capability payments shall be calculated in accordance with Appendix 2

2.3 Synchronised Capability Prices (CS)

- (a) Synchronised capability prices submitted by **Users** must be:-
- (i) quoted in units of £/Mvar/h; and
 - (ii) no greater than £999.999/Mvar/h.
- (b) Synchronised capability prices must increase across the **Reactive Power** capability range, for leading or lagging Mvar as the case may be, such that:-

$$CS3_{\text{lead}} \geq CS2_{\text{lead}} \geq CS1_{\text{lead}} \geq 0$$

$$CS3_{\text{lag}} \geq CS2_{\text{lag}} \geq CS1_{\text{lag}} \geq 0$$

- (c) Synchronised capability payments shall be calculated in accordance with Appendix 2.

3. Indexation

Where a **Tender** is submitted in respect of a period which exceeds the minimum twelve month period required by sub-Paragraph 3.3(d)(v) of this Part I, then the **User** shall submit one mechanism for calculating indexation on an annual basis which shall apply to all prices submitted in the **Tender** for all subsequent periods of twelve months following the minimum twelve month period to which the **Tender** applies. Such mechanism shall be based on either the Retail Prices Index (as referred to in paragraph 3 of Appendix 1), a fixed percentage (which may be positive, zero or negative) or a summation of such Retail Prices Index and such fixed percentage.

4. Other Technical Information

A **User** shall submit with a **Tender** such other technical information as reasonably directed by **The Company** in accordance with sub-Paragraph 3.3 (b)(i) of this Part I. Such information may include (without limitation):-

- 4.1 in relation to a **Tender** for the **Enhanced Reactive Power Service** specified in sub-Paragraph 1.2 (a) of this Part I, details of the capability of the **Generating Unit, DC Converter or Power Park Module (as the case may be)** to provide **Reactive Power** either:-
- (a) in the case of Generating Unit, at the generator stator terminals: or
 - (b) in the case of a **Non-Synchronous Generating Unit, DC Converter or Power Park Module**, either at the **Grid Entry Point** in England and Wales or at the HV side of the 33/132 kV or 33/275 kV or 33/400 kV transformer for **Users** connected to the **National Electricity Transmission System** in Scotland or the **User System Entry Point** if **Embedded**,

In each case by reference to the **Generator Performance Chart** submitted in accordance with **Operating Condition 2.4.2** of the **Grid Code**, which capability must represent the true operating characteristics of that **Generating Unit, DC Converter or Power Park Module**; and

- 4.2 details of the system voltage range over which the **User** proposes to make available from the **Generating Unit, DC Converter or Power park Module** such **Enhanced Reactive Power Service** (and in each case any restrictions thereto); and
- 4.3 in relation to a **Tender** for the **Enhanced Reactive Power Service** specified in sub-Paragraph 1.2 (a) of this Part I, the ambient air temperature at which such **Enhanced Reactive Power Service** is specified, and variations to such **Enhanced Reactive Power Service** in accordance with any air temperature range specified by **The Company**; and
- 4.4 details, including prices, of any additional services offered as part of any **Enhanced Reactive Power Service** (not being the **Enhanced Reactive Power Service** specified in sub-Paragraph 1.2 (a) of this Part I); and
- 4.5 any restrictions on **The Company** selecting part of an **Enhanced Reactive Power Service**.

Appendix 6 Qualification and Evaluation Criteria

Section A – Qualification Criteria

1. Without prejudice to the requirements of sub-Paragraph 3.3 of this Part I, all **Tenders** must satisfy the following mandatory qualification criteria:-
 - 1.1 in relation to a **Tender** for provision of the **Enhanced Reactive Power Service** specified in sub-Paragraph 1.2 (a) of this Part I, the leading and/or lagging capability (as the case may be) comprised therein, being the capability in excess of that required under and in accordance with the **Connection Conditions** of the **Grid Code**, must be at least 15 Mvar leading and/or 15 Mvar lagging (as the case may be) or (if lower) such amount of Mvar representing an additional 10% of that required under and in accordance with the **Connection Conditions** of the **Grid Code** (in each case as measured at the **Commercial Boundary**); and
 - 1.2 in relation to a **Tender** for provision of any other **Enhanced Reactive Power Service**, the leading and/or lagging capability (as the case may be) comprised therein meet the requirements of sub-Paragraph 2.8(a) of this Part I; and
 - 1.3 the tendered capability must be subject to Mvar metering meeting the requirements of Appendix 4; and
 - 1.4 the tendered capability must be subject to Mvar despatch facilities reasonably acceptable to **The Company**, incorporating the ability for **The Company** to receive from the **Tenderer** relevant technical, planning and other data in **The Company's** reasonable opinion necessary in connection therewith; and
 - 1.5 the site in question must be the subject of an agreement for connection to, and/or use of, the **GB Transmission System** or (as the case may be) a **Distribution System**.

Section B – Evaluation Criteria

2. The overall economic value of a **Tender** (and where appropriate any part thereof) will be assessed by reference to the following criteria (which are not listed in any order of importance or priority):-

- 2.1 in relation to a **Generating Unit, DC Converter or Power park Module** providing the **Obligatory Reactive Power Service**, a comparison with the default payment arrangements for that **Generating Unit, DC Converter or Power Park Module** including the effect (if any) of the balance of tendered capability and utilisation prices as a hedge against forecast costs of that **Generating Unit, DC Converter or Power Park Module** pursuant to the default payment arrangements;
 - 2.2 the location of the tendered capability and its effectiveness in providing voltage support for the **GB Transmission System**;
 - 2.3 its interaction with other **Tenders**, in terms (inter alia) of relative prices and capability tendered and relative effectiveness in providing voltage support as referred to in sub-paragraph 2.2 above;
 - 2.4 forecast savings (if any) in constraint costs resulting from the consequential effect on power flows; and
 - 2.5 any forecast benefit or detriment attributable to it in the context of the investment planning process referred to at paragraph 4 below.
3. Particular factors affecting the value of a **Tender** (and where appropriate any part thereof) may include (without limitation) the following evaluation criteria (which are not listed in any order of importance or priority):-
- 3.1 the amount of leading and lagging Mvar tendered and the impact (if any) of any changes in the technical data, the **Registered Capacity** and other information submitted to **The Company** pursuant to the **Data Registration Codes** of the **Grid Code** since the date of submission of the **Tender**;
 - 3.2 prices and other terms offered within the **Tender**;
 - 3.3 the number of months over which capability is tendered;
 - 3.4 forecast Mvarh output, including any revised forecast of Mvarh output taking into account tendered utilisation prices (for the avoidance of doubt of the **Tender** and of all other **Tenders** pursuant to sub-paragraph 2.3 above);
 - 3.5 in relation to a **Generating Unit, DC Converter or Power Park Module** forecast MW output and MW availability;

- 3.6 the expected availability and quality of capability tendered, in terms of reliability and dependability for despatch purposes, derived from:-
 - (i) historical performance (where relevant);
 - (ii) expected reliability of capability tendered signalled by tendered prices;
 - (iii) any programme agreed with **The Company** for the restoration of capability;
 - 3.7 the availability of suitable monitoring facilities;
 - 3.8 the capability (if any) of a **Generating Unit, DC Converter or Power Park Module** to provide voltage support services when not providing **Active Power** (for example pumped storage plant operating in spin-gen mode or when pumping and open cycle gas turbine plant when declutched and operating in **Synchronous Compensation** mode);
 - 3.9 the complexity of the terms offered within the **Tender**;
 - 3.10 the results of any testing carried out pursuant to sub-Paragraph 4.3 (e) (ii) of this Part I and (where applicable) the absence of any such testing; and
 - 3.11 any other factors enhancing or constraining the capability tendered, derived (inter alia) from technical and other information made available to **The Company** (including without limitation operational and planning data provided to **The Company** pursuant to the **Grid Code**).
4. For the avoidance of doubt, **Tenders** will be considered in the investment planning process of **The Company's Transmission Business** only if, and to the extent, required to enable **The Company** to comply with its obligations under the **Act** and the **Transmission Licence**, and in such a case any consequential benefit or detriment attributable to the **Tender** will be taken into account in the tender evaluation process and **Tenders** will be evaluated accordingly.
 5. For the avoidance of doubt:-
 - (a) extant voltage support for the **GB Transmission System** whether via contracted services from third parties or assets owned and/or operated by **The Company's Transmission Business**; and

- (b) forecast Mvarh **Demand** on the **GB Transmission System** and at **Grid Supply Points**

in each case as at the relevant **Market Day** and as anticipated by **The Company** at the subsequent **Contract Start Day** and throughout the term of the **Tender**, will be taken into account in the tender evaluation process and **Tenders** will be evaluated accordingly.

Appendix 7 Charging Principles

In accordance with the relevant provisions of this Part I, the following principles are intended to form the basis of the default payment arrangements for the provision of the **Obligatory Reactive Power Service** set out in this Part I and are intended to be taken into account in any review of the indexation factor referred to in Appendix 1. However, they are not intended to stifle innovation in the development of the default payment arrangements or the giving of appropriate economic signals.

1. The totality of payments that would be made pursuant to the default payment arrangements in the absence of **Market Agreements** shall be based and founded upon the following variable costs (actual or estimated) incurred or to be incurred in respect of, and aggregated across, all **Generating Units, DC Converters** and **Power Park Modules** providing the **Obligatory Reactive Power Service**:-
 - 1.1 the additional heat losses incurred as a consequence of producing **Reactive Power**, measured at the high voltage side of the generator/transformer terminals, the calculation of such heat losses to take account of the square law relationship between the electric current and the additional heat losses incurred; and
 - 1.2 maintenance costs incurred as a direct result of **Reactive Power** output (including a sum in respect of any reduction in the working life of **Generating Unit, DC Converter** or **Power Park Module** components consequent upon **Reactive Power** output).
2. For the avoidance of doubt, and without limitation, the totality of payments referred to in paragraph 1 above shall not take into account in respect of any **Generating Unit, DC converter** or **Power Park Module** providing the **Obligatory Reactive Power Service** the fixed costs incurred in achieving initial compliance with the relevant provisions of the **Grid Code**.
3. Further for the avoidance of doubt, the totality of payments referred to in paragraph 1 above shall, to the extent affecting the specific costs therein identified, take due account of any change in or amendments to, or replacement of, the **Pooling and Settlement Agreement**, the **Balancing and Settlement Code**, the **Grid Code** and any other statutory or regulatory obligation, in each case coming into force or effect after 1st October, 1997 and affecting the provision of the **Obligatory Reactive Power Service**.

Appendix 8
Calculation of Reactive Power Capability
at the Commercial Boundary

Part 1

In accordance with the terms of the **Mandatory Services Agreement**, where applicable the formulae in this Part 1 will be used to convert **Reactive Power** capability of a **BM Unit** at the generator stator terminals to the capability at the **Commercial Boundary**.

$$Q_{lead} = (Q_{Glead} + Q_U) + \left[\frac{[(P_G - P_U)^2 + (Q_{Glead} + Q_U)^2] * F * X_t}{100. MVA_X} \right] + Q_{ts}$$

Where the **BM Unit** has a **Reactive Power** capability (leading), this shall be expressed as a positive integer. Where the **BM Unit** does not have a **Reactive Power** capability (leading), Q_{lead} and/or Q_{Glead} shall be the minimum **Reactive Power** capability (lagging) expressed as a negative integer or zero.

$$Q_{lag} = (Q_{Glag} - Q_U) - \left[\frac{[(P_G - P_U)^2 + (Q_{Glag} - Q_U)^2] * F * X_t}{100. MVA_X} \right] - Q_{ts}$$

Where the **BM Unit** has a **Reactive Power** capability (lagging), this shall be expressed as a positive integer. Where the **BM Unit** does not have a **Reactive Power** capability (lagging), Q_{lag} and/or Q_{Glag} shall be the minimum **Reactive Power** capability (leading) expressed as a negative integer or zero.

Where:

- Q_{lead} = the **Reactive Power** capability (leading) of the **BM Unit** at **Rated MW** at the **Commercial Boundary** in Mvar;
- Q_{lag} = the **Reactive Power** capability (lagging) of the **BM Unit** at **Rated MW** at the **Commercial Boundary** in Mvar;
- P_G = **Rated MW** referred to in Schedule 1 of **Grid Code DRC**;
- P_U = normal auxiliary load (**Active Power**) supplied by the **BM Unit** at **Rated MW** referred to in Schedule 1 of **Grid Code DRC** in MW;
- Q_U = normal auxiliary lagging load (**Reactive Power**) supplied by the **BM Unit** at **Rated MW** referred to in Schedule 1 of **Grid Code DRC** in Mvar;
- X_t = positive sequence reactance, nominal tap, of the **BM Unit** step-up transformer in percentage of rating as referred to in Schedule 1 of **Grid Code DRC**;

- F = the factor (if any) identified as such in the **Mandatory Services Agreement** representing the number of station transformers, otherwise 1;
- Q_{Glag} = the **Reactive Power** capability (lagging) of the **BM Unit** at **Rated MW** at the generator stator terminals, where applicable as set out in Table B of Appendix 1, Section A, Part I of the **Mandatory Services Agreement** or as redeclared by the **User** pursuant to **Grid Code BC**;
- Q_{Glead} = the **Reactive Power** capability (leading) of the **BM Unit** at **Rated MW** at the generator stator terminals, where applicable as set out in Table B of Appendix 1, Section A, Part I of the **Mandatory Services Agreement** or as redeclared by the **User** pursuant to **Grid Code BC**;
- Q_{ts} = the relevant reactive load applicable to each of the relevant **BM Unit** shown in the relevant table in the **Mandatory Services Agreement**, the summation of which represents the lagging reactive load in Mvar taken by a **Trading Unit** calculated in accordance with the values for **Demand (Active Power)** and **Power Factor** referred to in **Grid Code PC.A.4.3.1(a)** or **Grid Code PC.A.5.2.2(a)** (as the case may be), or as agreed between **The Company** and the **User** from time to time (and where such load is leading, Q_{ts} will be negative);
- MVA_X = **BM Unit** step-up transformer rated MVA referred to in Schedule 1 of **Grid Code DRC**.

N.B. All of the above factors referred to in **Grid Code DRC** shall be expressed in such units as are specified in **Grid Code DRC** and to the same number of significant figures as also specified therein (as varied from time to time).

Part 2

In accordance with the terms of the **Mandatory Services Agreement**, where applicable the formulae in Section 1 of this Part 2 will be used by **The Company** to convert **Reactive Power** capability of a **CCGT Unit** at the generator stator terminals to the capability at the HV side of the **Generating Unit** step-up transformer, and the formulae in Section 2 of this Part 2 will be used to calculate the **Reactive Power** capability of the **BM Unit** at the **Commercial Boundary**.

Section 1

$$CQ_{\text{lead}} = (Q_{\text{Glead}} + Q_{\text{u}}) + \left[\frac{[(P_{\text{G}} - P_{\text{U}})^2 + (Q_{\text{Glead}} + Q_{\text{U}})^2] * F * X_{\text{t}}}{100. \text{MVA}_X} \right]$$

Where the **CCGT Unit** has a **Reactive Power** capability (leading), this shall be expressed as a positive integer. Where the **CCGT Unit** does not have a **Reactive Power** capability (leading), Q_{lead} and/or Q_{Glead} shall be the minimum **Reactive Power** capability (lagging) expressed as a negative integer or zero.

$$CQ_{\text{lag}} = (Q_{\text{Glag}} - Q_{\text{u}}) - \left[\frac{[(P_{\text{G}} - P_{\text{U}})^2 + (Q_{\text{Glag}} - Q_{\text{U}})^2] * F * X_{\text{t}}}{100. \text{MVA}_X} \right]$$

Where the **CCGT Unit** has a **Reactive Power** capability (lagging), this shall be expressed as a positive integer. Where the **CCGT Unit** does not have a **Reactive Power** capability (lagging), Q_{lag} and/or Q_{Glag} shall be the minimum **Reactive Power** capability (leading) expressed as a negative integer or zero.

Where:

- CQ_{lead} = the **Reactive Power** capability (leading) of the **CCGT Unit** at **Rated MW** at the HV side of the **Generating Unit** step-up transformer in Mvar;
- CQ_{lag} = the **Reactive Power** capability (lagging) of the **CCGT Unit** at **Rated MW** at the HV side of the **Generating Unit** step-up transformer in Mvar;
- P_{G} = **Rated MW** of a **CCGT Unit** referred to in Schedule 1 of **Grid Code DRC**;
- P_{U} = normal auxiliary load (**Active Power**) supplied by the **CCGT Unit** at **Rated MW** referred to in Schedule 1 of **Grid Code DRC** in MW;
- Q_{U} = normal auxiliary lagging load (**Reactive Power**) supplied by the **CCGT Unit** at **Rated MW** referred to in Schedule 1 of **Grid Code DRC** in Mvar;

- F = the factor (if any) identified as such in the **Mandatory Services Agreement** representing the number of station transformers, otherwise 1;
- X_t = positive sequence reactance, nominal tap, of the **CCGT Unit** step-up transformer in percentage of rating as referred to in Schedule 1 of **Grid Code DRC**;
- Q_{Glag} = the **Reactive Power** capability (lagging) of the **CCGT Unit** at **Rated MW** at the **User** stator terminals as set out in Table B of Appendix 1, Part I of the **Mandatory Services Agreement** or as redeclared by the **User** pursuant to **Grid Code BC**;
- Q_{Glead} = the **Reactive Power** capability (leading) of the **CCGT Unit** at **Rated MW** at the **User** stator terminals as set out in Table B of Appendix 1, Part I of the **Mandatory Services Agreement** or as redeclared by the **User** pursuant to **Grid Code BC**;
- MVA_X = **Generating Unit** step-up transformer rated MVA referred to in Schedule 1 of **Grid Code DRC**.

Section 2

$$Q_{lead} = \left(\sum_n^{CCGTunits} CQ_{lead} \right) + Q_{ts}$$

$$Q_{lag} = \left(\sum_n^{CCGTunits} CQ_{lag} \right) - Q_{ts}$$

Where

Q_{lead} = the **Reactive Power** capability (leading) of the **BM Unit** at the **Commercial Boundary** in Mvar;

$\sum_n^{CCGTunits}$ = the summation over each relevant **CCGT Unit**;

Q_{lag} = the **Reactive Power** capability (lagging) of the **BM Unit** at the **Commercial Boundary** in Mvar;

Q_{ts} = the relevant reactive load applicable to each of the **BM Units** shown in the relevant table in the **Mandatory Services Agreement**, the summation of which represents the lagging

reactive load in Mvar taken by a **Trading Unit** calculated in accordance with the values for **Demand (Active Power)** and **Power Factor** referred to in **Grid Code PC.A.4.3.1(a)** or **Grid Code PC.A.5.2.2(a)** (as the case may be), or as agreed between **The Company** and the **User** from time to time (and where such load is leading, Q_{ts} will be negative).

N.B. All of the above factors referred to in **Grid Code DRC** shall be expressed in such units as are specified in **Grid Code DRC** and to the same number of significant figures as also specified therein (as varied from time to time).

Part 3

In accordance with the terms of the **Mandatory Services Agreement**, where applicable the formulae in Section 1 of this Part 3 will be used by **The Company** to convert **Reactive Power** capability of a **Power Park Unit** at the generator stator terminals to the capability at the HV side of the **Generating Unit** step-up transformer, and the formulae in Section 2 of this Part 3 will be used to calculate the **Reactive Power** capability of the **Power Park Module** at the **Commercial Boundary**.

Section 1

$$CQ_{\text{lead}} = (Q_{\text{Glead}} + Q_u) + \left[\frac{[(P_G - P_U)^2 + (Q_{\text{Glead}} + Q_U)^2] * F * X_t}{100. \text{MVA}_x} \right]$$

Where the **Power Park Unit** has a **Reactive Power** capability (leading), this shall be expressed as a positive integer. Where the **Power Park Unit** does not have a **Reactive Power** capability (leading), Q_{lead} and/or Q_{Glead} shall be the minimum **Reactive Power** capability (lagging) expressed as a negative integer or zero.

$$CQ_{\text{lag}} = (Q_{\text{Glag}} - Q_u) - \left[\frac{[(P_G - P_U)^2 + (Q_{\text{Glag}} - Q_U)^2] * F * X_t}{100. \text{MVA}_x} \right]$$

Where the **Power Park Unit** has a **Reactive Power** capability (lagging), this shall be expressed as a positive integer. Where the **Power Park Unit** does not have a **Reactive Power** capability (lagging), Q_{lag} and/or Q_{Glag} shall be the minimum **Reactive Power** capability (leading) expressed as a negative integer or zero.

Where:

- CQ_{lead} = the **Reactive Power** capability (leading) of the **Power Park Unit** at **Rated MW** at the HV side of the **Generating Unit** step-up transformer in Mvar;
- CQ_{lag} = the **Reactive Power** capability (lagging) of the **Power Park Unit** at **Rated MW** at the HV side of the **Generating Unit** step-up transformer in Mvar;
- P_G = **Rated MW** of a **Power Park Unit** referred to in Schedule 1 of **Grid Code DRC**;

- P_U = normal auxiliary load (**Active Power**) supplied by the **Power Park Unit** at **Rated MW** referred to in Schedule 1 of **Grid Code DRC** in MW;
- Q_U = normal auxiliary lagging load (**Reactive Power**) supplied by the **Power Park Unit** at **Rated MW** referred to in Schedule 1 of **Grid Code DRC** in Mvar;
- F = the factor (if any) identified as such in the **Mandatory Services Agreement** representing the number of **Power Park Units** transformers, otherwise 1;
- X_t = positive sequence reactance, nominal tap, of the **Power Park Unit** step-up transformer in percentage of rating as referred to in Schedule 1 of **Grid Code DRC**;
- Q_{Glag} = the **Reactive Power** capability (lagging) of the **Power Park Unit** at **Rated MW** at the **User** stator terminals as set out in Table B of Appendix 1, Part I of the **Mandatory Services Agreement** or as redeclared by the **User** pursuant to **Grid Code BC**;
- Q_{Glead} = the **Reactive Power** capability (leading) of the **Power Park Unit** at **Rated MW** at the **User** stator terminals as set out in Table B of Appendix 1, Part I of the **Mandatory Services Agreement** or as redeclared by the **User** pursuant to **Grid Code BC**;
- MVA_X = **Generating Unit** step-up transformer rated MVA referred to in Schedule 1 of **Grid Code DRC**.

Section 2

$$Q_{lead} = \left(\sum_n^{PPUnits} C Q_{lead} \right) + Q_{ts} + \left[\frac{[(P1_G - P1_U)^2 + (Q1_{Glead} + Q1_U)^2] * F1 * X1_t}{100.MVA1_x} \right]$$

$$Q_{lag} = \left(\sum_n^{PPUnits} C Q_{lag} \right) - Q_{ts} - \left[\frac{[(P1_G - P1_U)^2 + (Q1_{Glag} - Q1_U)^2] * F1 * X1_t}{100.MVA1_x} \right]$$

Where

Q_{lead} = the **Reactive Power** capability (leading) of the **Power Park Module** at the **Commercial Boundary** in Mvar;

$\sum_n^{PPUnits}$ = the summation over each relevant **Power Park Unit**;

Q_{lag} = the **Reactive Power** capability (lagging) of the **BM Unit** at the **Commercial Boundary** in Mvar;

Q_{ts} = [the relevant reactive load applicable to the **Power Park Module** shown in the relevant table in the **Mandatory Services Agreement**, the summation of which represents the lagging reactive load in Mvar taken by a **Trading Unit** calculated in accordance with the values for **Demand (Active Power)** and **Power Factor** referred to in **Grid Code PC.A.4.3.1(a)** or **Grid Code PC.A.5.2.2(a)** (as the case may be), or as agreed between **The Company** and the **User** from time to time (and where such load is leading, Q_{ts} will be negative).]

$$P1_G = \sum_n^{PPUnits} P_G$$

$$P1_U = \sum_n^{PPUnits} P_U$$

$$Q1_{Glag} = \sum_n^{PPUnits} Q_{Glag}$$

$$Q1_{Glead} = \sum_n^{PPUnits} Q_{Glead}$$

$F1$ = the factor (if any) identified as such in the **Mandatory Services Agreement** representing the number of station transformers, otherwise 1;

$X1_t$ = positive sequence reactance, nominal tap, of the **Power Park Module** step up transformer in percentage of rating as referred to in Schedule 1 of **Grid Code DRC**

$MVA1_x$ = **Power Park Module** step-up transformer rated MVA referred to in Schedule 1 of **Grid Code DRC**

N.B. All of the above factors referred to in **Grid Code DRC** shall be expressed in such units as are specified in **Grid Code DRC** and to the same number of significant figures as also specified therein (as varied from time to time).

Appendix 9 **Redundant Provisions**

1. Introduction

This Appendix 9 is included in this Part I for information purposes only as more particularly described in Paragraph 6 of this Part I.

2. Definitions - Paragraph 1.1 of MCUSA, Schedule 5.

In this Appendix 9, except where the context otherwise requires, the following expressions shall have the following meanings:-

“Reactive Power Zone” means those separate areas of England and Wales identified as zones in the Seven Year Statement for 1997 for the purpose of specifying local Reactive Power capability and need;

“Relevant Zone” means in relations to any Despatch Unit, the Reactive Power Zone to which the Despatch Unit is allocated as specified in an Ancillary Services Agreement.

“Transmission Users Group” means the group established pursuant to paragraph 4 of Schedule 4 to this Agreement.

3. Variations and Review – Paragraph 2.5 of MCUSA Schedule 5

The Parties acknowledge and agree that the Transmission Users Group shall be requested to review each of the matters described in Appendix 7 by the respective date (if any) shown opposite each therein. In carrying out such review, the Transmission Users Group shall be requested to take into account the respective applicable principles (if any) set out therein and to give due and proper consideration to any matter referred to it by the Director. For the avoidance of doubt, following each such review The Company or any User may raise a Proposed Variation with respect thereto in accordance with sub-paragraph 2.2(a). It is further agreed that:-

- (a) **The Company** shall consider and no later than 31st December 1999, report to the Transmission Users Group on the practicalities of establishing a unified mechanism for the provision of voltage support for **The Company** Transmission System; and

- (b) the Transmission Users Group shall be requested, no later than 31st March 2000 to invite the Grid Code Review Panel to review the provisions of the Grid Code with respect to Reactive Power in light of this Schedule.

**4. Obligatory Reactive Power Service – Default Payment Arrangements
– Paragraph 4 of MCUSA, Schedule 5**

4.1 ---

4.2 Subject always to Paragraph 5, and notwithstanding:-

- (a) the provisions of the Works Programme for reactive power ancillary services agreed by Pool Members on 1st March 1994, as adopted from 1st August 1994; and
- (b) the provisions of any **Ancillary Services Agreement** now or hereafter in effect (but subject always to sub-Paragraph 6.2),

the payments to be made by **The Company** to **Users** for the provision of the **Obligatory Reactive Power Service** in all **Mandatory Services Agreements** under which **Users** are or will be paid for the **Obligatory Reactive Power Service** shall, subject always to sub-Paragraph 4.5 and 4.7, comprise solely payments for utilisation determined in respect of each **Settlement Period** in accordance with sub-Paragraph 4.3.

4.3 ---

4.4 The Parties acknowledge and agree that, as at the date this Schedule comes into effect:-

- (a) the totality of payments for the provision of the **Obligatory Reactive Power Service**, determined in accordance with the provisions of this Paragraph 4, reflect so far as reasonably practicable the overall variable costs (on the basis of the charging principles set out in Appendix 8) incurred across the relevant **Generating Units** of the provision of the **Obligatory Reactive Power Service** (whether or not payments are made in respect of those **Generating Units** pursuant to this Paragraph 4 or pursuant to **Market Agreements** entered into in accordance with Paragraph 5); and

- (b) without prejudice to the review of the indexation factor specified as item 4 in Appendix 7, such totality of payments will continue to reflect those overall variable costs notwithstanding all and any variations thereto reasonably anticipated at such date.

4.5 It is hereby agreed and acknowledged that nothing in this Schedule and the Appendices shall affect in any way the obligation on each **User** to comply with the provisions of the **Grid Code** insofar as they relate to **Reactive Power**. For the avoidance of doubt, and without limiting the foregoing, it is hereby agreed and acknowledged that, notwithstanding that the payments for the **Obligatory Reactive Power Service** with affect from 1st April 2000, subject always to sub-paragraph 2.5 shall comprise solely payments for utilisation, nothing in this Schedule and the Appendices shall relieve **Users** from the obligations to comply with the provisions of the **Grid Code** in relation to **Reactive Power** by virtue of Sub-Clause 9.3 of this Agreement or otherwise howsoever.

4.6 ---

4.7 ---

4.8 ---

5. **Obligatory Reactive Power Service (Default Payment Arrangements)**
– Appendix 1 of MCUSA, Schedule 5

The provisions of this Appendix 1, as referred to in sub-paragraph 4.2 of this Schedule shall apply to the calculation of default payments for provision of the **Obligatory Reactive Power Service** from **BM Units**. All payments shall be expressed in pounds sterling.

1. Total Payment

$$\text{Total Payment (PT)} = \text{PU} + \text{PC}$$

Where, subject always to Paragraph 7 and 8 below:

PU = the utilisation payment in respect of a **BM Unit** for a **Settlement Period** determined in accordance with Paragraph 2 below.

PC = the capability payment in respect of BM Unit for a Settlement Period determined in accordance with paragraph 3 below.

2. Utilisation Payment

$$PU = BP_U * U \quad [\text{£ per Settlement Period per BM Unit}]$$

Where

$$BP_U = \frac{46,270,000 * I * X}{42,054,694} \quad [\text{£/Mvarh}]$$

Where

I = defined in Paragraph 5 below;

X = a factor which should be:-

- (i) in respect of any Settlement Period from (and including) 1st October, 1997 to (and including) 31st March 1998, 0.2; and
- (ii) in respect of any Settlement Period from (and including) 1st April 1998 to (and including) 31st March 1999, 0.5 (subject as provided below); and
- (iii) subject always to sub-paragraph 2.5 of this Schedule, in respect of any Settlement Period from (and including) 1st April 1999 to (and including) 31st March 2000, 0.75 (subject as provided below); and
- (iv) subject always to sub-paragraph 2.5 of this Schedule, in respect of all Settlement Periods thereafter, 1.00 (subject as provided below);

Provided always that with effect from 1st April 1998, X shall be 0.2 in all **Settlement Periods** from (and including) that in which:-

- (a) the relevant **BM Unit** (or, in relation to a **CCGT Module**, any relevant **CCGT Unit**) fails a **Reactive Test** until (and including) the **Settlement Period** in which a subsequent **Reactive Test** is passed in relation to that **BM Unit** (or **CCGT Unit** (as the case may be)); or
- (b) the **User** fails (other than pursuant to an instruction given by **The Company** or as permitted by the **Grid Code**) to set the Automatic Voltage Regulator of the **BM Unit** (or, in relation to a **CCGT Module**, any relevant **CCGT Unit**) to a voltage following mode until

(and including) the **Settlement Period** in which the **User** notifies **The Company** that the Automatic Voltage Regulator is so set; or

- (c) the **BM Unit** fails to comply with a **Reactive Despatch Instruction** due to the fact that the **BM Unit** (or, in relation to a **CCGT Module**, any relevant **CCGT Unit**) is unable to increase and/or decrease its Mvar output (other than as a direct result of variations in **System** voltage) until (and including) the **Settlement Period** in which the **User** notifies **The Company** that the **BM Unit** is so able to comply; or
- (d) the **BM Unit** fails to have a Mvar range which includes the ability to provide zero Mvar at the Commercial Boundary until (and including) the **Settlement Period** in which the **User** notifies **The Company** that the **BM Unit** has or once more has such rang; and

U = defined in Section 1 of Appendix 3

3. Capability Payment

$$PC = \frac{[(BP_c * ZWF_{lead} * QC_{lead} * QSF_{lead}) + (BP_c * ZWF_{lag} * QC_{lag} * QSF_{lag})] * J}{[\text{£ per Settlement Period per Despatch Unit}]}$$

Provided always that PC shall be 0 in all Settlement Periods from (and including) that in which:-

- (i) the User fails (other than pursuant to an instruction given by The Company or as permitted by the Grid Code) to set the Automatic Voltage Regulator of the Despatch Unit (or, in relation to a Centrally Despatched CCGT Module, any relevant CCGT Unit) to a voltage following mode until (and including) the Settlement Period in which the User notifies The Company that the Automatic Voltage Regulator is so set; or
- (ii) the Despatch Unit fails to comply with a Reactive Despatch Instruction due to the fact that the Despatch Unit (or in relation to a Centrally Despatched CCGT Module, any relevant CCGT Unit) is unable to increase and/or decrease its Mvar output (other than as a direct result of variations in System voltage) until (and including) the Settlement Period in which the User notifies The Company that the Despatch Unit is so able to comply; or
- (iii) the Despatch Unit fails to have a Mvar range which includes the ability to provide zero Mvar at the Commercial Boundary until (and including) the Settlement Period in which the User notifies The

Company that the Despatch Unit has or once more has such range;
or

- (iv) a continuous period of unavailability of a Despatch Unit to be Despatched by The Company in accordance with Grid Code SDC extends beyond 75 consecutive days until (and including) the Settlement Period in which the Despatch Unit is subsequently declared available in accordance with Grid Code SDC.

where

$$BP_c = \frac{46,270,000 * 1 * Y}{0.868178624 * 16,112 * 8,760 * 2} \quad [\text{£/Mvar per Settlement Period}]$$

Where

I = defined in paragraph 5 below;

Y = a factor which shall be:-

- (i) in respect of any Settlement Period from (and including) 1st October, 1997 to (and including) 31st March 1998, 0.8; and
- (ii) in respect of any Settlement period from (and including) 1st April, 1998 to (and including) 31st March, 1999, 0.5; and
- (iii) subject always to sub-paragraph 2.5 of this Schedule, in respect of any Settlement Period from (and including) 1st April, 1999 to (and including) 31st March, 2000, 0.25; and
- (iv) subject always to sub-paragraph 2.5 of this Schedule, in respect of all Settlement Periods thereafter, 0;

ZWF = the provisional Zonal Weighting Factor defined in paragraph 4 below (expressed to apply to both leading and lagging Mvar) subject to reconciliation in accordance with that paragraph:

QC = defined in Section 2 of Appendix 3 (expressed to apply to both leading and lagging Mvar);

QSF = the shortfall factor relating to the capability payment (expressed as either QSF_{lead} or QSF_{lag} to apply respectively to capability leading and capability lagging as applicable), being:-

$$\min \left(1, \left(\frac{QR}{QC} \right)^2 \right)$$

where

QR = defined in Section 2 of Appendix 3 (expressed to apply to both leading and lagging Mvar); and

J = 1 in each Settlement Period in which, in relation to the Despatch Unit in question, Genset Registered Capacity is greater than 2MW, otherwise 0.

4. Zonal Weighting Factors

ZWF = the Provisional Zonal Weighting Factor (expressed as either ZWF_{lead} or ZWF_{lag} to apply respectively to the zonal weighting factor leading and the zonal weighting factor lagging) for the Despatch Unit, calculated as follows:-

(a) In respect of the period from (and including) 1st October, 1997 to (and including) 31st March, 1998 and in respect of each subsequent twelve month period ending 31st March, provisional zonal weighting factors (“the Provisional Zonal Weighting Factors”) shall be calculated by The Company in respect of both leading and lagging Reactive Power by reference to:-

(i) the leading or lagging (as the case may be) Mvar “need” for leading or lagging (as the case may be) Reactive Power for that period in each Relevant Zone, divided by

(ii) the total leading or lagging (as the case may be) Mvar capability for that period in each Relevant Zone as forecast by The Company (“the Total Forecast Capability”),

with the result of that division in each case being multiplied by an adjustment factor being:-

$$\frac{16112}{TAN}$$

Where

TAN = a figure being, for the period from (and including) 1st October, 1997 to (and including) 31st March 1998, 14,775, and for each subsequent twelve month period ending 31st March, a figure being the sum total of the leading Mvar “need” for leading Reactive Power plus the sum total of the lagging Mvar “need” for lagging Reactive Power in all Reactive Power Zones for the twelve month period in question, as given each year in the Seven Year Statement,

provided that each Provisional Zonal Weighting Factor (both leading and lagging) shall not in any event be greater than 3.000 and provided further that (for the avoidance of doubt) no determination of ZWF_{lead} , ZWF_{lag} and TAN shall be made in respect of any such twelve month period when $Y = 0$.

- (b) The Provisional Zone Weighting Factors, together with the Total Forecast Capability, will be notified by The Company as soon as reasonably practicable by publication in the first practicable Seven Year Statement (or any update thereof).

Reconciliation

As soon as reasonably practicable following the expiry of each twelve month period ending 31st March, The Company shall recalculate ZWF_{lead} and ZWF_{lag} for that twelve month period in accordance with the above provision for calculation of the Provisional Zonal Weighting Factors but substituting for the Total Forecast Capability the actual total leading or lagging (as the case may be) Mvar capability for that twelve month period in each Relevant Zone as determined by The Company (“the Total Actual Capability”). Such recalculation of ZWF_{lead} and ZWF_{lag} shall be undertaken by The Company in a manner consistent with the principles and methodologies set out in the document entitled “Methodology Document for the Recalculation of Zonal Weighting Factors” published by The Company for this purpose. Such recalculated figures for ZWF_{lead} and ZWF_{lag} (“the Final Zonal Weighting Factors”), together with the Total Actual Capability, shall be published by The Company in the Seven Year Statement. Each Final Zonal Weighting Factor (both leading and lagging) shall not in any event be greater than 3.000 and (for the avoidance of doubt) no determination of ZWF_{lead} , ZWF_{lag} and TAN shall be made in respect of any such twelve month period when $Y=0$.

The Company shall derive the Total Actual Capability from the Mvar capability (required under and in accordance with the Connection Conditions of the Grid Code) of Generating Units in respect of which Ancillary Services Agreements have been or will be amended or concluded to give effect to the provisions of sub-paragraphs 4.2 and 4.3 of this Schedule. In respect of any twelve month period ending 31st March, such Mvar capability shall be reduced pro rata for all Settlement Periods in such twelve month period in respect of which no capability payments referred to in this Appendix 1 shall fall due:-

- (a) by virtue of paragraph 7 below (with effect from the commencement of the twelve month period in question); and
- (b) by virtue of paragraph 8 below (until the end of the twelve month period in question); and
- (c) by virtue of factor J referred to in paragraph 3 above being set to zero (at any time during the twelve month period in question).

As soon as reasonably practicable following publication of the relevant Seven Year Statement, The Company shall pay to each relevant User or be paid by each relevant User such sum as will reconcile:-

- (i) capability payments made to that User and calculated in accordance with paragraph 3 above by reference to the Provisional Zonal Weighting Factors,

with

- (ii) capability payments due to or from that User and calculated in accordance with paragraph 3 above by reference to the Final Zonal Weighting Factors.

For the avoidance of doubt, such reconciliation will include the payment of interest at the Base Rate from the date of payment by The Company to that User of the capability payments referred to at (i) above.

For clarification purposes, each reference in this paragraph 4 to “need” does not imply actual Reactive Power need but is used merely to refer to the figure identified as “need” in the Seven Year Statement. Such figure shall be determined each year using the same principles and methodologies as used to determine the zonal weighting factors for the twelve month periods ended on 31st March 1996 and 31st March 1997.

5. Indexation

The indexation factor I used in the formulae in Paragraph 2 above shall ¹[, with effect from 1st October 1997 in respect of the period from (and including) that date to (and including) 31st March 1998,] with effect from 1st April in respect of each subsequent twelve month period ending 31st March, be determined as follows:-

$$I = \frac{RPI_2}{RPI_1}$$

where

For the period from (and including) 1st October, 1997 to (and including) 31st March, 1998 $RPI_2 = 155.4$, and thereafter RPI_2 is the RPI for March of the immediately preceding twelve month period ending 31st March.

RPI_1 is the RPI for March, 1994 (142.5).

The index used is the Retail Price Index (RPI) with 1987 = 100 base. The source of the RPI index is the monthly Department of Employment "Employment Gazette".

Subject always to sub-paragraph 2.5 of this Schedule, In respect of all periods from (and including) 1st April, 2001 the indexation factor I applicable for the period from (and including) 1st April, 2000 to (and including) 31st March 2001 shall apply.

6. ---

7. ---

8. ---

9. Reconciliation

As soon as practicable after this Schedule has taken effect and Ancillary Services Agreements have been amended so as to give effect thereto, The Company will pay to each relevant user or be paid by each relevant User such sum as will reconcile:-

(a) payments (if any) made to such User for the provision of the Obligatory Reactive Power Service from BM Units in respect of the period from 1st October, 1997 to (and including) the date of such reconciliation by The Company

with

- (b) payments due to or from such User pursuant to any Ancillary Services Agreement giving effect to this Schedule in respect of the period from 1st October, 1997 to the date of such reconciliation (both dates inclusive) as if such Ancillary Services Agreements had then been effective. For the avoidance of doubt, such reconciliation will include the payment of interest at Base Rate from the date of the relevant payment by The Company referred to at sub-paragraph 9(a) above.

6. Metering – Appendix 4 of MCUSA Schedule 5

2.4 Subject always to sub-paragraph 2.5, the appropriate factors and methodologies for each relevant **BM Unit** shall be agreed by **The Company** and each relevant **User** (both acting reasonably) in the relevant **Mandatory Services Agreement** by adoption of one or more of the factors or methodologies set out in the document entitled “Methodology Document for the Aggregation of Reactive Power Metering” (as amended from time to time) published by **The Company** for this purpose. This document shall specify the respective factors and methodologies to be applied for particular **Metering System** configurations in order to determine so far as reasonably practicable the Mvarh import value and Mvarh export value for the relevant **BM Unit** at the **Commercial Boundary** as required by this sub-paragraph 2.4.

2.5 Loss adjustment factors and aggregation methodologies need not be agreed between **The Company** and the relevant **User** in connection with any configuration described in sub-paragraph 2.4.3 in respect of periods prior to (1st April 1998).

7. Matters for Review - Appendix 7 of MCUSA, Schedule 5

<u>Matter</u>	<u>Date of review</u>
1. The values of X and Y referred to in Appendix 1 in respect of Settlement Periods from (and including) 1 st April 1999.	1 st October 1998

Applicable principle:

The degree and extent to which a competitive market has been established in accordance with the

provisions of this Schedule (taking into account, inter alia, the amount of Mvar capability the subject of Market Agreements and the utilisation thereof).

2. Any payment arrangements formulated by The Company in conjunction with any unlicensed providers . 1st October 1999

Applicable principle:

The extent to which it is reasonably practicable to achieve consistency with the provisions of Appendix 1 or Appendices 2 and 5 (as the case may be).

3. The treatment of Trading Units for the purposes of metering and calculation of Mvar capability in connection with this Schedule. 1st October 1999

Applicable principle:

None

4. The indexation factor referred to in Appendix 1 to apply in respect of all periods from (and including) 1st April 2001. 1st October 2000

Applicable principles:

Those charging principles set out in Appendix 8.

5. (a) The extent of any change in the nature of, or extent of recovery under the Balancing and Settlement Code of, variable costs incurred or to be incurred by Generating Units providing the Obligatory Reactive Power Service; Not applicable

and

- (b) the extent to which such changes should lead to a change in the specific costs identified in paragraph 1 of Appendix 8 upon which the totality of payments referred to therein is based and founded.

Applicable principle:

That, to the extent innovation in the development of the default payment arrangements or the giving of appropriate economic signals is not thereby stifled, the specific costs from time to time identified in paragraph 1 of Appendix 8 (and upon which the totality of payments referred to therein is based and founded) should continue to comprise the totality of variable costs (actual or estimated) incurred or to be incurred in respect of, and aggregated across, all Generating Units providing the Obligatory Reactive Power Service, provided always that each of those specific costs from time to time identified shall only be a variable cost not recovered under the Balancing and Settlement Code which:-

- (i) is not being incurred at the date this Schedule comes into effect; or
- (ii) is being incurred at the date

this Schedule comes into effect and as at that date is either identified as a specific cost in paragraph 1 of Appendix 8 or is being recovered under the Balancing and Settlement Code.

8. Charging Principles - Appendix 8 of MCUSA Schedule 5

In accordance with the relevant provisions of this Part I, the following principles are intended to form the basis of the default payment arrangements for the provision of the **Obligatory Reactive Power Service** set out in this Schedule I and are intended to be taken into account in any review of the indexation factor referred to in Appendix 1. However, they are not intended to stifle innovation in the development of the default payment arrangements or the giving of appropriate economic signals. It is therefore the Parties' intention that, upon any change in the nature of, or extent of recovery under the Balancing and Settlement Code of, variable costs (actual or estimated) incurred or to be incurred by Generating Units providing the Obligatory Reactive Power Service, the specific costs identified in paragraph 1 below shall be a matter for review by the Transmission Users Group as more particularly referred to as item 5 of Appendix 7.

Part II

Not Used