



WORKING GROUP REPORT

CUSC Amendment Proposal

**CAP149: Transmission Entry Capacity
with restricted access rights (TEC-lite)**

**Prepared by the CAP 149 Working Group
for submission to the Amendments Panel**

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1 SUMMARY AND RECOMMENDATIONS

Executive Summary

- 1.1 **CAP 149: Transmission Entry Capacity with restricted access rights.** CAP 149 seeks to amend the CUSC to formalise existing transmission access arrangements whereby some Users, through non-standard variations to their Bilateral Agreement, have restricted access to the GB Transmission System.
- 1.2 The proposed amendment would establish a new enduring access product for existing and future Users with such restricted access rights. In the original proposal this product was termed “TEC-lite Access Product”.
- 1.3 The User’s rights with regards to the export of power into the GB Transmission System would be the only difference between TEC-lite and the existing enduring access product (TEC); in all other respects, TEC-lite would have the same rights and obligations as TEC. In order to reflect a lesser right of access, it is proposed that the Transmission Network Use of System (TNUoS) Charge for the TEC-lite Access Product would be lower than the charge for TEC.
- 1.4 The Working Group agreed early on that creating a separate access product from TEC (i.e. TEC-lite) was not necessary in order to address the defect identified in the original amendment. Instead, Users could opt for a **Design Variation Non-Firm Connection** which would be indicated as an option on the Connection Application Form. Users might decide to opt for a Design Variation Non-Firm connection for a number of reasons including the ability to connect earlier than might otherwise be the case, or if this led to lower TNUoS charges. (Note that the level of TNUoS charges is outside the scope of the Working Group and is a Charging Methodology issue). The WG decided that this should form the basis of a WG Alternative Amendment (WGAA1).
- 1.5 The WG decided that WGAA1 should only apply to Users seeking future connections after the Implementation Date i.e. it would not apply to existing Users, but may be implemented for Users currently in the GB Connection Queue in the event that their Bilateral Agreement is revised before connection. Furthermore, existing Users with restricted access would have the option to adopt these changes through the Modification Application process. This would simplify and reduce the timescales required for implementation post-Authority decision. National Grid needs to ensure, however, that existing Bilateral Connection Agreements (BCAs) and Bilateral Embedded Generation Agreements (BEGAs) are substantially in the form of the amended agreements included in Parts B and C of Annex 2 of this document. Any BCAs or BEGAs that are not will need to be amended. The WG therefore proposes that WGGA1 should be implemented 5 working days after an Authority decision subject to the timescales for implementation of any consequential changes to any other documents. It is envisaged that the STC will require house-keeping modifications to Section 18 and that the Charging Methodologies of National Grid and the TOs may need to change dependent on whether it is deemed appropriate to charge Users with a Design Variation Non-Firm connection differently. The Connection Application Form will also need to be updated. The OC2 provisions of the Grid Code may also need to be amended to include revised procedures for Notification of Availability Restrictions. No changes to the BSC or GBSQSS are envisaged.

- 1.6 After assessment of the Original and the WGAA1, the WG unanimously agreed to develop legal text for WGAA1 only, in order to concentrate resources and ensure that the three month assessment period could be met. This legal text is attached in Annex 2.

Working Group Recommendation

- 1.7 The Working Group believes its Terms of Reference have been completed and CAP 149 has been fully considered.

- 1.8 The WG considered the merits of the Original amendment. Only the proposer voted that the Original was better than the current Baseline. She considered that the Original offers both the TO and User more choice of connection type and thus better meets both Applicable CUSC Objectives (ACOs) a) *The Efficient discharge by the Licensee of the obligations imposed on it under the Act and Transmission Licence* and b) *Facilitating effective competition in the generation and supply of electricity*. Three WG members decided to abstain because whilst they agreed that the Original did indeed offer more choice they felt that the creation of a new access product (TEC-lite) was unnecessary, and that revising around 300 existing connection agreements which have restricted availability provisions would be an inefficient means of addressing the identified defects. Four WG members did not consider the Original better met the ACOs and voted against.

- 1.9 All eight WG members (including the proposer) who were eligible to vote considered the WG Alternative Amendment WGAA1 better than both the Baseline and the Original. WG members agreed that WGAA1 does not have the inherent inefficiencies of the Original but retains the desirable aspects i.e. it:

- offers more choice to the User;
- provides more clarification of the availability restriction notification procedures;
- makes it clearer that a Design Variation Non-Firm connection is an option;
- addresses the potential for more efficient capital expenditure to facilitate new connections.

- 1.10 The WG voting is summarised below:

Voting Results	Pro	Anti	Abstain
Original better than Baseline	1	4	3
WGAA1 better than Baseline	8	0	0
WGAA1 better than Original	8	0	0

- 1.11 As a result of the final voting by WG Members:
- WGAA1 was unanimously agreed to be better than both the Baseline and the Original CAP149 amendment

- 1.12 The working group recommends to the CUSC Panel that:
- A consultation report containing WGAA1 should proceed to wider Industry Consultation as soon as possible.
 - The Working Group Report is accepted by the CUSC Panel and the Working Group is disbanded.

2 PURPOSE AND INTRODUCTION

- 2.1 This Report summarises the deliberations of the Working Group and describes the Original CAP149 Amendment Proposal as well as the Working Group Alternative(s).
- 2.2 CAP149 was proposed by SSE Generation Limited and submitted to the Amendments Panel for their consideration on 29th June 2007. The Amendments Panel determined that the proposal should be considered by a Working Group and that the Group should report back to the panel meeting within 3 months.
- 2.3 The Working Group's first meeting was on 25th July and the members amended and agreed the Terms of Reference for CAP149. A copy of the Terms of Reference is provided in Annex 3. The Internal Working Group Procedure is set out in Annex 4. The Working Group considered issues raised by the Amendment Proposal and considered whether the Proposal and the Working Group Alternative better facilitated the Applicable CUSC Objectives. The Working Group met 5 times.
- 2.4 This Working Group Report has been prepared in accordance with the Terms of the CUSC. An electronic copy can be found on the National Grid Website, www.nationalgrid.com/uk/Electricity/Codes/, along with the Amendment Proposal Form.

3 PROPOSED AMENDMENT

- 3.1 The full text of the amendment is set out in Annex 1. This amendment seeks to amend the CUSC to formalise existing transmission access arrangements whereby some Users, through non-standard variations to their Bilateral Agreement, have restricted access to the GB Transmission System.
- 3.2 The proposed amendment would establish a new enduring access product for existing and future Users with such restricted access rights. In the original proposal this product was termed "TEC-lite Access Product".
- 3.3 The User's rights with regards to the export of power into the GB Transmission System would be the only difference between TEC-lite and the existing enduring access product (TEC); in all other respects, TEC-lite would have the same rights and obligations as TEC.
- 3.4 The transmission licensees have obligations to develop the transmission system in accordance with the planning criteria contained in the GB Security and Quality of Supply Standard (GBSQSS). The generation connection planning criteria allow generators to request a lower (or higher) standard of connection provided a number of conditions are met. These conditions state that any generation connection design variation must not:
 - Reduce the security of the Main Interconnected Transmission System to below the associated minimum planning criteria;
 - Result in additional investment or operational costs to any particular customer or overall, or a reduction in the security and quality of supply of the affected customers' connections to below the associated minimum

planning criteria, unless specific agreements are reached with affected customers; or

- Compromise the transmission licensees' ability to meet other statutory or licence obligations.

- 3.5 In order to prevent generation connection design variations causing additional operational costs, access restrictions are generally required. In the case of a single circuit design variation, access restrictions would be required to cover planned and unplanned outages of the single circuit.
- 3.6 Under the present arrangements, there is no incentive for a User to request a variation to the connection design specified in the GB SQSS as only one enduring access product (TEC) is available and the rights and obligations associated with this access product are predicated on the connection design being as that specified in the GB SQSS. In effect, this means that Transmission Owners (TOs) are being obliged to provide a double circuit connection for all new Power Stations regardless of the economics of the investment. For some new Power Stations, the characteristics and location of the station may be such that a double circuit connection can be shown to be an inefficient investment where the most efficient connection design would be a single circuit.
- 3.7 In order to address this lack of an incentive and reflect a lesser right of access, it is proposed that the Transmission Network Use of System (TNUoS) charge for the TEC-lite Access Product would be lower than the charge for TEC (Transmission Entry Capacity). National Grid is currently progressing a modification to the TNUoS charging methodology to provide a discount for Users that opt for a GBSQSS design variation connection.
- 3.8 The amendment also proposes to change National Grid's obligations with respect to the export of power from a Connection Site. Under CUSC 2.3, National Grid is obliged to accept into the GB Transmission System power generated by a User up to the TEC. This proposal would amend this obligation for a User who opts for a variation to the connection design as provided for in Chapter 2 of the GB Security and Quality of Supply Standards - version 1 (GBSQSS), such that National Grid is obliged to accept power generated by a User that reflects the Notification of Restrictions on Availability of named circuits provided by National Grid in accordance with the provisions of the relevant Bilateral Agreement.
- 3.9 A key element of the proposal is to revise the standard forms of the Bilateral Connection Agreement as set out in Exhibit 1 to Schedule 2 of the CUSC and the Bilateral Embedded Generation Agreement as set out in Exhibit 2 to Schedule 2 of the CUSC, to include clauses that would restrict access to the GB Transmission System (the proposed legal drafting for these revised Exhibits are included in Annex 2). These clauses would describe the obligations on National Grid and the User in the event of reduced capability or unavailability of named circuits. The proposed clauses are substantially in the form of clauses in existing Bilateral Agreements. Another key aspect of the proposal is to introduce a new process for notifying restrictions on availability.
- 3.10 The Proposer recognised that a number of consequential changes would be required in other industry codes and documents beyond the CUSC in order fully to implement the changes proposed.

4 SUMMARY OF WORKING GROUP DISCUSSIONS

4.1 Recognising that the role of the working group was to assess the amendment proposal against the Applicable Objectives, the WG considered various issues such as the regulatory and legislative context, “product” definition and eligibility. The WG also considered the potential impact on system security, longer term planning and investment, as well as GBSQSS and also assessed the impact on other industry codes and documents and operating and IT systems. The WG went on to consider a number of candidates for Working Group Alternative Amendments (WGAA), and finally the WG considered the original proposal and such candidate WGAA against the Applicable Objectives and the Implementation Date.

4.2 Regulatory, Licence and Legislative Issues

4.2.1 The WG did not believe that any licence changes would be required for either National Grid or the Scottish TOs if the proposal were implemented.

4.3 CAP149 Definition

4.3.1 Scope: The original CAP 149 proposal seeks to amend the CUSC to formalise existing transmission access arrangements whereby some Users, through non-standard variations to their Bilateral Agreement, have restricted access to the GB Transmission System. It would establish a new enduring access product for existing and future Users with such restricted access rights. In the original proposal this product was termed “TEC-lite Access Product”.

4.3.1.1 The proposer explained that this issue had largely arisen as a result of changes in the connection regime introduced at BETTA. Before BETTA, the Scottish Transmission Owners (TOs) had a “deep” charging regime; hence users had a financial incentive to opt for the most economic connection design. Since BETTA, the connection regime has been “super-shallow” and, as a result, the financial incentive has been removed.

4.3.1.2 The proposer explained that in many instances the type of connection agreed depended on the date when it had been signed. In agreements signed before the **Cut-off date** (1st December 2004), the old “deep” connection charging regime was in place and many users accepted a lower standard of connection. After the Cut-off date, the GBSQSS required that the TO offer a double circuit connection unless the user requested otherwise. As accepting a lower standard of connection also meant accepting a lower standard of access to the transmission network with no commensurate reduction in tariff there was no incentive for users to make such a request. Consequently, most connection offers made and accepted after the Cut-off date are double circuit connections that comply with the GBSQSS. In many circumstances, double connections are not considered economically efficient by the TO and/or generator, and, in addition, it is difficult to obtain planning permission for such connections.

4.3.1.3 Should any generator request a design variation, it must request a different connection boundary and, in accordance with the Connection Charging Methodology, would face charging of the assets affected as Connection Assets. This provides a further disincentive of opting for a single circuit, should the generator be applying for a connection subsequent to the Cut-off date.

- 4.3.1.4 The amendment is designed to reduce the current lack of transparency of existing Bilateral Agreements with restrictions on access due to a design variation and to make the availability of such connections more explicit for future users. It is hoped that users will, in the future, request more cost-effective connections and hence enable the relevant TO to optimise costs and allowed revenue in its Price Control.
- 4.3.1.5 It became clear in the WG discussions that the majority of WG members did not believe that there needed to be a standalone, explicit access product called TEC-lite with associated amendments to the CUSC. The WG believed it would not be optimum to develop a standard access product for the wide variety of non-standard connections, especially as the original amendment anticipated a separate TEC-lite charge. The WG believed that the key objectives of the original proposal could be achieved by allowing a User to ask for a **Design Variation Non-Firm Connection** when it sought a Connection Offer – this formed the basis of a WG Alternative Amendment. Hence, the Connection Offer Form would need to be amended to allow the User to obtain information on both standard connection and a Design Variation. Users could indicate their choice of access product using two tick boxes added to the connection application form. They could choose either or both of the options. There would be a higher application fee for choosing both to allow for the extra resource involved.
- 4.3.1.6 The National Grid representative stated that for a standard and a design variation connection offer some work will be similar and some work will be unique. A cost reflective price will need to be paid if both offers are prepared – this will require amendment to National Grid's Charging Statements. The extra cost will depend on the extent of the design variation and could be fixed or indicative. The connection could be designed in the period the GBSO is obliged to provide an offer (three months).
- 4.3.1.7 The connection offer based on a Design Variation Non-Firm connection would include Notification of Restrictions on Availability of named circuits that would be detailed in the relevant Bilateral Agreement. The WG believed that Section 2.13 of the CUSC needed to place obligations on National Grid to provide a Design Variation Non-Firm connection offer (as long as it does not breach GB SQSS conditions) and also to provide, if requested, information to allow the User to assess the probability of restrictions on access.
- 4.3.1.8 The standard forms of the Bilateral Connection Agreement as set out in Exhibit 1 to Schedule 2 of the CUSC and the Bilateral Embedded Generation Agreement as set out in Exhibit 2 to Schedule 2 of the CUSC would need to be revised to include Clauses that would restrict access to the GB Transmission System. These Clauses would describe the obligations on National Grid and the User in the event of reduced capability or unavailability of named circuits. The proposed Clauses are substantially of the form of Clauses in existing Bilateral Agreements. The proposed legal text for these revised clauses is included in Annex 2. This legal text has been prepared in line with the WGAA – no legal text has been included for the original proposal as the WG (including the proposer) decided that this should not be progressed as the objectives of CAP149 could be met without defining a new access product (TEC-lite). Much of the legal text is based on National Grid text already used in BCAs/BEGAs and Transmission Related Agreements (TRAs). One of the aims of the proposal is to bring the standard text under the formal governance of the CUSC and into the public domain.

4.3.1.9 The National Grid representative commented that there is a fundamental principle concerning the definition of Outage Conditions that is not reflected in the legal text for WGAA1. The GBSQSS contains criteria for a Design Variation connection as follows:

“The generation connection planning criteria allow generators to request a lower (or higher) standard of connection provided a number of conditions are met. These conditions state that any generation connection design variation must not:

- *Reduce the security of the Main Interconnected Transmission System to below the associated minimum planning criteria;*
- *Result in additional investment or operational costs to any particular customer or overall, or a reduction in the security and quality of supply of the affected customers’ connections to below the associated minimum planning criteria, unless specific agreements are reached with affected customers; or*
- *Compromise the transmission licensee’s ability to meet other statutory or licence obligations.”*

4.3.1.10 The National Grid representative therefore felt it essential that existing and future Connection Agreements be able to capture all the consequences of a Non-Firm security Design Variation connection and ensure that they are reflected upon that specific User and that other Users are not exposed to the socialised consequence. To ensure this occurs, the existing BCAs name all the relevant circuits and if these circuits are unavailable (wholly or partly), for any planned or unplanned occurrence, then the *Clause 10/TRA* arrangements apply. This ensures that all possible “increased risk” scenarios are covered that might originate from the fact that the user has **chosen** to deviate from the standards. The National Grid representative was concerned that the draft legal text included in Annex 2 does not allow all increased risk scenarios to be covered. However, a majority of WG members disagreed with the National Grid representative over the legal text, it should be noted that all Working Group Members agreed with the principle that a breach of clause 10 provisions would constitute CUSC default.

4.3.2 Eligibility: The WG considered which generators should be eligible to apply for a Design Variation Non-Firm Connection. All connecting Users could ask for two connection offers: one for a standard connection and one with a Design Variation Non-Firm Connection. It would then be the User’s choice as to which type of connection best suited its requirements i.e. the choice is User (and not TO)-driven.

4.3.2.1 The original proposal argues that users would not be exposed to the economics of the investment in their connection without a price signal. Under current arrangements, regardless of whether a user opted for the standard or a design variation connection, the user would be liable for the full Transmission Network Use of System (TNUoS) tariff. Hence, the original proposal seeks to put in place a price signal for Users with a Design Variation Non-Firm connection by suggesting that a lesser Transmission Network Use of System (TNUoS) charge would be appropriate for such new (including Users with Bilateral Agreements who have yet to be energised) and existing Users. The original proposal suggests that this would be a cost-reflective charge that reflected both the

lesser investment by the TO in providing the connection and the lower value to the user of the non-firm access product.

4.3.2.2 The group discussed the nature of any possible lesser TNUoS tariff. This would be designed to allow for the fact that Users with a Design Variation Non-Firm connection and hence notified restrictions of availability which are not compensated under **CAP48: Firm Access and Temporary Disconnection** have in practice a lower standard of access than Users with no such restrictions. It is not, however, possible for the WG to assess whether such a lesser TNUoS tariff is indeed appropriate or what it should be as this is a charging issue and would have to be progressed via a change to National Grid's Charging Methodology. It should be noted that the proposer did make this clear in the original proposal.

4.3.2.3 There was some debate on whether existing Users should have their BCAs/BEGAs amended. Some WG members suggested that past agreements should remain as they are and that only future connectees with Design Variation Non-Firm s should have their connection agreements amended in line with any new arrangements. Some users have connections which are above the design standards laid out in the GBSQSS but these design variations do not have restricted BCAs. This amendment applies **only** to design variation connections which are lower than the GBSQSS requirements.

4.3.2.4 The WG considered how many existing Users had connections with Design Variation Non-Firm s and hence restrictions on availability. The proposer and the National Grid representative presented information on such connections. There are around 700 generators with existing and future connection agreements (98% BCAs and 2% BEGAs). A sample of 300 was examined and of these an estimated 40% have Design Variation connections and TRAs. On this basis, it is likely that there are around 300 existing connection agreements with non-standard connections. The location of these generators is as follows: 2% in NGET's transmission area; 21% in SHETL and 77% in SPTL. The breakdown of these design variation connections is:

- 78% single circuit
- 7% single busbar
- 5% 'wider' infrastructure
- 5% transmission assets at DNO interface
- 3% spur transformer capacity
- 2% fault ratings

Connection voltage (includes offshore)

39% 132kV
61% 33kV

Commercial Agreement type

2% BEGA
98% BCA

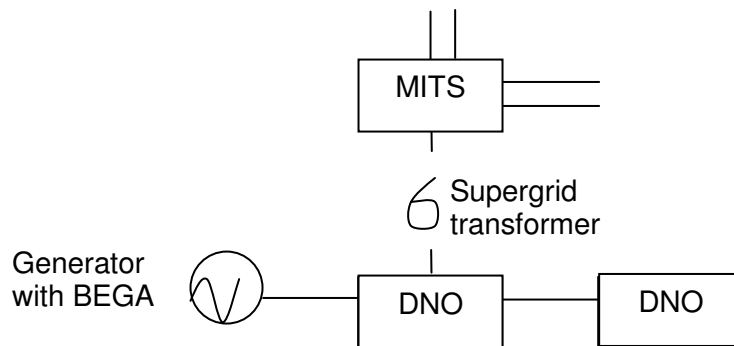
Size – Average size 110MW

<50MW : 31 Users
50-100MW: 60 Users
>100MW : 38 Users

4.3.2.5 The most common type of design variation is a single circuit. This could comprise a single overhead line between the generator and the main interconnected transmission system where the overhead line is sized to match the capacity of the generator (i.e. no redundancy). Alternatively, the connection between the generator and the main interconnected transmission system could comprise multiple circuits but where the circuits are sized such when one circuit is lost the capacity of remaining circuits is less than the generating capacity of the station (i.e. some redundancy, but not GB SQSS compliant). In practice, each design variation is different, affecting different types of asset and resulting in either no, or limited, redundancy.

4.3.3 Applicability:

4.3.3.1 **BEGAs:** An embedded generator may have a non-standard connection which does not fulfil the GBSQSS criteria. For example, it can apply to generators where the supergrid transformer at the GSP does not satisfy the security standards for generation connections yet fulfils the requirements for the demand connection. The following diagram describes the interaction of BEGAs and TRAs.



4.3.3.2 In the above diagram there is a non-standard connection against the supergrid transformer. The supergrid transformer, originally designed to fulfil the connection standards for demand, may not fulfil the equivalent generator standards. Rather than upgrade the connection at the GSP, the generator with a BEGA may enter into a Bilateral Agreement with a TRA that specifies restrictions on availability of the non-compliant connection to the Main Interconnected Transmission System (MITS). The DNO has no exposure to this contract between the generator and National Grid.

4.3.3.3 **Offshore/Islands Generators:** it is proposed that there will be a lower security standard for offshore generators specified in the GBSQSS, with lower redundancy than for onshore connections. CAP 149 could be applied to offshore by changing the definition of Design Variation Non-Firm connection to specifically include offshore. This would make it easier to include offshore at an appropriate time. The National Grid representative commented that the current proposal for offshore transmission is that the Offshore Transmission Owner (OFTO) will have a system availability target with penalties if the target is missed.

4.4 **Operational Issues**

4.4.1 Restrictions on Availability: The amendment proposes to change National Grid's obligations with respect to the export of power from a Connection Site. Under CUSC 2.3, National Grid is obliged to accept into the GB Transmission System

power generated by a User up to the Transmission Entry Capacity. It is proposed to amend this obligation for a User with a Design Variation Non-Firm connection such that National Grid is obliged to accept into the GB Transmission System power generated by a User that reflects the Notification of Restrictions on Availability of named circuits provided by National Grid in accordance with the provisions of the relevant Bilateral Agreement.

4.4.1.1 Notification of planned outages should be given in advanced as stated in the Bilateral Agreement. Notification of unplanned outages should be given as soon as possible. A TO cannot force a single circuit connection and the GBSQSS states that additional risk cannot be put on other Users - a connection offer would not be given if this were the case. The User has responsibility to monitor the situation and must respond appropriately to outages.

4.4.1.2 One member suggested a guaranteed level of availability should be given in the connection offer whilst another suggested that any risk of loss of availability should be assessed by the User. The National Grid representative commented that guaranteeing access for a User who had accepted a Design Variation Non-Firm connection would increase costs to all Users - this breaks design variation SQSS criteria.

4.4.1.3 Concern was expressed that if multiple Users are connected where the capacity is constrained it may be inefficient to pro rate the remaining capacity. The WG considered that when one User is unavailable then should another User be able to use its allocation of the remaining capacity. The WG considered that more clarity regarding constraint management was required which might lead to a change in the OC2 provisions in the Grid Code.

4.4.2 Setting the MEL for multiple Users with notified availability restrictions: National Grid as GBSO is obliged to minimise any availability restriction on Users and one member asked that should be formalised by specifying a minimum time of notification before a planned restriction of availability in the legal text. The WG agreed that the GBSO should try to give the User flexibility: if one user is on outage then another affected User(s) should not need to re-declare its (their) MEL down. One WG member suggested that the User should be notified of the availability restriction even if there is no requirement to re-declare its MEL. Many design variations are single circuit connections so Users would either have all their capacity available or none. One WG member noted that if two or more power stations affected by a restriction of availability are owned by the same company they effectively could have a shared MEL. There is an inconsistency between how two or more power stations would be able to share MEL, depending on whether they were owned by the same operator, or multiple operators. It was noted that there are currently very few instances where there are two or more power stations behind a notified availability restriction with different ownership. Where more than one power station is operational, the level of MEL is pro rated to a level stated each User's BCA. The WG considered whether this was efficient. Cascade hydro power stations can use their operational flexibility under a shared contract and this is more efficient. Other Users do not have this flexibility.

4.4.2.1 The WG discussed the need for the extra compliance protection in Clause 10.12 of the proposed legal text for the Bilateral Connection Agreement (see Annex 2, page 76) when there is already a commercial arrangement in Clauses 10.7.2 and 10.10.2 which requires the User to accept Bid-Offer Acceptances to reduce export from (or reduce import to) the affected BM Unit (in line with the

provisions set out in the relevant Transmission Services Arrangement). The National Grid representative stated that Clause 10.12, which states that a breach of Clauses 10.7 and 10.10 could be treated as an Event of Default under Section 5 of the CUSC, is required because Clauses 10.7.2 and 10.10.2 leave the User neutral commercially so there is no financial incentive for it to comply. This could lead to Users gaining a financial benefit by not complying with a notification to restrict availability and receiving ROCs and energy payments for the subsequent generation. One WG member argued that Clause 10.12 was not required and should be removed. This was not considered as an alternative amendment but it was agreed that this should be mentioned in the report.

4.5 Longer-Term System issues

- 4.5.1 Security of Supply: There was some concern with the WG that a proliferation of Users connecting at a lower standard than that required by the GBSQSS might lead to security of supply problems. One WG member felt that this could be exacerbated as reduced availability of access for Users with a Design Variation Non-Firm connection as National Grid does not have to pay compensation to these Users in the event of a system outage. The National Grid representative stated that the GBSQSS would not allow excessive amounts of generation to connect at a lower security standard if this compromised security of supply.

5 WORKING GROUP ALTERNATIVE AMENDMENT

- 5.1 Following the assessment discussion summarised above, WG members considered possible Working Group Alternative Amendments (WGAA). The discussion focussed on whether there needed to be a standalone, explicit access product called TEC-lite with associated amendments to the CUSC. The WG believed that the key objectives of the original proposal could be achieved by allowing a User to ask for a **Design Variation Non-Firm Connection** when it sought a Connection Offer – this formed the basis of WGAA-1. Hence, the Connection Offer Form would need to be amended to allow the User to obtain information on both standard connection and a Design Variation Non-Firm connection. The User could indicate its choice of access product using two tick boxes added to the connection application form. They could choose either or both of the options.
- 5.2 The legal text for WGAA-1, included in Annex 2, includes obligations on National Grid in Section 2.13 of the CUSC to provide a Design Variation Non-Firm Offer (as long as it does not breach GB SQSS conditions) and also to provide, if requested, information to allow the User to assess the probability of restrictions on access. The legal text also includes obligations on National Grid and Users who have opted for a Design Variation Non-Firm connection to comply with the provisions of the relevant Bilateral Agreement regarding restrictions of availability (Section 2.3).
- 5.3 One WG member stated that a possible alternative amendment would see Clause 10.12 (which treats any failure to comply with an availability restriction as a potential Event of Default) removed from the proposed legal text. On balance, however, the WG did not consider that this should be considered as a WGAA but agreed that it should be mentioned in this report.

- 5.4 Another WG member suggested another alternative amendment could include a different method (other than pro rata) for sharing remaining capacity under outage conditions. This too was not progressed further as a WGAA but once again the WG agreed that it should be mentioned in this report.
- 5.5 The WG discussed whether WGAA1 should apply to both existing and new connections. The WG agreed that proposed changes included in the legal text for WGAA1 (in Annex 2) should **only** apply to new connection applications after the Implementation Date. It was felt that amending agreed Bilateral Agreements for existing Users was unnecessary as the existing arrangements for notification of restrictions of availability could exist alongside the new agreements in WGAA1. This would simplify and reduce the timescales required for implementation post-Authority decision. However, existing Users could opt for a Modification Application to convert to the new form of connection agreement. The WG felt that WGAA1 would apply for Users currently in the GB Connection Queue who may have their connection offers revised before energisation.
- 5.6 A comparison of the Original and WGAA1 is shown below:

Feature	Original	WGAA1
Creation of TEC-lite Access Product	Yes – creates an enduring access product for existing and future Users with potentially a lower TNUoS charge.	No – maintains existing access arrangements based on TEC but creates option of a Design Variation Non-Firm Connection (DVNFC) with potentially a lower TNUoS charge.
Revision of BCA and BEGA standard forms	Yes – revises Exhibits 1 & 2 to Schedule 2 of the CUSC to include clauses that would restrict access to the GB Transmission System.	As Original, but also formalises the notification procedures.
Clarifies obligations on National Grid and the User	Yes – describes the obligations on both National Grid and the User in the event of reduced capability of named transmission circuits.	As Original
Applicability	TEC-lite would be available to all existing and future Users with a connection to the GB Transmission system which is a variation to the connection design as provided for in Ch. 2 of the GBSQSS.	The option of a DVNFC would be available to all new Users applying for connection after the Implementation Date – this could include Users in the GB Connection Queue whose Bilateral Agreement is revised before connection. Existing Users could apply for a DVNFC via a Modification Application.
Increases choice	Yes – enables TOs to offer different standards of access which may be more appropriate and cost-effective for some Users.	As Original – applies primarily to new Users but is available to existing Users.
Facilitates transmission access	Yes – should enable new Users to connect earlier	As Original

6 ASSESSMENT AGAINST APPLICABLE CUSC OBJECTIVES

6.1 The Assessment against Applicable CUSC Objectives is summarized below:

6.2 Assessment against the Applicable CUSC Objectives:

6.2.1 CAP 149 original: The WG considered the merits of the Original amendment. Only the proposer voted that the Original was better than the current Baseline. She considered that the Original offers both the TO and User more choice of connection type and thus better meets both Applicable CUSC Objectives (ACOs) a) *The Efficient discharge by the Licensee of the obligations imposed on it under the Act and Transmission Licence* and b) *Facilitating effective competition in the generation and supply of electricity*. Three WG members decided to abstain because whilst they agreed that the Original did indeed offer more choice they felt that the creation of a new access product (TEC-lite) was unnecessary, and that revising around 300 existing connection agreements which have restricted availability provisions would be an inefficient means of addressing the identified defects. Four WG members did not consider the Original better met the ACOs and voted against.

6.2.2 WGAA-1: All eight WG members (including the proposer) who were eligible to vote considered the WG Alternative Amendment WGAA1 better than both the Baseline and the Original. The WG members agreed that WGAA1 does not have the inherent inefficiencies of the Original but retains the desirable aspects i.e. it:

- offers more choice to both TO and User;
- provides more clarification of the availability restriction notification procedures;
- makes it clearer that a Design Variation Non-Firm connection is an option;
- addresses the potential for more efficient capital expenditure to facilitate new connections.

6.4 WG Members voted unanimously that WGAA1 satisfied the Applicable CUSC Objectives. The voting is summarised below:

Voting Results	Pro	Anti	Abstain
Original better than Baseline	1	4	3
WGAA1 better than Baseline	8	0	0
WGAA1 better than Original	8	0	0

7 PROPOSED IMPLEMENTATION

7.1 The WG decided that WGAA1 should only apply to Users seeking future connections after the Implementation Date i.e. it would not apply to existing Users but may be implemented for Users currently in the GB Connection Queue in the event that their Bilateral Agreement is revised before connection. Furthermore, existing Users with restricted access would have the option to adopt these changes through the Modification Application process. This would simplify and reduce the timescales required for implementation post-Authority decision. National Grid needs to ensure, however, that existing Bilateral Connection Agreements (BCAs) and Bilateral Embedded Generation Agreements (BEGAs) are substantially in the form of the amended agreements

included in Parts B and C of Annex 2 of this document. Any BCAs or BEGAs that are not will need to be amended. The WG therefore proposes that WGG1 should be implemented 5 working days after an Authority decision subject to the timescales for implementation of any consequential changes to any other documents.

- 7.2 The Working Group proposes that WGG1 should be implemented 5 working days after an Authority decision subject to the timescales for implementation of any consequential changes to any other documents.

8 IMPACT ON THE CUSC

8.1 The text to give effect to the Working Group Alternative Amendment is attached in Annex 2 of this document. No legal text is included for the original amendment as the WG did not believe this was a viable amendment. The text of the BCAs and BEGAs will need to change as shown in Annex 2 of this document.

8.2 It became evident during the three month assessment period that proposals for CAPs 151-155 could have an impact on the proposals for CAP149 and vice-versa. This interaction needs to be borne in mind during the assessment by the CUSC Panel and the Authority.

9 IMPACT ON INDUSTRY DOCUMENTS

9.1 The effect of CAP149 on other documents in the legislative framework was considered. CAP149 Original and the WG Alternative Amendments will require the following:

- The STC would require house keeping modifications to Section 18.
- The OC2 provisions of the Grid Code may need to be amended to include revised procedures for Notification of Availability Restrictions.
- The Charging Methodologies of National Grid and the TOs may need to change dependent on whether it is deemed appropriate to charge Users with a Non-Standard Design Variation connection differently.
- National Grid's Charging Statements would need to be changed to reflect any additional charges for the DVNF Connection option on the Connection Application Form.
- The Connection Application Form would need to be amended as per Annex 2, Part F (page 76).
- No impact is expected on the GBSQSS or BSC.

ANNEX 1 – AMENDMENT PROPOSAL FORM

CUSC Amendment Proposal Form	CAP:149
Title of Amendment Proposal:	
Transmission Entry Capacity with restricted access rights (TEC-lite).	
Description of the Proposed Amendment <i>(mandatory by proposer):</i>	
<p>It is proposed to amend the CUSC to formalise existing transmission access arrangements whereby some Users, through non-standard variations to their Bilateral Agreement, have restricted access to the GB Transmission System.</p> <p>The proposed amendment would establish a new enduring access product for existing and future Users with such restricted access rights. The proposed new product is to be termed the TEC-lite Access Product.</p> <p>The User's rights with regards to the export of power into the GB Transmission System would be the only difference between TEC-lite and the existing enduring access product (TEC); in all other respects, TEC-lite would have the same rights and obligations as TEC. In order to reflect a lesser right of access, it is proposed that the Transmission Network Use of System Charge for the TEC-lite Access Product would be lower than the charge for "full" TEC.</p> <p>This amendment proposes to change National Grid's obligations with respect to the export of power from a Connection Site. Under CUSC 2.3, National Grid is obliged to accept into the GB Transmission System power generated by a User up to the Transmission Entry Capacity. It is proposed to amend this obligation for a User with TEC-lite such that National Grid is obliged to accept into the GB Transmission System power generated by a User that reflects the Notification of Restrictions on Availability of named circuits provided by National Grid in accordance with the provisions of the relevant Bilateral Agreement.</p> <p>A key element of the proposed amendment is to revise the standard forms of the Bilateral Connection Agreement as set out in Exhibit 1 to Schedule 2 of the CUSC and the Bilateral Embedded Generation Agreement as set out in Exhibit 2 to Schedule 2 of the CUSC to include Clauses that would restrict access to the GB Transmission System. These Clauses would describe the obligations on National Grid and the User in the event of reduced capability or unavailability of named circuits. The proposed Clauses are substantially of the form of Clauses in existing Bilateral Agreements.</p> <p>TEC-lite would be available to all existing and future Users with a connection to the GB Transmission System which is a variation to the connection design as provided for in Chapter 2 of the GB Security and Quality of Supply Standards (version 1) (GB SQSS). Should a User's connection subsequently change such that it is no longer a variation to that specified in the GB SQSS, then the User will no</p>	

longer be eligible for TEC-lite and would automatically revert to the “full” TEC access product.

Description of Issue or Defect that Proposed Amendment seeks to Address *(mandatory by proposer):*

The proposed amendment seeks to address an anomaly in the CUSC that results in different Users having different access rights to the GB Transmission System while, apparently, both purchasing the same access product.

The proposed new enduring access product, TEC-lite, would formalise in the CUSC the access rights of this group of existing and future Users with restricted access (including Users with Bilateral Agreements who have yet to be energised).

Although not a specific issue with the CUSC, or justification of this proposal with regard to the Applicable CUSC Objectives, it is noted that this amendment would address an issue that was raised during the recent Transmission Price Control Review.

Under the present arrangements, there is no incentive for a User to request a variation to the connection design specified in the GB SQSS as only one enduring access product (TEC) is available and the rights and obligations associated with this access product are predicated on the connection design being as that specified in the GB SQSS. In effect, this means that Transmission Owners are being obliged to provide a double circuit connection for all new Power Stations regardless of the economics of the investment. For many new Power Stations, the characteristics and location of the station are such that a double circuit connection can be shown to be an inefficient investment where the most efficient connection design would be a single circuit.

An enduring access product with restricted access rights, such as the TEC-lite Access Product, would expose Users to the economics of the investment in their connection design. Hence this product may address the potential for inefficient capital expenditure to facilitate new connections.

Impact on the CUSC *(this should be given where possible):*

As a minimum, the following changes are expected:

- Revisions to and new paragraph(s) in:
 - ◆ CUSC Section 2.3 – Export of power from connection site.
 - ◆ CUSC Section 2.4 – Import of power to connection site.
 - ◆ CUSC Section 2.13 – New connection sites.
 - ◆ CUSC Section 3.9 – Use of system charges.
- New definitions in CUSC Section 11.3 – Definitions.

These proposed changes are set out in Annex 1 – Proposed Legal Text.

- Amendments to:
 - ◆ Schedule 2 – Exhibit 1 (Bilateral Connection Agreement).
 - ◆ Schedule 2 – Exhibit 2 (Bilateral Embedded Generation Agreement).
 - ◆ Exhibit B (Connection Application).

These proposed changes are set out in subsequent Annexes 2-4.

- New exhibit to Schedule 2:
 - ◆ Schedule 2 – Exhibit 6 (Transmission Related Agreement).

This is set out in Annex 5.

Impact on Core Industry Documentation *(this should be given where possible):*

The proposed amendment may require a minor changes to the STC (in particular the procedures relating to connection offers, STCP-18).

Impact on Computer Systems and Processes used by CUSC Parties *(this should be given where possible):*

None.

Details of any Related Modifications to Other Industry Codes *(where known):*

The proposed amendment will have an impact on National Grid's Statement of the Use of System Charging Methodology, Statement of the Connection Charging Methodology and Charging Statements. In particular, a Transmission Network Use of System charge (or charges) for Users of the TEC-lite Access Product will be required.

Scottish Power Transmission Limited and Scottish Hydro Electric Transmission Limited may have to review their Transmission Owner Charges.

The proposed amendment may have an impact on the GB SQSS. Variations to the connection design as provided for in Chapter 2 of the GB SQSS are permitted so long as the variation arises from a User's request and satisfies the conditions set out in paragraphs 2.15 to 2.18 of the GB SQSS. Currently, Users acknowledge that the connection design is a variation to the standard in their Bilateral Agreement. It is proposed that, rather than seek a change to the GB SQSS, this acknowledgement from the User is continued to be included in the Bilateral Agreement.

Justification for Proposed Amendment with Reference to Applicable CUSC Objectives** *(mandatory by proposer):*

The proposed amendment better facilitates the achievement of the Applicable CUSC Objectives as follows:

(a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this

licence

National Grid has a range of statutory duties and licence obligations which include ensuring the efficient, economic and co-ordinated operation of the GB Transmission System, the facilitation of competition and non-discrimination. The proposed amendment better facilitates the efficient discharge by National Grid of these obligations and, in particular, it is observed that:

- The present arrangements do not offer a choice of enduring access product. For new Users, the lack of choice in access product is potentially resulting in inefficient investment by Transmission Owners and may be contributing to a delay in facilitating new connections. The potential for inefficient investment and delays during the connection process is likely to be inhibiting the economic and efficient development of the system. A choice of enduring access product would address this issue and hence improve the efficient, economic and co-ordinated operation of the GB Transmission System.
- For existing Users, the present arrangements mean that different Users have different access rights under the same access product. As a consequence, the present arrangements may not be cost-reflective for those Users with restricted access to the GB Transmission System. This implies there may be discrimination between Users. A choice of enduring access product would remove this potential for discrimination.

For this reason, the proposed amendment would better facilitate Applicable CUSC Objective (a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence.

(b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity

The present arrangements may restrict competition. For example:

- The present arrangements do not treat existing Users on the same basis. Different Users have different access rights under the same access product. As a consequence, the present arrangements may be a barrier to effective competition between Users. A choice of enduring access product would address this issue.
- The present arrangements may act as a barrier to entry to new Users. To the extent that the connection process may be prolonged and no choice exists in the price of access, this may deter new entrants to the generation market. A choice of enduring access product would address this issue.

For this reason, the proposed amendment would better facilitate Applicable CUSC Objective (b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity.

Details of Proposer:

Organisation's Name: SSE Generation Limited

Capacity in which the Amendment is being proposed: (i.e. CUSC Party, BSC Party or "energywatch")	CUSC Party
Details of Proposer's Representative: Name: Campbell McDonald Organisation: SSE Generation Limited Telephone Number: 01738.458.412 Email Address: campbell.mcdonald@scottish-southern.co.uk	
Details of Representative's Alternate: Name: Aileen McLeod Organisation: Scottish and Southern Energy plc Telephone Number: 01738.456.107 Email Address: aileen.mcleod@scottish-southern.co.uk	
Attachments (Yes/No): If Yes, Title and No. of pages of each Attachment: <ul style="list-style-type: none"> ▪ Annex 1 – Proposed Legal Text (8 pages). ▪ Annex 2 – Schedule 2 – Exhibit 1 (Bilateral Connection Agreement) (18 pages). ▪ Annex 3 – Schedule 2 – Exhibit 2 (Bilateral Embedded Generation Agreement) (16 pages). ▪ Annex 4 – Exhibit B (Connection Application) (12 pages). ▪ Annex 5 – Schedule 2 – Exhibit 6 (Transmission Related Agreement) (9 pages). 	

Notes:

1. Those wishing to propose an Amendment to the CUSC should do so by filling in this "Amendment Proposal Form" that is based on the provisions contained in Section 8.15 of the CUSC. The form seeks to ascertain details about the Amendment Proposal so that the Amendments Panel can determine more clearly whether the proposal should be considered by a Working Group or go straight to wider National Grid Consultation.
2. The Panel Secretary will check that the form has been completed, in accordance with the requirements of the CUSC, prior to submitting it to the Panel. If the Panel Secretary accepts the Amendment Proposal form as complete, then he will write back to the Proposer informing him of the reference number for the Amendment Proposal and the date on which the Proposal will be considered by the Panel. If, in the opinion of the Panel Secretary, the form fails to provide the information required in the CUSC, then he may reject the Proposal. The Panel Secretary will inform the Proposer of the rejection and report the matter to the Panel at their next meeting. The Panel can reverse the Panel Secretary's decision and if this happens the Panel Secretary will inform the Proposer.

The completed form should be returned to:

Beverley Viney
Panel Secretary
Commercial Frameworks

National Grid
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Or via e-mail to: Beverley.Viney@uk.ngrid.com

(Participants submitting this form by email will need to send a statement to the effect that the proposer acknowledges that on acceptance of the proposal for consideration by the Amendments Panel, a proposer which is not a CUSC Party shall grant a licence in accordance with Paragraph 8.15.7 of the CUSC. A Proposer that is a CUSC Party shall be deemed to have granted this Licence).

3. Applicable CUSC Objectives** - These are defined within the National Grid Company Transmission Licence under Section C7F, paragraph 15. Reference should be made to this section when considering a proposed amendment.

ANNEX 2– PROPOSED LEGAL TEXT TO MODIFY THE CUSC FOR WGAA1

PART A – SECTIONS 2.3, 3.9 & 11.3 OF THE CUSC

2.3 EXPORT OF POWER FROM CONNECTION SITE

2.3.1 Subject to the other provisions of the **CUSC** and in particular Paragraph 2.3.3, the relevant **Bilateral Connection Agreement** and the **Grid Code**, **The Company** shall, as between **The Company** and that **User**, accept into the **GB Transmission System** at each **Connection Site** of a **User** acting in the category of **Power Station** directly connected to the **GB Transmission System**, power generated by such **User** up to the **Transmission Entry Capacity** and (if any) **STTEC** and/or **LDTEC** 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** and in particular Paragraph 2.3.3, the relevant **Bilateral Connection Agreement** and the **Grid Code**, a **User** acting in the capacity of a **Power Station** directly connected to the **GB Transmission System** shall not export on to the **GB Transmission System** power generated by such **User** in excess of the **Transmission Entry Capacity** and (if any) **STTEC** and/or **LDTEC** 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**.

2.3.3 In the circumstances where a **User** has received **Notification of Restrictions on Availability** from **The Company**, in accordance with the notification procedures set out in the relevant **Bilateral Agreement**, then:

(i) **The Company** shall accept, for the period set out in the **Notification of Restrictions on Availability**, into the **GB Transmission System** at the relevant **Connection Site(s)**, power generated and exported on to the **GB Transmission System** by such **User** provided that the **User** complies at all times during such period with the provisions of the relevant **Bilateral Agreement**; and

(ii) The **User** shall only export on to the **GB Transmission System** power generated by such **User** in accordance with the provisions of the relevant **Bilateral Agreement**.

2.3.4 **The Company** shall act in accordance with **Good Industry Practice** to, so far as reasonably practicable, limit the occurrence and minimise the duration of the **Restrictions on Availability**.

2.4 **IMPORT OF POWER TO CONNECTION SITE**

2.4.1 Subject to the other provisions of the **CUSC** and in particular Paragraphs 2.2.2(b) and 2.4.2, 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 **GB 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**.

2.4.2 In the circumstances where a **User** has received **Notification of Restrictions on Availability** from **The Company**, in accordance with the notification procedures set out in the relevant **Bilateral Agreement**, **The Company** shall for the period set out in the **Notification of Restrictions on Availability** transport a supply of power to the relevant **Connection Site(s)** of a **User** through the **GB Transmission System** in accordance with the provisions of the relevant **Bilateral Agreement**.

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** 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** 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** on the basis of a **Design Variation Non-Firm Connection** 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 **GB 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.

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 relevant **Transmission Network Use of System Charges** and (if appropriate) the **STTEC** and **LDTEC Charge** in respect of its use of the **GB 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 **GB 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**.

11.3 DEFINITIONS

“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. In the circumstances where the User has requested a Design Variation Non-Firm Connection, this agreement will include Restrictions on Availability;**

“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. In the circumstances where the User has requested a Design Variation Non-Firm Connection, this agreement will include Restrictions on Availability;**

“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;

“Design Variation Non-Firm Connection”

is a connection design (which provides for connection to the **GB Transmission System**) which fails to satisfy the deterministic criteria detailed in paragraphs 2.5 to 2.13 of the **GB SQSS**;

“GB SQSS”

is the GB 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);

“Notification of Circuit Outage”

means the notification issued by **The Company** to the **User** in accordance with Clause 10.4 of the relevant **Bilateral Connection Agreement** or Clause 9.2 of the relevant **Bilateral Embedded Generation Agreement** that advises the **User** of the occurrence of the outage of the **Relevant Circuits** and the expected duration of such outage as may be amended by **The Company** from time to time in accordance with the relevant **Bilateral Agreement**. Such notification (including any revisions) shall be substantially in the form set out in Appendix E1 to the relevant **Bilateral Agreement**;

“Notification of Circuit Restriction”

means the notification issued by **The Company** to the **User** in accordance with Clause 10.8 of the relevant **Bilateral Connection Agreement** that advises the **User** of the occurrence of the reduction in capability of the **Relevant Circuits** and the expected duration of such reduction in capability as may be amended by **The Company** from time to time in accordance with the relevant **Bilateral Agreement**. Such notification (including any revisions) shall be substantially in the form set out in Appendix E2 to the relevant **Bilateral Agreement**;

“Notification of Restrictions on Availability”

means a **Notification of Circuit Outage** and/or a **Notification of Circuit Restriction** as applicable;

“Output Useable”

shall have the meaning given to that term in the **Grid Code**;

“Relevant Circuits”

the defined circuits contained within the relevant **Bilateral Agreement**;

“Restrictions on Availability”

is the outage or reduction in capability of the **Relevant Circuits** as set out in the **Notification of Restrictions on Availability**;

PART B – BILATERAL CONNECTION AGREEMENT

SCHEDULE 2 - EXHIBIT 1

DATED []

NATIONAL GRID ELECTRICITY TRANSMISSION PLC (1)

and

[] (2)

THE CONNECTION AND USE OF SYSTEM CODE

BILATERAL CONNECTION AGREEMENT

[INCLUDING RESTRICTIONS ON AVAILABILITY]

*(power station with **Design Variation Non-Firm Connection** only)*

[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] *(power station with Design Variation Non-Firm Connection only)*
 10. Restrictions on availability] *(power station with Design Variation Non-Firm Connection only)*
 119. Term
 1210. Variations
 - ~~11. Restrictive Trade Practices Act~~
 1312. General Provisions
-
- 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 D Transmission Related Agreement Regarding Bid Price/Offer Price Hedge Following Failure to Comply with Restrictions on Availability]
(power station with Design Variation Non-Firm only)
- [Appendix E1 Notification of Circuit Outage] *(power station with Design Variation Non-Firm only)*
- [Appendix E2 Notification of Circuit Restriction] *(power station with Design Variation Non-Firm only)*
- [Appendix E3 Notification of Revocation of Conditions of [Circuit Outage/Circuit Restriction]] *(power station with Design Variation Non-Firm only)*
- 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)

each a “Party” and together the “Parties”.

WHEREAS

- (A) Pursuant to the **Transmission Licence**, **The Company** is required to prepare a Connection and Use of System Code (**CUSC**) setting out the terms of the arrangements for connection to and use of the **GB Transmission System** and the provision of certain **Balancing Services**.
- (B) The **User** has applied for [Connection to] [and use of] [Modification of its existing **Connection** to [and use of]] the **GB Transmission System** and pursuant to the **Transmission Licence** **The Company** is required to offer terms in this respect.
- (C) The **User** has applied for connection [and use] in the capacity of a [] as set out in Paragraph 1.2.4 of the **CUSC**.
- (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**.]

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** 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 Non-Firm 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 Non-Firm only)*;

"Outage Period" the period of time during which the **Outage Conditions** and/or reduced circuit capability apply *(power station with Design Variation Non-Firm only)*.]

1.2 Subject to the provisions of the **CUSC**, this **Bilateral Connection Agreement** and the **Grid Code**, the **User** has the right to be connected to, remain connected to and use the **GB Transmission System** for the duration of this **Bilateral Connection Agreement**.

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 **GB 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** (power station with **Design Variation Non-Firm** only)

The division of ownership of **Plant** and **Apparatus** 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 Non-Firm** only)

[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.]

[The **User** acknowledges that the connection design which provides for connection to the **GB Transmission System** is a variation to the connection design as provided for in Chapter 2 of the **GB SQSS**.]

[It is a condition of the **GB SQSS** that any **Design Variation Non-Firm** satisfies the criteria set out in paragraphs 2.15 to 2.18 (inclusive) of the **GB SQSS** and on that basis and in light of the non standard principles of ownership the following provisions will apply.]

10.4 The Company shall issue to the User a Notification of Circuit Outage that advises the User of the occurrence of the Outage Conditions and where practicable the expected Outage Period. Such notification (including any revision) shall be substantially in the form set out in Appendix E1 and shall be issued:

10.4.1 In the event that the Notification of Circuit Outage relates to a Planned Outage on the GB Transmission System, in accordance with the timetable set out under Grid Code OC2 requirements; or

10.4.2 In the event that the Notification of Circuit Outage relates to any other Event on the GB Transmission System, as soon as reasonably practicable.

10.4.3 For the avoidance of doubt, The Company shall issue such notification of the occurrence of Outage Conditions whenever such conditions occur.

10.4.4 The Company shall promptly notify the User when the Outage Period will or has ceased. Such notification shall be substantially in the form set out in Appendix E3.

10.5 Subject to the requirements under Clause 10.14, 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 set out in Appendix D shall apply.

10.8 The Company shall issue to the User a Notification of Circuit Restriction that advises the User of the occurrence of an event leading to a reduced circuit capability of Circuit []. Such notification (including any revision) shall be substantially in the form set out in Appendix E2 and shall be issued:

10.8.1 In the event that the Notification of Circuit Restriction relates to a Planned Outage on the GB Transmission System, in accordance with the timetable set out under Grid Code OC2 requirements; or

10.8.2 In the event that the **Notification of Circuit Restriction** relates to any other **Event** on the **GB Transmission System**, as soon as reasonably practicable.

10.8.3 For the avoidance of doubt, **The Company** shall issue such notification of the occurrence of reduced circuit capability whenever such conditions occur.

10.8.4 **The Company** shall promptly notify the **User** when the period of reduced circuit capability will or has ceased. Such notification shall be substantially in the form set out in Appendix E3.

10.9 Subject to the requirements under Clause 10.14, **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 set out in Appendix D shall apply.

10.11 Where the **User** becomes aware or is notified by **The Company** of any breach of Clauses 10.7 or 10.10 above the **User** shall forthwith take all reasonable steps to comply with the provisions of that Clause.

10.12 Where there is a breach by the **User** of Clauses 10.7 or 10.10 above **The Company** may treat such breach as an **Event of Default** for the purposes of Section 5 of the **CUSC**.

10.13 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**.

10.14.1 **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 **GB 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 Parties

acknowledge however that even where planned outages are coordinated and agreed that a Party may need to cancel or change such planned outage.

10.14.2 The Parties 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.]

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

~~1012.~~ VARIATIONS

~~1012.1.1~~ Subject to Clause ~~1012.2~~, ~~1012.3~~ and ~~1012.4~~ below, no variation to this **Bilateral Connection Agreement** shall be effective unless made in writing and signed by or on behalf of both **The Company** and the **User**.

~~1012.2~~ **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.

~~1012.3~~ **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**.

~~1012.4~~ Appendices A and B shall be varied automatically to reflect any change to the **Construction Works** or **Transmission Connection Assets** as provided for in the **Construction Agreement**.

~~11.~~ 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 **Bilateral Connection Agreement** shall not take effect or shall cease to have effect:~~

~~11.1.1 if a copy of this **Bilateral Connection Agreement** is not provided to the Department of Trade and Industry (“DTI”) within 28 days of the date of this **Bilateral Connection Agreement**; or~~

~~11.1.2 if, within 28 days of the provision of that copy to the DTI, the DTI gives notice of objection to the party providing it.~~

1213. GENERAL PROVISIONS

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

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

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

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>
-------------------	--------------------	------------	-------------

(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

Company:

Grid Supply Point/Connection Site:

Part 1 Connection Entry Capacity

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

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

Part 2 Transmission Entry Capacity

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

	TEC(MW)
Power Station	[]

Part 3 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)

APPENDIX C (Interconnector Owners)

CONNECTION ENTRY CAPACITY AND TRANSMISSION ENTRY CAPACITY

Company:

Connection Site:

Part 1 Connection Entry Capacity

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

	CEC(MW)
Interconnector	[]

Part 2 Transmission Entry Capacity

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

Interconnector	[]
----------------	---------

Part 3 BM Units comprising Interconnector

All BMU's starting with an identifier [I_FRA for example]. No need to list all individual BMU's

Part 4 Figure for the Purposes of CUSC Paragraph 9.6

APPENDIX D

TRANSMISSION RELATED AGREEMENT REGARDING

BID PRICE/OFFER PRICE HEDGE

FOLLOWING FAILURE TO COMPLY WITH

RESTRICTIONS ON AVAILABILITY

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 [10/9] 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 a **Condition Period** or a period of reduced circuit capability:-

(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 required under Clause [10/9] of the **Bilateral Agreement**, then the following formula shall apply:-

$$\text{PNGC}_i = \sum_{J \in j} \sum_n (\min(0, \text{PB}_{ij}^n) \times \text{QAB}_{ij}^n + \max(0, \text{PO}_{ij}^n) \times \text{QAO}_{ij}^n)$$

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**

$\sum_{J \in j}$

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_{ij}^n = **Bid Price n for BM Unit i in Settlement Period j**

QAB_{ij}^n = **Period BM Unit Total Accepted Bid Volume**

PO_{ij}^n = **Offer Price n for BM Unit i in Settlement Period j**

QAO_{ij}^n = **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.]

[APPENDIX E1

NOTIFICATION OF CIRCUIT OUTAGE

This notification is made by:

[provide details of nominated person at **The Company**]

to:

[provide details of nominated person at the **User**]

on:

[time and date].

NOTIFICATION

The **User** is advised of the occurrence of **Outage Conditions** [list conditions] for the **Outage Period** from [start of period] to [end of period].

ADDITIONAL INFORMATION

This notification is with respect to the following **Relevant Circuits**:

[list affected circuits]

These circuits are unavailable as a result of:

[Description of reason for notification; for example

a [planned/unplanned/planned or unplanned] incident occurring directly on **Circuit []**; or

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 []**.]

[Other information relevant to the notification as appropriate.]

In accordance with its obligations under 10.6 of this **Bilateral Connection Agreement**, the **User** will acknowledge receipt of this **Notification of Circuit Outage** and where practicable shall revise its **Output Useable** forecast for the affected **BM Unit** accordingly.

This notification will remain in force until such time as **The Company** issues **Notification of Revocation of Conditions of Circuit Outage**.]

[APPENDIX E2

NOTIFICATION OF CIRCUIT RESTRICTION

This notification is made by:

[provide details of nominated person at **The Company**]

to:

[provide details of nominated person at the **User**]

on:

[time and date]

NOTIFICATION

The **User** is advised of the occurrence of an event leading to a reduced circuit capability of **Circuit(s)** [list affected circuit(s)] for the **Outage Period** from [start of period] to [end of period].

ADDITIONAL INFORMATION

This notification is with respect to the following **Relevant Circuits**:

[list affected circuits]

These circuits are of reduced capability as a result of:

[Description of reason for notification; for example

a [planned/unplanned/planned or unplanned] incident occurring directly on **Circuit []**; or

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 []**.]

[Other information relevant to the notification as appropriate.]

In accordance with its obligations under 10.10 of this **Bilateral Connection Agreement**, the **User** will acknowledge receipt of this **Notification of Circuit Restriction** and where practicable shall revise its **Output Useable** forecast for the affected **BM Unit** accordingly.

This notification will remain in force until such time as **The Company** issues **Notification of Revocation of Conditions of Circuit Restriction**.]

[APPENDIX E3

**NOTIFICATION OF REVOCATION OF CONDITIONS
OF [CIRCUIT OUTAGE/CIRCUIT RESTRICTION]**

This notification is made with respect to the **[Notification of Circuit Outage/Notification of Circuit Restriction]** made by:

[provide details of nominated person at **The Company**]

to:

[provide details of nominated person at the **User**]

on:

[time and date].

The **Outage Period** detailed in that notification [will cease on []/has ceased] and hence that notification is revoked.

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

PART C – BILATERAL EMBEDDED GENERATION AGREEMENT

SCHEDULE 2 - EXHIBIT 2

DATED []

NATIONAL GRID ELECTRICITY TRANSMISSION PLC (1)

and

[] (2)

THE CONNECTION AND USE OF SYSTEM CODE

BILATERAL EMBEDDED GENERATION AGREEMENT

[INCLUDING RESTRICTIONS ON AVAILABILITY]

(power station with Design Variation Non-Firm Connection only)

[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 Non-Firm** only)*
 - ~~9~~10. Term
 - ~~10~~11. Variations
 - ~~11.~~ Restrictive Trade Practices Act
 12. General Provisions
- Appendix A The Site of Connection
- Appendix B Charges and Payment
- Appendix C Transmission Entry Capacity
- [Appendix D Transmission Related Agreement Regarding Bid Price/Offer Price Hedge Following Failure to Comply with Restrictions on Availability]
*(power station with **Design Variation Non-Firm Connection** only)*
- [Appendix E1 Notification of Circuit Outage] *(power station with **Design Variation Non-Firm Connection** only)*
- [Appendix E2 Not Used]
- [Appendix E3 Notification of Revocation of Conditions of Circuit Outage] *(power station with **Design Variation Non-Firm Connection** only)*
- 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).

each a “Party” and together the “Parties”.

WHEREAS

- (A) Pursuant to the **Transmission Licence**, **The Company** is required to prepare a Connection and Use of System Code (**CUSC**) setting out the terms of the arrangements for connection to and use of the **GB Transmission System** and the provision of certain **Balancing Services**.
- (B) The **User** has applied for use of the **GB 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 **GB 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

1.1 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 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 Non-Firm Connection** 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 Non-Firm Connection only);

“Outage Period” the period of time during which the Outage Conditions apply (power station with Design Variation Non-Firm Connection only).]

1.2 Subject to the provisions of the CUSC, this Bilateral Embedded Generation Agreement and the Grid Code, the User has the right to use the GB Transmission System for the duration of this Bilateral Embedded Generation Agreement.

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 **GB 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. ~~ENTRY ACCESS CAPACITY~~TRANSMISSION ENTRY CAPACITY

7.1 The ~~Entry Access Capacity~~**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** ~~will~~**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 Non-Firm Connection only)

9.1 The design of the connection of the **Distribution System** (to which the **User** is to connect) to the **GB Transmission System** is when studied under Chapter 2 of the **GB SQSS** a variation to the connection design as provided for in that chapter. It is a condition of the **GB SQSS** that any variation to the connection design satisfies the criteria set out in paragraphs 2.15 to 2.18 (inclusive) of the **GB SQSS** and on that basis the following provisions shall apply.

9.2 **The Company** shall issue to the **User** a **Notification of Circuit Outage** that advises the **User** of the occurrence of the **Outage Conditions** and where practicable the expected **Outage Period**. Such notification (including any revision) shall be substantially in the form set out in Appendix E1 and shall be issued:

9.2.1 In the event that the **Notification of Circuit Outage** relates to a **Planned Outage** on the **GB Transmission System**, in accordance with the timetable set out under **Grid Code OC2** requirements; or

9.2.2 In the event that the **Notification of Circuit Outage** relates to any other **Event** on the **GB Transmission System**, as soon as reasonably practicable.

9.2.3 For the avoidance of doubt, **The Company** shall issue such notification of the occurrence of **Outage Conditions** whenever such conditions occur.

9.2.4 **The Company** shall promptly notify the **User** when the **Outage Period** will or has ceased. Such notification shall be substantially in the form set out in Appendix E3.

9.3 Subject to the requirements under Clause 9.9, **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 set out in Appendix D shall apply.

9.6 Where the **User** becomes aware or is notified by **The Company** of any breach of Clause 9.5 above the **User** shall forthwith take all reasonable steps to comply with the provisions of that Clause.

9.7 Where there is a breach by the **User** of Clause 9.5 above **The Company** may treat such breach as an **Event of Default** for the purposes of Section 5 of the **CUSC**.

9.8 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**.

9.9.1 **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 the **Outage Conditions**. **The Company** and the **User** will, recognising the effect of the **Outage Conditions** on the **User's** operations, coordinate the **Outage Conditions** on the **GB 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 Parties acknowledge however that even where planned outages are coordinated and agreed that a Party may need to cancel or change such planned outage.

9.9.2 The Parties 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 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**.]

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**.

1011. VARIATIONS

1011.1 Subject to **1011.2** and **1011.3**, 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**.

1011.2 **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.

1011.3 **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**.

~~**11. 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 **Bilateral Embedded Generation Agreement** shall not take effect or shall cease to have effect:~~

~~11.1.1 if a copy of this **Bilateral Embedded Generation Agreement** is not provided to the Department of Trade and Industry ("DTI") within 28 days of the date of this **Bilateral Embedded Generation Agreement**; or~~

~~11.1.2 if, within 28 days of the provision of that copy to the DTI, the DTI gives notice of objection to the party providing it.~~

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 D

TRANSMISSION RELATED AGREEMENT REGARDING
BID PRICE/OFFER PRICE HEDGE
FOLLOWING FAILURE TO COMPLY WITH
RESTRICTIONS ON AVAILABILITY

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 [10/9] 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 a **Condition Period** or a period of reduced circuit capability:-

(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 required under Clause [10/9] of the **Bilateral Agreement**, then the following formula shall apply:-

$$PNGC_i = \sum_{J \in j} \sum^n (\min(0, PB^{n_{ij}}) \times QAB^{n_{ij}} + \max(0, PO^{n_{ij}}) \times QAO^{n_{ij}})$$

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**

\sum

$J \in j$ 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_{ij}^n = **Bid Price** n for **BM Unit** i in **Settlement Period** j

QAB_{ij}^n = **Period BM Unit Total Accepted Bid Volume**

PO_{ij}^n = **Offer Price** n for **BM Unit** i in **Settlement Period** j

QAO_{ij}^n = **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.]

[APPENDIX E1

NOTIFICATION OF CIRCUIT OUTAGE

This notification is made by:

[provide details of nominated person at **The Company**]

to:

[provide details of nominated person at the **User**]

on:

[time and date].

NOTIFICATION

The **User** is advised of the occurrence of **Outage Conditions** [list conditions] for the **Outage Period** from [start of period] to [end of period].

ADDITIONAL INFORMATION

This notification is with respect to the following **Relevant Circuits**:

[list affected circuits]

These circuits are unavailable as a result of:

[Description of reason for notification; for example

a [planned/unplanned/planned or unplanned] incident occurring directly on **Circuit []**; or

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 []**.]

[Other information relevant to the notification as appropriate.]

In accordance with its obligations under 9.4 of this **Bilateral Embedded Generation Agreement**, the **User** will acknowledge receipt of this **Notification of Circuit Outage** and where practicable shall revise its **Output Useable** forecast for the affected **BM Unit** accordingly.

This notification will remain in force until such time as **The Company** issues **Notification of Revocation of Conditions of Circuit Outage**.]

[APPENDIX E2

Not Used]

[APPENDIX E3

NOTIFICATION OF REVOCATION OF CONDITIONS OF CIRCUIT OUTAGE

This notification is made with respect to the **Notification of Circuit Outage** made by:

[provide details of nominated person at **The Company**]

to:

[provide details of nominated person at the **User**]

on:

[time and date].

The **Outage Period** detailed in that notification [will cease on []/has ceased] and hence that notification is revoked.

APPENDIX F1

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

**PART D – CONNECTION OFFER FOR DIRECTLY CONENCTED
USERS**

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 GB TRANSMISSION SYSTEM**

The Company Secretary

Date: []

Dear Sirs

CONNECTION OFFER - [site] [reference]

Set out below is our offer for connection [and use of the **GB 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 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**.
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 that in accordance with the obligation in Paragraph 3.9.2 of the **CUSC**, each **User of the GB Transmission System** shall be liable to pay **The Company** (or **The Company** shall be liable to pay the **User**) the relevant **Transmission Network Use of System Charges**. Further information about these charges (including the **Statement of Use of System Charges** and **Statement of the Use of System Charging Methodology**) can be found on **The Company's** website (www.nationalgrid.com/uk/Electricity/Charges/) or by contacting [description].

67. 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**.
78. 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**.
89. To accept this **Offer**, please sign 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**.
910. All communications in relation to this **Offer** must, in the first instance, be directed to [description].

Yours faithfully

.....

for and on behalf of

The National Grid Company plc

* Delete if connection only.

SECTION A
FORM OF BILATERAL CONNECTION AGREEMENT
AND CONSTRUCTION AGREEMENT
[AND CUSC ACCESSION AGREEMENT]

END OF EXHIBIT C

**PART E – USE OF SYSTEM OFFER FOR EMBEDDED GENERATOR,
DISTRIBUTION INTERCONNECTOR OWNER AND SMALL POWER
STATION TRADING PARTY**

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 **GB 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**;
- 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 that in accordance with the obligation in Paragraph 3.9.2 of the **CUSC**, each **User** of the **GB Transmission System** shall be liable to pay **The Company** (or **The Company** shall be liable to pay the **User**) the relevant **Transmission Network Use of System Charges**. Further information about these charges (including the **Statement of Use of System Charges** and **Statement of the Use of System Charging Methodology**) can be found on **The Company's** website (www.nationalgrid.com/uk/Electricity/Charges/) or by contacting [description].]

56 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**.

67 To accept this offer, please sign 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**.

78 All communications in relation to this **Offer** should, in the first instance, be directed to [Description].]

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

PART F – CONNECTION APPLICATION FORM

CUSC - EXHIBIT B

**THE CONNECTION AND USE OF SYSTEM CODE
CONNECTION APPLICATION**

**DIRECTLY CONNECTED POWER STATIONS
NON EMBEDDED CUSTOMER
DISTRIBUTION SYSTEM DIRECTLY CONNECTED TO THE
GB TRANSMISSION SYSTEM**

PLEASE STUDY THE FOLLOWING NOTES BEFORE COMPLETING AND SIGNING THE APPLICATION FORM.

1. National Grid Electricity Transmission plc (“**The Company**”) 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 use of*] the **GB 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 should be accurate.

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.

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**, the **Applicant** must immediately inform **The Company** of such a change.
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 advance application fee pursuant to Paragraph 4 above or the date when **The Company** is reasonably satisfied that the **Applicant** has completed Sections 1-4. **The Company** shall notify the **Applicant** of such date.
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 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 **GB Transmission System** with their **Distribution System(s)** or to consult the **Relevant Transmission Licensees** to establish the works required on the **GB 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 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**

* Delete if applying for connection only

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 **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 National Grid website at www.nationalgrid.com/uk 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.
12. In particular, **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 please contact **The Company** for further details.
13. **Applicants** which are licensed generators 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 National Grid Electricity Transmission plc's Headquarters for further information where our staff will be pleased to help.
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.
15. **Applicants have the option to request a Connection Offer on the basis of a Design Variation Non-Firm . In requesting such an Offer, the Applicant acknowledges that the connection design (which provides for connection to the GB Transmission System) will fail to satisfy the deterministic criteria detailed in paragraphs 2.5 to 2.13 of the GB SQSS. 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. 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 7. 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.

17. Please complete this application form in black print and return it together with a cheque for the appropriate application fee to Customer Agreements Manager, National Grid Electricity Transmission plc, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA (Telephone No. 01926 65 3000).
18. For the most up to date contact details applicants are advised to contact the National Grid website at www.nationalgrid.com/uk.

A. DETAILS OF APPLICANT

1. Name:

2. Address:

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3. Registered Office/Address (including e-mail address for CUSC notices):

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.....

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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:

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5. If **Applicant** is an agent, please give name(s) and address(es) of person(s) for whom the **Applicant** is acting:

.....

.....

6 If this is an application for connection to the **GB Transmission System** in England and Wales please complete 6a. If this is an application for connection to the **GB Transmission System** in Scotland please complete 6b.

6a. Have you made any applications for connection to the **GB 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

list the applications .

not sure

(**The Company** will contact you to clarify)

6b. Have you made any applications for connection to the **GB 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?**

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

list the applications .

not sure

(**The Company** will contact you to clarify)

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

1. Please identify (preferably by reference to an extract from an Ordnance Survey Map) the intended location (the "**Connection Site**") of the **Plant** and **Apparatus** (the "**User Development**") which it is desired should be connected to the **GB 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.

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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**.

.....
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.....
.....

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) in so far as you are aware.

.....
.....
.....

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 (7) above the **Applicant's** suggested location for it - giving dimensions of the area.

.....

.....

6. If you are prepared to make available to **The Company** or, for **Connection Sites** in Scotland, the **Relevant Transmission Licensee** the land necessary for the said sub-station, please set out brief proposals for their interest in it including (if relevant) such interest and the consideration to be paid for it.

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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 (7) above the location of such areas, giving the approximate dimensions of the same.

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8. 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 including the results of the following tests:-

[The Company to specify]

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.....

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.

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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.

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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.

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C. TECHNICAL INFORMATION

1. Please provide the data listed in Part 1 of the Appendix to the **Planning Code** which are applicable to you. 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.
2. Please provide a copy of your **Safety Rules** if not already provided to **The Company**.
3. Please indicate any terms which you are prepared to offer for:-

- | | | |
|----|--|---------------|
| a. | Black Start Capability | YES/NO |
| b. | Gas Turbine Unit Fast Start | YES/NO |
| c. | Synchronous Compensation | YES/NO |
| d. | Pumped Storage Unit Spinning-in-Air | YES/NO |
| e. | Pumped Storage | YES/NO |
| f. | Pumped Storage Plant Fast Start from Standstill | YES/NO |
| g. | Demand Reduction | YES/NO |
| h. | Adjustment to Pumped Storage Unit Pumping Programme | YES/NO |
| i. | Hot Standby | YES/NO |

4. Please enclose a draft **Interface Agreement** (if applicable).
5. Please confirm your intended **Connection Entry Capacity**.
6. Please confirm the intended **Transmission Entry Capacity**.

7. 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 **GB SQSS** YES/NO

b. You would like an offer on the basis of a **Design Variation Non-Firm Connection** YES/NO

If yes, please provide any information relevant to such an offer below.

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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

D. PROGRAMME

Please provide a suggested construction programme in bar chart form for the construction 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.

CONNECTION APPLICATION

1. We hereby apply to connect our **Plant** and **Apparatus** to the **GB 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**, should it be considered necessary.
5. We confirm that we do/do not meet **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 [please insert appropriate description from the table in Paragraph 1.2.4 of the **CUSC**].

SIGNED BY)
)
)
)

For and on behalf of the Applicant

Date:

ANNEX 3 – WORKING GROUP TERMS OF REFERENCE AND MEMBERSHIP

Working Group Terms of Reference and Membership

RESPONSIBILITIES

1. The Working Group is responsible for assisting the CUSC Amendments Panel in the evaluation of CUSC Amendment Proposal CAP149 tabled by Aileen McLeod at the Amendments Panel meeting on 29th June 2007.
2. The proposal must be evaluated to consider whether it better facilitates achievement of the applicable CUSC objectives. These can be summarised as follows:
 - (a) the efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence; and
 - (b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity.
3. It should be noted that additional provisions apply where it is proposed to modify the CUSC amendment provisions, and generally reference should be made to the Transmission Licence for the full definition of the term.

SCOPE OF WORK

4. The Working Group must consider the issues raised by the Amendment Proposal and consider if the proposal identified better facilitates achievement of the Applicable CUSC Objectives.
5. In addition to the overriding requirement of paragraph 4, the Working Group shall consider and report on the following specific issues:
 - Regulatory, Licence and Legislative Issues - any NG or Scottish TO Licence changes, any discrimination issues
 - TEC-Lite Product definition and scope - attributes, eligibility, applications process, allocation criteria
 - Operational Aspects – reduction in access management approach, Connection Queue Management
 - Longer Term System Issues - planning assumptions TEC and TEC-Lite, Impact on Security of Supply, Impact on SQSS
 - Impact on Industry Documents and Systems requiring change to implement CAP149 - CUSC (including Bilateral Agreements), STC, BSC, BSAD, Transmission Charging Methodology, Transmission licences, Grid Code, GBSQSS
 - Other Issues - Interaction with TASG and BSSG

ASSESSMENT AGAINST APPLICABLE CUSC OBJECTIVES

6. The Working Group is responsible for the formulation and evaluation of any Working Group Alternative Amendments (WGAAs) arising from Group discussions which would, as compared with the Amendment Proposal, better facilitate achieving the applicable CUSC objectives in relation to the issue or defect identified.
7. The Working Group should become conversant with the definition of Working Group Alternative Amendments which appears in Section 11 (Interpretation and Definitions) of the CUSC. The definition entitles the Group and/or an individual Member of the Working Group to put forward a Working Group Alternative Amendment if the Member(s) genuinely believes the Alternative would better facilitate the achievement of the Applicable CUSC Objectives. The extent of the support for the Amendment Proposal or any Working Group Alternative Amendment arising from the Working Group's discussions should be clearly described in the final Working Group Report to the CUSC Amendments Panel.
8. The Working Group is to submit their final report to the CUSC Panel Secretary on 20th September 2007 for circulation to Panel Members. The conclusions will be presented to the CUSC Panel meeting on 28th September 2007.

MEMBERSHIP

9. It is recommended that the Working Group has the following members:

Chair	Tony Dicicco
National Grid	Tom Ireland Emma Carr
Industry Representatives	James Anderson Garth Graham Paul Jones Merel Kolfeschote Robert Longden Aileen McLeod John Morris Alec Morrison Bill Reed David Scott
Authority Representative	Karron Baker
Technical Secretary	Sarah Hall

10. The membership can be amended from time to time by the CUSC Amendments Panel.

RELATIONSHIP WITH AMENDMENTS PANEL

11. The Working Group shall seek the views of the Amendments Panel before taking on any significant amount of work. In this event the Working Group Chairman should contact the CUSC Panel Secretary.
12. Where the Working Group requires instruction, clarification or guidance from the Amendments Panel, particularly in relation to their Scope of Work, the Working Group Chairman should contact the CUSC Panel Secretary.

MEETINGS

13. The Working Group shall, unless determined otherwise by the Amendments Panel, develop and adopt its own internal working procedures and provide a copy to the Panel Secretary for each of its Amendment Proposals.

REPORTING

14. The Working Group Chairman shall prepare a final report to the 28th September 2007 Amendments Panel responding to the matter set out in the Terms of Reference.
15. A draft Working Group Report must be circulated to Working Group members with not less than five business days given for comments.
16. Any unresolved comments within the Working Group must be reflected in the final Working Group Report.
17. The Chairman (or another member nominated by him) will present the Working Group report to the Amendments Panel as required.

ANNEX 4 – INTERNAL WORKING GROUP PROCEDURE

1. Very summary meeting notes of agreements reached or issues raised for further assessment, together with actions from each meeting will be produced by the Technical Secretary (provided by National Grid) and circulated to the Chairman and Working Group members for review.
2. The notes and actions will be published on the National Grid CUSC Website after they have been agreed at the next meeting or sooner on agreement by Working Group members.
2. The Chairman of the Working Group will provide an update of progress and issues to the Amendments Panel each month as appropriate.
4. Working Group meetings will be arranged for a date acceptable to the majority of members and will be held as often as required as agreed by the Working Group in order to respond to the requirements of the Terms of Reference set by the Amendments Panel.
5. If within half an hour after the time for which the Working Group meeting has been convened the Chairman of the group is not in attendance, the meeting will take place with those present.
6. A meeting of the Working Group shall not be invalidated by any member(s) of the group not being present at the meeting.

ANNEX 5 – DEFINITIONS

“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**. In the circumstances where the **User** has requested a **Design Variation Non-Firm** , this agreement will include **Restrictions on Availability**;

“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**. In the circumstances where the **User** has requested a **Design Variation Non-Firm** , this agreement will include **Restrictions on Availability**;

“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;

“Design Variation Non-Firm Connection”

is a connection design (which provides for connection to the **GB Transmission System**) which fails to satisfy the deterministic criteria detailed in paragraphs 2.5 to 2.13 of the **GB SQSS**;

“GB SQSS”

is the GB 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);

“Notification of Circuit Outage”

means the notification issued by **The Company** to the **User** in accordance with Clause 10.4 of the relevant **Bilateral Connection Agreement** or Clause 9.2 of the relevant **Bilateral Embedded Generation Agreement** that advises the **User** of the occurrence of the outage of the **Relevant Circuits** and the expected duration of such outage as may be amended by **The Company** from time to time in accordance with the relevant **Bilateral Agreement**. Such notification to be in accordance with **Grid Code** OC2 requirements;

“Notification of Circuit Restriction”

means the notification issued by **The Company** to the **User** in accordance with Clause 10.8 of the relevant **Bilateral Connection Agreement** that advises the **User** of the occurrence of the reduction in capability of the **Relevant Circuits** and the expected duration of such reduction in capability as may be amended by **The Company** from time to time in accordance with the relevant **Bilateral Agreement**. Such notification to be in accordance with **Grid Code** OC2 requirements;

“Notification of Restrictions on Availability”

means a **Notification of Circuit Outage** and/or a **Notification of Circuit Restriction** as applicable;

“Output Useable”

shall have the meaning given to that term in the **Grid Code**;

“Relevant Circuits”

the defined circuits contained within the relevant **Bilateral Agreement**;

“Restrictions on Availability”

is the outage or reduction in capability of the **Relevant Circuits** as set out in the **Notification of Restrictions on Availability**;

“Transmission Related Agreement”

the agreement of even date relating to [] entered into between the parties for the provision of and payment for **Balancing Services** in respect to **Bid-Offer Acceptances**.