CONSULTATION ALTERNATIVE CONSULTATION DOCUMENT

CUSC Amendment Proposal CAP149

Transmission Entry Capacity with restricted access rights

The purpose of this document is to consult on Consultation Alternative Amendment Proposal CAP 149 with CUSC Parties and other interested Industry members

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CUSC Parties	Various
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Interested Parties	Various
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1.0 SUMMARY AND VIEWS

Executive Summary

1.1 CAP149, Transmission Entry Capacity with restricted access rights (TEC-lite), was proposed by SSE Generation, and seeks to amend the CUSC to formalise existing transmission access arrangements whereby some Users, through non-standard variations to their Bilateral Connection Agreement (BCA), have restricted access to the GB Transmission System.

1.2 The User's rights with regards to the export of power onto 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 was envisaged by the proposer that the Transmission Network Use of System (TNUoS) charge for the TEC-lite access product would be lower than the charge for TEC, but this falls outside the remit of the CUSC and therefore this amendment proposal.

1.3 The CUSC panel sent CAP149 to a Working Group (WG) for consideration. The WG agreed early on that creating a separate access product from TEC 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. The Working Group recommended that this should form the basis of a Working Group Alternative Amendment (WGAA1).

1.4 The Working Group 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 BCA is revised before connection. Furthermore, existing Users with restricted access would have the option to adopt these changes through the Modification Application process.

1.5 Scottish and Southern Energy raised Consultation Alternative Amendment 1 (CAA1), which is identical to the WGAA1, with the exception of how loss of access is compensated for Users with connection design variations. The revised legal text differentiates between two subsets of design variation connection; those with charging arrangements that take specific account of any reduced asset investment and those that pay the same charges as a fully compliant User. National Grid has recently published a Consultation (GBECM-09) for the charging arrangements for GB Security and Quality of Supply Standards (SQSS) design variations based upon customer requests.

1.6 CAA1 proposes Users that qualify for an adjustment to transmission charges will remain uncompensated for loss of access resulting from the lower security standard requested connection. Interruption Payments would be made to all remaining design variation connected Users that pay the full unadjusted transmission tariff.

1.7 National Grid raised Consultation Alternative Amendment 2 (CAA2), which seeks to achieve the same objectives as WGAA1 but through a more efficient mechanism. CAA2 broadly differs from WGAA1 in three areas; National Grid's ability to amend design variation clauses following changes to the transmission

system, steps following the breach of Clause 10 arrangements and the design variation outage notification process.

National Grids View

1.8 National Grid supports the objectives of CAP149 in terms of increasing the transparency and standardisation of the transmission agreements for design variation connections. That withstanding, National Grid believes that the processes proposed in CAP149 Original and WGAA1 are not the most efficient mechanisms by which to achieve these objectives, and consequently proposes a Consultation Alternative Amendment, CAA2.

1.9 National Grid believes CAA2 provides a transparent and standard template for future design variation connections, whilst avoiding cross governance issues and maintaining its ability to continue to meet the SQSS for design variations.

1.10 National Grid believes that CAA1 would lead to access compensation payments for non-standard ownership boundary design variations. It is inappropriate for Users to receive Interruption payment for assets that a compliant user would own.

2.0 PURPOSE AND INTRODUCTION

2.1 This is a consultation document issued by National Gird under the rules and procedures specified in the Connection and Use of System Code (CUSC) as designated by the Secretary of State.

2.2 CAP 149 was proposed by Scottish and Southern Energy and submitted to the CUSC Amendment Panel for consideration at their meeting on 29th June. The CAP 149 Working Group Report was submitted to the CUSC panel meeting on 28th September 2007. Following evaluation by the Working Group the Amendments Panel determined that the issue should proceed to wider industry consultation by National Grid.

2.3 Consultation and invited views on CAP149 concluded on 16th November 2007. The first Consultation Alternative Amendment to CAP149 was proposed by Scottish and Southern Energy and the second was proposed by National Grid. This document seeks views from industry members relating to the two Consultation Alternatives.

2.4 Under the terms of the CUSC there is a requirement for a further period of consultation to be undertaken in order to allow the Industry to consider the proposed Consultation Alternative Amendment. All the correspondence received in response to the original consultation is contained in Annex 3.

2.5 This consultation document outlines the Consultation Alterative Amendments 1 & 2. Representations received in response to this consultation document will be included in National Grid's Amendment Report that will be furnished to the Authority for their decision.

2.6 In order to assist the reader in assessing the implications of CAA1 and CAA2, the definition and existing arrangements for connection design variation are outlined below.

2.7 As defined within the SQSS, connection design variations are generation customer requests to connect at a standard not compliant with the standard generation connection criteria. That withstanding, the proposed design must satisfy the following criteria:

"2.16 - Any generation connection design variation must not, other than in respect of the generation customer requesting the variation, either immediately or in the foresee future:

- reduce the security of the MITS to below the minimum planning criteria specified in Section 4; or
- result in additional investment or operational costs to any particular customer or overall, or a reduction in the security and quality or supply or the affected customers' connections to below the planning criteria in this section or Section 3, unless specific agreements are reached with affected customers; or
- compromise any GB transmission licensee's ability to meet other statutory obligations or license obligations."

2.8 This Consultation Alternative Amendment consultation document has been prepared in accordance with the terms of the CUSC. An electronic copy can be found on the National Grid website, at www.nationalgrid.com/uk/Electricity/Codes/ along with the Original Consultation Report, the Working Group Report for and the Amendment Proposal form. This document invites views upon the Consultation Alternative Amendment and the **closing date is 21st December** for responses.

3.0 THE CONSULTATION ALTERNATIVE AMENDMENTS

Consultation Alternative Amendment 1 (CAA1)

3.1 CAA1 was raised by Scottish and Southern Energy and has only one difference to WGAA1, which is the revision of clause 10.13 of Schedule 2 Exhibit 1 (Bilateral Connection Agreement) and clause 9.8 of Schedule 2 Exhibit 2 (Bilateral Embedded Generation Agreement); both of these clauses being identical.

3.2 The defect originally identified by the CUSC amendment proposal was:

"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."

3.3 The proposer of CAA1 states that although WGAA1 addresses the access rights aspect of this defect, it fails to address the charging aspect. It was noted that National Grid has recently published a Consultation (GBECM-09) for the charging arrangements associated with SQSS design variations, however, these charging arrangements are yet to be implemented.

3.4 In the absence of such changes to the TNUoS Charging Methodology, the purpose of CAA1 is to equalise Users rights of access to the GB Transmission System.

3.5 CAA1 proposes that if a User is paying for full access rights to the GB transmission system (i.e. full TNUoS) then that User should have full access rights to that system. If a Charging Methodology change is implemented, then this principle would no longer be valid.

3.6 CAA1 seeks to achieve this principle by differentiating between non-firm design variation generator connections that qualify for a TNUoS charging adjustment and those that are subject to the full transmission charge.

3.7 The proposer states that those that pay for the full access product are entitled to equal access rights in the form of Interruption Payments for loss of access. This is achieved by classifying deenergisation of such connections as Relevant Interruptions rather than Allowed Interruptions. As described under Section 5 of the CUSC in the event of a Relevant Interruption a User is entitled to request an Interruption payment.

3.8 It is argued that if a User qualifies for a design variation TNUoS adjustment compensation has already been paid for opting for a potentially lower cost connection design, therefore CAA1 states deenergisation of such connections remain an Allowed Interruption and therefore do not received an Interruption payment.

3.9 The proposer stated that by equalising access rights, more Interruption Payments may be made; however, the proposer does not believe that the CAA proposal would result in additional costs to Users of the GB Transmission System. This is because additional compensation payments would be more than offset by the savings of lesser TO Capex and Opex. Two justifications presented by the proposer are:

- The SQSS does not allow a different standard of connection to be offered where this would result in additional investment or operational costs to any particular customer or overall; hence, if additional costs were forecast then the Non-Firm design variation would not, indeed could not, be offered.
- The principle that has historically underpinned the deterministic planning standards is an economic cost-benefit analysis. The most efficient connection design (and most appropriate level of security) is established by assessing the lifetime cost of the asset (Capex and Opex) and the value of lost energy of different connection designs. The connection design of lowest cost is, generally, the most efficient option. Importantly, this analysis takes account of the value of lost energy; hence, with CAA1 where Users with a non-firm design variation were compensated for loss of system access, it remains the case that for this connection design to be offered it must be the lowest cost solution overall. And the lowest cost solution equals the lowest TNUoS pot equals the lowest cost to all Users.

Consultation Alternative Amendment 2 (CAA2)

3.10 CAA2 is proposed by National Grid and is based on WGAA1 with several amendments to the legal drafting.

3.11 A comparison of the differences between WGAA1 and CAA2 is shown below:

Feature	WGAA1	CAA2
Mechanism for changes in the transmission network	Bilateral Connection Agreements must be individually negotiated to re-establish SQSS compliance for design variations	National Grid is able to revise Clauses 1 & 10 and the Outage Conditions of BCAs so that SQSS compliance is maintained for design variation connections
Event of default	Following the breach of Clause 10 design variation arrangements only possible action is to initiate an Event of Default	An additional step is introduced allowing the User to justify multiple breaches. Failure to do so, permits National Grid to reduce TEC, if required, to avoid further impact on the system and other Users until remedied
Notification for outage of named circuits	Outages of named circuits are specifically communicated by a dedicated CUSC driven process	Operating data relating to the outage of named circuits are made within the existing OC2 Grid Code process

SQSS compliance following changes to the transmission system

3.12 National Grid has a Transmission Licence obligation to ensure the Great Britain system is SQSS compliant. Existing BCAs for connection design variation Users allow National Grid to revise such agreements, to make the necessary changes to ensure the SQSS design variation criteria are maintained. WGAA1 removes this right and consequently any required changes would require bilateral negotiation between the parties. Clearly, relying on other Users to voluntarily accept additional access restriction to allow connection of other generators can not be relied upon.

3.13 Refusal by any party to accept the required contractual changes would require National Grid to request a derogation against the requirement of the SQSS connection criteria. National Grid does not believe this is acceptable as it still remains a design variation connection.

3.14 If transmission system changes result in a connection design variation no longer complying with the SQSS criteria, CAA1 gives National Grid the right to make updates to 'outage conditions', Clause 1 and Clause 10 of the User's BCA. Such amendments are referable to the Authority providing the User with the ability to contest and are consistent with existing bilateral agreements with Users

Event of Default

3.15 Within WGAA1 if a User fails to comply with the required access restriction following a Notification of Circuit Outage or Restriction the necessary Bid-Offer Acceptances are issued to ensure the required action is achieved. The provisions with CUSC Appendix D, Transmission Related Agreement, claw back the financial implication of such an action. The only mitigating action available to avoid another breach is to treat such action as an Event of Default.

3.16 CAA2 seeks to provide an additional course of action following a User's failure to comply to reduce its MEL as requested following outage condition notification. This avoids the requirement to immediately initiate the Event of Default process. CAA2 permits a User an opportunity to justify the breach and agree preventative measures. Failure to provide a reasonable justification provides National Grid with the ability to reduce Transmission Export Capacity to avoid further impact on other Users and the system. National Grid believe that this approach provides a more reasonable and pragmatic approach.

Named circuit outage notification

3.17 SQSS design variation criteria state that the consequential risks associated with a non compliant connection must sit with the requesting User. This includes tracking and assessing the consequences of outages of named circuits. National Grid has an obligation to provide operation planning information in a format to allow the User to do so. This is performed within the existing OC2 Grid Code process, and the format of which is to be reviewed to enable the User to better manage the task.

3.18 To avoid cross governance issues between the CUSC and the Grid Code, National Grid believes that the mechanism for exchange of operational information should remain in the Grid Code.

3.19 CAA2 removes the requirement for duplicated, additional processing and issuing of the Notification of Circuit Outage, Notification of Circuit Restriction and Notification of Revocation of Outage Conditions.

3.20 The proposed legal text for CAA2 has been amended to remove the three proposed CUSC Exhibits from WGAA1, namely: E1 Notification of Circuit Outage; E2 Notification of Circuit Restriction and E3 Notification of Revocation of Outage Conditions.

3.21 In addition to the changes required to reflected the principles presented above, some minor drafting changes have been made, to the legal text from WGAA1, in order to achieve consistency with the existing CUSC and CUSC Exhibits. An example of which are the proposed changes from the front sheet of the BCA and BEGA have been removed as these are generic pro-forma which apply to different Users and the clauses inside deal with all options.

4.0 ASSESSMENT AGAINST APPLICABLE CUSC OBJECTIVES

4.1 Over-and-above the original CAP149 proposal and WGAA1, the consultation amendment proposer stated that CAP149 Consultation Alternative 1 would better facilitate the CUSC Objective(s) as below;

Applicable objective (a): Efficient discharge of license

Promotes (over and above WGAA1):

- Results in more Users opting for a lower standard of connection design, ensuring the Transmission Licensee is not required to undertake inefficient capital investment. This allows the TL to better meet the requirement to develop and maintain an efficient, co-ordinated and economical system of electricity transmission.

Applicable objective (b): Facilitates effective competition

Promotes (over and above WGAA1):

- Removes the potential discrimination between Users that currently have different access rights under the same access product. Ensures that Users that pay on the same basis for the same access product, have equal access rights and there the potential barrier to entry and competition will be removed.

4.2 CAP149 Consultation Alternative 2 would better facilitate the CUSC Objective(s);

Applicable objective (a): Efficient discharge of license obligations

Promotes (over and above WGAA1):

- Ensures National Grid is compliant with its licence and ensures that the SQSS criteria can be met for customer choice design variation connections
- Reduces the duration, cost and complexity of the process following the breach of the BCA Clause 10 arrangements associated with design variation connections and is therefore a more reasonable and pragmatic approach
- Avoids cross governance between Grid Code and CUSC for design variation outage notifications
- Discourages design variation connected Users from not following the contractual arrangements regarding the outage of named circuits, which may result in additional costs for other Users.

5.0 PROPOSED IMPLEMENTATION

5.1 The proposer of CAP149 CAA1 recommends implementation should be five Business Days after an Authority decision because as the proposals only apply to Users seeking future connections after the implementation date. However, National Grid proposes CAA1 should be implemented one month after an Authority decision because of the requirement to ensure the necessary revisions to internal processes are established[1].

5.2 As proposer of CAP149 CAA2, National Grid, recommends implementation should be one month after an Authority decision because of the requirement to ensure the necessary revisions to internal processes are established[2].

5.3 In accordance with CUSC 8.19.3(b) views are invited on both these proposed implementation dates.

6.0 IMPACT ON CUSC

6.1 CAP149 CAA1 requires amendment to Sections 2.3, 2.4 and 2.13 of the CUSC. In addition new definitions are required in Section 11. The Standard forms of the Bilateral Connection Agreement (Schedule 2 Exhibit 1) and the Bilateral Embedded Generation Agreement (Schedule 2 Exhibit 2) are to be amended. The Connection Application (Exhibit B) is to be amended. There is an additional Exhibit to be created within Schedule 2, a standard form of a Transmission Related Agreement.

[1] It should be noted that existing Users with design variations could adopt these arrangements through the Modification Application process immediately after the Implementation Date.
[2] As above.

6.2 CAP149 CAA2 requires amendments to Sections 2.13 and 3.7 of the CUSC. In addition new definitions are required in Section 11. The Standard forms of the Bilateral Connection Agreement (Schedule 2 Exhibit 1) and the Bilateral Embedded Generation Agreement (Schedule 2 Exhibit 2) are to be amended. The Connection Application (Exhibit B) and The Use of System Application (Exhibit D) is to be amended. There is an additional Exhibit to be created within Schedule 2, a standard form of a Transmission Related Agreement.

6.3 The text required to give effect to the CAA1 is contained within Annex 2 Part A. The text required to give effect to CAA2 is within Annex 2 Part B.

7.0 IMPACT ON INDUSTRY DOCUMENTS

CAP149 CAA1 and CAA2

7.1 CAP149 CAA1 and CAA2 are expected to have the same impact on other industry documents, namely:

7.2 The SO-TO code, is likely to require modifications to Section 18 around information provision as part of generator application.

7.3 The OC2 provisions of the Grid Code may need to be amended to include revised procedures for notification of availability restrictions. National Grid is initiating a review of the Outage Planning arrangements and has been informed of the Working Group findings and the potential consequential impact of CAP149.

7.4 CAP149 CAA 1 & 2 would have a consequential impact on National Grid's Charging Statements due to a need to reflect any additional costs for the design variation Non Firm Connection option on the Connection Application Fees.

8.0 INITIAL VIEW OF NATIONAL GRID

CAA1

8.1 In order to assess the appropriateness and effect of CAA1, two categories of design variation connections should be considered; those with a genuine reduced asset requirement and those that have a non standard asset ownership boundary.

8.2 For those connection design variations that result in a reduced requirement in asset investment and therefore total transmission cost National Grid believes it may be appropriate to provide compensation for loss of access, using the same mechanism as compliant connections. A common example of such, is a single circuit generator connection.

8.3 A significant population of design variation connections have a non standard ownership boundary and do not have fewer assets than a fully compliant connection. An example of such a design would be the Transmission Licensee owning the generation breaker rather than the generator. Such a connection would identify the generation circuit breaker as a named circuit within the BCA to ensure that an outage of an asset that the generator would typically own does not require Balancing Mechanism payments, which prevents passing inappropriate costs onto all other Users.

8.4 National Grid agrees that a positive signal could be provided for connection designs that have a significantly lower asset investment than a compliant design. There are several ways to produce this, such as Interuption Payments or by further development of the charging arrangements.

8.5 Conversely, National Grid believes that it is inappropriate for Users with non-standardised ownership boundary to receive Interruption payment for assets that a compliant user would own. Consequently, National Grid does not believe CAA1 should be implemented.

CAA2

8.6 National Grid supports the objectives of CAP149 of increasing the transparency and standardisation of the transmission agreements for design variation connections. That withstanding, National Grid believes that the processes proposed in CAP149 Original, WAA1 and CAA1 are not the most efficient mechanisms by which to achieve these objectives.

8.7 Consequently, National Grid, as the proposer of CAA2, believes this Alternative would better achieve CUSC Applicable Objectives, than WGAA, CAA1 or the Original CAP149 proposal.

8.8 Under the SQSS, a design variation must meet a number of clearly defined criteria, for example, the connection must not "result in additional investment or operational costs to any particular customer or overall". Through experience gained of managing such design variation Users an important clause has been developed which has been proposed within CAA2. If system conditions should change such that the SQSS criteria are no longer met, then this key clause allows National Grid to reopen the User's BCA to reflect the necessary changes to re-establish the compliance with the SQSS.

8.9 The proposed text within CAP149 Original, WGAA1 and CAA1 is not consistent with National Grid's obligation under Condition D3 of the transmission licence to ensure the system is developed in accordance with the SQSS at all times.

8.10 National Grid believes that although the Event of Default process is a disincentive for a User to breach the Clause 10 arrangements, an additional and intermediate step is required. The Event of Default process is complicated and has the ultimate and significant result in leading to the Users deenergisation and termination. The intermediate step proposed provides an effective and immediate remedy and is constant with existing Connection Agreements.

8.11 Regarding outage notification, National Grid believes it is clear that the risks associated with non compliant design variation must sit with the requesting User. Whilst National Grid accepts the concerns raised that the existing outage notification process for a design variation named circuit needs to be reviewed, in terms of the OC2 provisions. National Grid believes OC2 remains the most efficient method for tracking such risks.

8.12 National Grid believes issuing operational outage data for design variation connections through both the CUSC and the Grid Code will lead to issues with cross governance.

8.13 Parallel arrangements defined within two industry documents will increase complexity and resource requirement from all parties. The associated additional cost of which contradicts the SQSS criteria, which states that design variation connections must not add additional costs to other Users. Consequently such connection designs could not be offered, without seeking SQSS derogation.

8.14 National Grid therefore believes that the existing Grid Code outage notification process should remain the means of notifying design variation connected Users in order to avoid both cross governance and breaching the SQSS criteria by introducing additional costs onto other parties.

8.15 That withstanding, it should be noted that under the proposed outage notification process within WGAA1 and CAA2, the consequences of National Grid failing to issue any of the introduced notifications are not defined. By default, the failure to issue the Notification of Circuit Outage would lead to Interruption Payments to a design variation User whereas the failure to issue a Notification of Circuit Restriction would require Balancing Mechanism payments to be made.

8.16 The consequence of National Grid failing to issue the Notification of Revocation of Condition of Circuit Outage does not have an obvious default implication. As such, National Grid believes the outage notification process, as proposed within CAA1 and WGAA1, is not complete and would require further development.

8.17 National Grid recommends the Authority approves CAA2, which aims to achieve the objective of increasing the transparency and consistency of design variation transmission agreements whilst ensuring that SQSS criteria can be met and maintained for design variation connections and to avoid the introduction of an additional parallel outage notification process.

9.0 VIEWS INVITED

9.1 National Grid is seeking the views of interested parties in relation to the issues raised by Consultation Alternative Amendment 1 and Consultation Alternative Amendment 2 of the Proposal CAP149.

9.2 Please send your responses to this consultation to National Grid by no later than **close of business on 21st December.**

Please address all comments to the following e-mail address:

Beverley.Viney@uk.ngrid.com

Or alternatively, comments may be addressed to:

Beverley Viney
Amendments Panel Secretary
Electricity Codes
National Grid
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ANNEX 1 – GLOSSARY AND ACRONYMS

"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 **SQSS**;

"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.**

ANNEX 2 - PROPOSED TEXT TO MODIFY CUSC

Part A - Consultation Alternative Amendment 1

The proposed changes to the legal text are the same as for CAP149 WGAA1[3] with the following exceptions:

The proposed clause 10.13 of **Schedule 2 Exhibit 1 (Bilateral Connection Agreement) of the CUSC** within WGAA1 will be replaced with the following coloured and underlined next below:

10.13 In the event that the **Statement of the Use of System Charging Methodology** does not include charging arrangements that take specific account of the lesser investment by the holder of a **Transmission Licence** to connect **Users** to the **GB Transmission System** with a **Non-Firm design variation**, then any **Deenergisation** resulting from the **Outage Conditions** as set out in the relevant **Notification of Restrictions on Availability** constitutes a **Relevant Interruption**.

For the avoidance of doubt, where the **Statement of the Use of System Charging Methodology** does include charging arrangements that take specific account of the lesser investment by the holder of a **Transmission Licence** to connect **Users** to the **GB Transmission System** with a **Non-Firm design variation** then any **Deenergisation** resulting from the **Outage Conditions** as set out in the relevant **Notification of Restrictions on Availability** constitutes an **Allowed Interruption**.

The proposed clause 9.8 of **Schedule 2 Exhibit 2 (Bilateral Embedded Generation Agreement) of the CUSC** within WGAA1 will be replaced with the following coloured and underlined next below:

9.8 In the event that the **Statement of the Use of System Charging Methodology** does not include charging arrangements that take specific account of the lesser investment by the holder of a **Transmission Licence** to connect **Users** to the **GB Transmission System** with a **Non-Firm design variation**, then any **Deenergisation** resulting from the **Outage Conditions** as set out in the relevant **Notification of Restrictions on Availability** constitutes a **Relevant Interruption**.

[3] http://www.nationalgrid.com/NR/rdonlyres/CD0CB7AE-2585-4AF3-B3EB-492CCC6B5DB5/20814/CAP149ConsultationReportFinal.pdf

For the avoidance of doubt, where the **Statement of the Use of System Charging Methodology** does include charging arrangements that take specific account of the lesser investment by the holder of a **Transmission Licence** to connect **Users** to the **GB Transmission System** with a **Non-Firm design variation** then any **Deenergisation** resulting from the **Outage Conditions** as set out in the relevant **Notification of Restrictions on Availability** constitutes an **Allowed Interruption**.

ANNEX 2 PART B - PROPOSED LEGAL TEXT TO MODIFY THE CUSC FOR CONSULTATION ALTERNATIVE AMENDMENT CAA1

The proposed legal text to modify the CUSC is detailed below by inserting the coloured underlined text to CUSC

SECTIONS 2.13, 3.7 & 11.3 OF THE CUSC

Insert the following new clause into CUSC 2.13, after 2.13.6.

2.13.7 In the event that the **User** requests a **Connection Offer** on the basis of a **Design Variation** then:

(i) **The Company** shall only be obliged to provide such an offer in so far as such an offer satisfies the conditions detailed in Chapter 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.

Insert the following new clause into CUSC 3.7, after 3.7.6

3.7.7 In the event that the **User** requests a **Use of System Offer** in the form of a **Bilateral Embedded Generation Agreement** on the basis of a **Design Variation** then:

(i) **The Company** shall only be obliged to provide such an offer in so far as such an offer satisfies the conditions detailed in Chapter 3 of the **GB SQSS**; and

(ii) **The Company** shall be obliged, at the request of the **User** as part of the **Use of System Offer**, to provide such information that the **User** may reasonably require in order to assess the probability of **Notification of Restrictions on Availability** being issued. For the avoidance of doubt, the information that is provided by **The Company** under this clause shall be a best estimate only and is not legally binding.

11.3 DEFINITIONS

"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**"

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);

"**Non Standard Boundary**"

where the division of ownership of **Plant** and **Apparatus** is contrary to the principles of ownership set out in **CUSC** Paragraph 2.12;

"**Notification of Circuit Outage**"

as defined in the relevant **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement**;

"**Notification of Circuit Restriction**"

as defined in the relevant **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement**;

"**Notification of Restrictions on Availability**"

as defined in the relevant **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement**;

"**Output Useable**"

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

"**Restrictions on Availability**"

is, in the context of a **Design Variation**, the outage or reduction in capability as set out in the relevant **Notification of Restrictions on Availability**;

"**Transmission Related Agreement**" an agreement between **The Company** and a **User** substantially in the form of Schedule 2 Exhibit 5.

"Use of System Offer"

an offer (or in the case of a use of system generation offer and where appropriate, offers) made by **The Company** to a **User** pursuant to Paragraph 3.7 or 9.21 substantially in the form of Exhibit G (**Use of System Supply Offer**) or Exhibit E (**Use of System Generation Offer**) or Exhibit H (**Use of System Interconnector Offer**) to the **CUSC**;

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

[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

THIS **BILATERAL CONNECTION AGREEMENT** is made on the [ ] day of [ ] 200[ ]

BETWEEN

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

(2) [ ] a company registered in [ ] with number [ ] whose registered office is at [ ] (**"User"**, which expression shall include its successors and/or permitted assigns)

WHEREAS

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

(B) The **User** has applied for [**Connection** to] [and use of] [**Modification** of its existing **Connection** to [and use of]] the **GB Transmission System** and pursuant to the **Transmission Licence The Company** is required to offer terms in this respect.

(C) The **User** has applied for connection [and use] in the capacity of a [ ] as set out in Paragraph 1.2.4 of the **CUSC**.

(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

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

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

"Charging Date" as defined in the **Construction Agreement**;

["**Circuit [ ]**" [insert detailed description of circuit(s) affected by the **Design Variation**] *(power station with **Design Variation** and\or **Non Standard Boundary** only)*;]

["**Outage Conditions [ ]**" the unavailability of **Circuit [ ]** as a result of

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

(b) **Circuit [ ]** requiring to be **Deenergised** for health and safety reasons to allow for the planned or unplanned availability of a circuit in the immediate vicinity of **Circuit [ ]**; *(power station with **Design Variation** and\or **Non Standard Boundary** only)]*

["**Outage Period**" the period of time during which the **Outage Conditions** and/or reduced circuit capability apply; *(power station with **Design Variation** and\or **Non Standard Boundary** only)*]

["**Notification of Circuit Restrictions**" means the notification issued by **The Company** to the **User** in accordance with Clause [10.8] of this **Bilateral Connection Agreement**; *(power station with **Design Variation** and\or **Non Standard Boundary** only)*]

["**Notification of Outage Conditions**" means the notification issued by **The Company** to the **User** in accordance with Clause [10.4] of this **Bilateral Connection Agreement**; *(power station with **Design Variation** and\or **Non Standard Boundary** only)*]

["**Notification of Restrictions on Availability**" means a **Notification of Outage Conditions** and\or a **Notification of Circuit Restrictions** as applicable; *(power station with **Design Variation** and\or **Non Standard Boundary** only)*]

["**Relevant Circuits**" means [**Circuit [ ]**]; *(power station with **Design Variation** and\or **Non Standard Boundary** only)]*

["**Transmission Related Agreement**" means the agreement of even date entered into between the parties for the provision of and payment for **Balancing Services** in respect of **Bid-Offer Acceptances**; *(power station with **Design Variation** and\or **Non Standard Boundary** only)]*

2. COMMENCEMENT

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

3. THE CONNECTION SITE AND TRANSMISSION CONNECTION ASSETS

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

4. CONNECTION CHARGES

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

5. [USE OF SYSTEM *(power station only)*

The right to use the **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 *(Non Standard Boundary 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 and\or Non Standard Boundary only)*

10.1 [The division of ownership of **Plant** and **Apparatus** in Clause 9 above is contrary to the principles of ownership set out in **CUSC** Paragraph 2.12.]

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

10.3 It is a condition of the **GB SQSS** that any **Design Variation** 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 notice that advises the **User** of the occurrence of the **Outage Conditions** and where practicable the expected **Outage Period**. Such notice shall be issued:

10.4.1 In the event that the **Notification of Circuit Outage** relates to a **Planned Outage** on the **GB Transmission System**, where practicable, be in accordance with **Grid Code** OC2 requirements; or

10.4.2 In the event that the **Notification of Circuit Outage** relates to something other than a **Planned Outage** on the **GB Transmission System** or relates to a **Planned Outage** on the **GB Transmission System** but it is not practicable for such notice to be in accordance with **Grid Code** OC2 requirements, as soon as reasonably practicable and **The Company** and the **User** shall agree as soon as practicable after the date hereof the method of such notification.

10.4.3 **The Company** shall promptly notify the **User** when the **Outage Period** will or has ceased.

10.5 **The Company** shall be entitled to revise the **Notification of Circuit Outage** given under Clause 10.4 above at any time.

10.6 The **User** will acknowledge receipt of such **Notification of Circuit Outage** and where practicable shall revise its **Output Useable** forecast for the affected **BM Unit** accordingly.

10.7 Following such **Notification of Circuit Outage** in accordance with Clause 10.4:

10.7.1 [(i) In respect of the **Outage Conditions [ ]**, the **User** shall (i) ensure that the **Maximum Export Limit** and **Maximum Import Limit** for the **BM Units** relating to the **Power Station** reflects the outage of the **Relevant Circuits** and (ii) operate its **Power Station** to reflect the outage of the **Relevant Circuits** for all **Settlement Periods** or parts thereof falling within the **Outage Period**.]

10.7.2 In the event that the **User** does not comply with Clauses [ ] above, **The Company** shall issue **Bid-Offer Acceptances** to the **User** to reduce the export from and/or import to the affected **BM Unit** so that the effect is as if the **User** had complied with the relevant Clause, and the provisions of the **Transmission Related Agreement** shall apply.

10.8 **The Company** shall issue to the **User** a notice that advises the **User** of the occurrence of an event leading to a reduced circuit capability of **Circuit [ ]** and where practicable the expected **Outage Period**. Such notice (including any revision) shall be issued:

10.8.1 In the event that the **Notification of Circuit Restriction** relates to a **Planned Outage** on the **GB Transmission System**, where practicable, be in accordance with **Grid Code** OC2 requirements; or

10.8.2 In the event that the **Notification of Circuit Restriction** relates to something other than a **Planned Outage** on the **GB Transmission System** or relates to a **Planned Outage** on the **GB Transmission System** but it is not practicable for such notice to be in accordance with **Grid Code** OC2 requirements, such notice shall be given as soon as reasonably practicable and **The Company** and the **User** shall agree as soon as practicable after the date hereof the means of such notification.

10.8.4 **The Company** shall promptly notify the **User** when the period of reduced circuit capability will or has ceased.

10.9 **The Company** shall be entitled to revise the **Notification of Circuit Restriction** given under Clause 10.8 above at any time.

10.10 Following such **Notification of Circuit Restriction** in accordance with Clause 10.8:

10.10.1 [(i) In respect of the reduction in capability of **Circuit [ ]**, the **User** shall (i) ensure that the **Maximum Export Limit** and **Maximum Import Limit** for the **BM Units** relating to the **Power Station** reflects the reduction in capability of the **Relevant Circuits** and (ii) operate its **Power Station** to reflect the reduction in capability of the **Relevant Circuits** for all **Settlement Periods** or parts thereof falling within the **Outage Period**.]

10.10.2 In the event that the **User** does not comply with Clauses [ ] above, **The Company** shall issue **Bid-Offer Acceptances** to the **User** to reduce the export from and/or import to the affected **BM Unit** so that the effect is as if the **User** had complied with the relevant Clause, and the provisions of the **Transmission Related Agreement** shall apply.

10.11 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 the **User** breaches in whole or in part the provisions of Clause 10.7 or Clause 10.10 above, the **User** shall at **The Company's** request explain to **The Company's** satisfaction (acting reasonably) the reason for the breach and demonstrate to **The Company's** satisfaction that appropriate steps have been taken to ensure that such breach will not reoccur. In the event that the **User** does not do this **The Company** may give notice to the **User** reducing the **Transmission Entry Capacity** of the **Connection Site** and Appendix C of this **Bilateral Connection Agreement** shall be varied accordingly. This **Transmission Entry Capacity** shall apply until such time as the **User** has explained to **The Company's** reasonable satisfaction the reason for the breach and has demonstrated that appropriate steps have been taken to ensure that such breach will not reoccur and Appendix C shall be automatically amended thereafter to reflect the reinstatement of the **Transmission Entry Capacity**.

10.13 If within 3 months of a breach of Clause 10.7 or Clause 10.10 above which entitled **The Company** to take action under Clause 10.12 above, the **User** has still failed to provide the explanation and\or demonstration required by **The Company** under Clause 10.12 then **The Company** may treat such breach as an **Event of Default** for the purposes of Section 5 of the **CUSC** and following such breach may give notice of termination to the **User** whereupon this **Bilateral Connection Agreement** shall terminate and the provisions of **CUSC** Paragraph 5.4.7 shall apply.

10.14 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**.

10.15.1 **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 Company** and the **User** acknowledge however that even where **Planned Outages** are coordinated and agreed that **The Company** and\or the **User** may need to cancel or change such **Planned Outage**.

10.15.2 **The Company** and the **User** hereby acknowledge and agree that, where reasonably practicable, alternative operating arrangements shall be implemented to minimise the effect of **Outage Conditions** and reduced circuit capability [, including, but not limited to [describe potential arrangements]]. In the event that **The Company** and the **User** implement alternative operating arrangements in respect of an **Outage Condition** and reduced circuit capability, the provisions of Clauses 10.7 and 10.10 shall not apply to the extent that the alternative operating arrangements mitigate the restrictions (whether in whole or in part) that would otherwise apply to the **User** under this Clause 10 for all **Settlement Periods** or parts thereof falling within the **Outage Period** or period of reduced circuit capability.

10.17 In the event that the **GB Transmission System** conditions subsequently change such that the conditions required for a design variation under the **GB SQSS** are no longer met then **The Company** shall be entitled to revise Clause 1, this Clause 10 and the **Outage Conditions** as necessary to ensure that such **GB SQSS** conditions continue to be met.]

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**.

~~10~~12. VARIATIONS

~~10~~12.1.1 Subject to Clause ~~10~~12.2, ~~10~~12.3 and ~~10~~12.4 below, no variation to this **Bilateral Connection Agreement** shall be effective unless made in writing and signed by or on behalf of both **The Company** and the **User**.

~~10~~12.2 **The Company** and the **User** shall effect any amendment required to be made to this **Bilateral Connection Agreement** by the **Authority** as a result of a change in the **CUSC** or the **Transmission Licence**, an order or direction made pursuant to the **Act** or a **Licence**, or as a result of settling any of the terms hereof. The **User** hereby authorises and instructs **The Company** to make any such amendment on its behalf and undertakes not to withdraw, qualify or revoke such authority or instruction at any time.

~~10~~12.3 **The Company** has the right to vary Appendices A and B in accordance with this **Bilateral Connection Agreement** and the **CUSC** including any variation necessary to enable **The Company** to charge in accordance with the **Charging Statements**, or upon any change to the **Charging Statements**.

~~10~~12.4 Appendices A and B shall be varied automatically to reflect any change to the **Construction Works** or **Transmission Connection Assets** as provided for in the **Construction Agreement**.

~~**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.~~

~~12~~13. GENERAL PROVISIONS

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

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

Allocation	Description	Age	Year
		(As at [ ])	

Part 2 - Post-Vesting Assets

Allocation	Description	Age	Year
		(As at [ ])	

Part 3 - Energy Metering Systems (*)

Allocation	Description	Age	Year
		(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 FI

SITE SPECIFIC TECHNICAL CONDITIONS:

AGREED BALANCING SERVICES

APPENDIX F2

[NOT USED]

APPENDIX F3

SITE SPECIFIC TECHNICAL CONDITIONS:

SPECIAL AUTOMATIC FACILITIES

APPENDIX F4

SITE SPECIFIC TECHNICAL CONDITIONS:

PROTECTION AND CONTROL RELAY SETTINGS

FAULT CLEARANCE TIMES

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

[USE OF SYSTEM FOR AN EMBEDDED POWER STATION]

[USE OF SYSTEM FOR A SMALL POWER STATION TRADING PARTY]

[DISTRIBUTION INTERCONNECTOR OWNER]

At [ ]

Reference: [ ]

CONTENTS

THIS **BILATERAL EMBEDDED GENERATION AGREEMENT** is made on the [ ] day of [ ] 200[ ]

BETWEEN

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

(2) [ ] a company registered in [ ] with number [ ] whose registered office is at [ ] (**"User"**, which expression shall include its successors and/or permitted assigns).

WHEREAS

(A) Pursuant to the **Transmission Licence**, **The Company** is required to prepare a Connection and Use of System Code (**CUSC**) setting out the terms of the arrangements for connection to and use of the **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

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** only)*;]

["**Outage Conditions [ ]**" the unavailability of **Circuit [ ]** as a result of

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

(b) **Circuit [ ]** requiring to be **Deenergised** for health and safety reasons to allow for the planned or unplanned availability of a circuit in the immediate vicinity of **Circuit [ ]** *(power station with **Design Variation** only);*]

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

["**Notification of Circuit Restrictions**" means the notification issued by **The Company** to the **User** in accordance with Clause [9.2] of this **Bilateral Embedded Generation Agreement**; *(power station with **Design Variation** only)*]

["**Notification of Outage Conditions**" means the notification issued by **The Company** to the **User** in accordance with Clause [9.4] of this **Bilateral Embedded Generation Agreement**; *(power station with **Design Variation** only)*]

["**Notification of Restrictions on Availability**" means a **Notification of Outage Conditions** and\or a **Notification of Circuit Restrictions** as applicable; *(power station with **Design Variation** only)*]

["**Relevant Circuits**" means [**Circuit [ ]**]; *(power station with **Design Variation** only)]*

["**Transmission Related Agreement**" means the agreement of even date entered into between the parties for the provision of and payment for **Balancing Services** in respect of **Bid-Offer Acceptances**; *(power station with **Design Variation** only)]*

2. COMMENCEMENT

This **Bilateral Embedded Generation Agreement** shall commence on [ ].

3. THE SITE OF CONNECTION TO THE DISTRIBUTION SYSTEM

The site of **Connection** of the **Embedded Power Station** [**Distribution Interconnector**] to the **Distribution System** to which this **Bilateral Embedded Generation Agreement** relates is more particularly described in Appendix A.

[The sites of **Connection** of the **Embedded Power Stations** [**Distribution Interconnector**] to the relevant **Distribution Systems** to which this **Bilateral Embedded Generation Agreement** relates are more particularly described in Appendix A.]

4. CHARGING DATE

The date from which **Use of System Charges** shall be payable by the **User** (including **One-Off Charges** where applicable) shall be [ ].

5. USE OF SYSTEM

The right to use the **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** 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 notice that advises the **User** of the occurrence of the **Outage Conditions** and where practicable the expected **Outage Period**. Such notice shall be issued:

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

9.2.2 In the event that the **Notification of Circuit Outage** relates to something other than a **Planned Outage** on the **GB Transmission System** or it relates to a **Planned Outage** on the **GB Transmission System** but it is not practicable for such notice to be in accordance with **Grid Code** 0C2 requirements, as soon as reasonably practicable and **The Company** and the **User** shall agree as soon as practicable after the date hereof the method of such notification.

9.2.4 **The Company** shall promptly notify the **User** when the **Outage Period** will or has ceased.

9.3 **The Company** shall be entitled to revise the **Notification of Circuit Outage** given under Clause 9.2 above at any time.

9.4 The **User** will acknowledge receipt of such **Notification of Circuit Outage** and where practicable shall revise its **Output Useable** forecast for the affected **BM Unit** accordingly.

9.5 Following such **Notification of Circuit Outage** in accordance with Clause 9.2:

9.5.1 [(i) In respect of the **Outage Conditions [ ]**, the **User** shall (i) ensure that the **Maximum Export Limit** and **Maximum Import Limit** for the **BM Units** relating to the **Power Station** reflects the outage of the **Relevant Circuits** and (ii) operate its **Power Station** to reflect the outage of the **Relevant Circuits** for all **Settlement Periods** or parts thereof falling within the **Outage Period**.]

9.5.2 In the event that the **User** does not comply with Clauses [ ] above, **The Company** shall issue **Bid-Offer Acceptances** to the **User** to reduce the export from and/or import to the affected **BM Unit** so that the effect is as if the **User** had complied with the relevant Clause, and the provisions of the **Transmission Related Agreement** shall apply.

9.6 **The Company** shall issue to the **User** a notice that advises the **User** of the occurrence of an event leading to a reduced circuit capability of **Circuit [ ]** and where practicable the expected **Outage Period**. Such notice (including any revision) shall be issued:

9.6.1 In the event that the **Notification of Circuit Restriction** relates to a **Planned Outage** on the **GB Transmission System**, where practicable, in accordance with **Grid Code** OC2 requirements; or

9.6.2 In the event that the **Notification of Circuit Restriction** relates to something other than a **Planned Outage** on the **GB Transmission System** or relates to a **Planned Outage** on the **GB Transmission System** but it is not practicable for such notice to be in accordance with **Grid Code** OC2 requirements, as soon as reasonably practicable and **The Company** and the **User** shall agree as soon as practicable after the date hereof the means of such notification.

9.6.3 **The Company** shall promptly notify the **User** when the period of reduced circuit capability will or has ceased.

9.7 **The Company** shall be entitled to revise the **Notification of Circuit Restriction** given under Clause 9.6 above at any time.

9.8 Following such **Notification of Circuit Restriction** in accordance with Clause 9.6:

9.8.1 [(i) In respect of the reduction in capability of **Circuit [ ]**, the **User** shall (i) ensure that the **Maximum Export Limit** and **Maximum Import Limit** for the **BM Units** relating to the **Power Station** reflects the reduction in capability of the **Relevant Circuits** and (ii) operate its **Power Station** to reflect the reduction in capability of the **Relevant Circuits** for all **Settlement Periods** or parts thereof falling within the **Outage Period**.]

9.8.2 In the event that the **User** does not comply with Clauses [ ] above, **The Company** shall issue **Bid-Offer Acceptances** to the **User** to reduce the export from and/or import to the affected **BM Unit** so that the effect is as if the **User** had complied with the relevant Clause, and the provisions of the **Transmission Related Agreement** shall apply.

9.9 Where the **User** becomes aware or is notified by **The Company** of any breach of Clause 9.5 or Clause 9.8 above the **User** shall forthwith take all reasonable steps to comply with the provisions of that Clause.

9.10 Where the **User** breaches in whole or in part the provisions of Clause 9.5 or Clause 9.8 above, the **User** shall at **The Company's** request explain to **The Company's** satisfaction (acting reasonably) the reason for the breach and demonstrate to **The Company's** satisfaction that appropriate steps have been taken to ensure that such breach will not reoccur. In the event that the **User** does not do this **The Company** may give notice to the **User** reducing the **Transmission Entry Capacity** of the **Connection Site** and Appendix C of this **Bilateral Embedded Generation Agreement** shall be varied accordingly. This **Transmission Entry Capacity** shall apply until such time as the **User** has explained to **The Company's** reasonable satisfaction the reason for the breach and has demonstrated that appropriate steps have been taken to ensure that such breach will not reoccur and Appendix C shall be automatically amended thereafter to reflect the reinstatement of the **Transmission Entry Capacity**.

9.11 If within 3 months of a breach of Clause 9.5 or Clause 9.8 above which entitled **The Company** to take action under Clause 9.10 above, the **User** has still failed to provide the explanation and\or demonstration required by **The Company** under Clause 9.10 then **The Company** may treat such breach as an **Event of Default** for the purposes of Section 5 of the **CUSC** and following such breach may give notice of termination to the **User** whereupon this **Bilateral Embedded Generation Agreement** shall terminate and the provisions of **CUSC** Paragraph 5.4.7 shall apply.

9.12 For the avoidance of doubt any **Deenergisation** resulting from the **Outage Conditions** as set out in the relevant **Notification of Restrictions on Availability** constitutes an **Allowed Interruption**.

9.13.1 **The Company** and the **User** shall act in accordance with **Good Industry Practice** to minimise so far as reasonably practicable the occurrence and duration of (i) the **Outage Conditions and (ii) an Event leading to reduced circuit capability of the relevant circuits**. **The Company** and the **User** will, recognising the effect of the **Outage Conditions** and the reduced circuit capability on the **User's** operations, coordinate the **Outage Conditions** and the reduced circuit capability on the **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. **Company** and the **User** acknowledge however that even where **Planned Outages** are coordinated and agreed that **The Company** and\or the **User** may need to cancel or change such **Planned Outage**.

9.13.2 **The Company** and the **User** hereby acknowledge and agree that, where practicable, alternative operating arrangements shall be implemented to minimise the effect of **Outage**

Conditions [, including, but not limited to [describe potential arrangements]]. In the event that **The Company** and the **User** implement alternative operating arrangements in respect of an **Outage Condition**, the provisions of Clause 9.5 and Clause 9.8 shall not apply to the extent that the alternative operating arrangements mitigate the restrictions (whether in whole or in part) that would otherwise apply to the **User** under this Clause 9 for all **Settlement Periods** or parts thereof falling within the **Outage Period**.

9.14 In the event that the **GB Transmission System** conditions subsequently change such that the conditions required for a design variation under the **GB SQSS** are no longer met then **The Company** shall be entitled to revise Clause 1, this Clause 9 and the **Outage Conditions** as necessary to ensure that such **GB SQSS** conditions continue to be met.]

10. TERM

Subject to the provisions for earlier termination set out in the **CUSC**, this **Bilateral Embedded Generation Agreement** shall continue until all of the **User's** equipment [or **Equipment** for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**] is **Disconnected** from the relevant **Distribution System** at the site[s] of **Connection** as provided in Section 5 of the **CUSC**.

~~10~~11. VARIATIONS

~~10~~11.1 Subject to ~~10~~11.2 and ~~10~~11.3, no variation to this **Bilateral Embedded Generation Agreement** shall be effective unless made in writing and signed by or on behalf of both **The Company** and the **User**.

~~10~~11.2 **The Company** and the **User** shall effect any amendment required to be made to this **Bilateral Embedded Generation Agreement** by the **Authority** as a result of a change in the **CUSC** or the **Transmission Licence**, an order or direction made pursuant to the **Act** or a **Licence**, or as a result of settling any of the terms hereof. The **User** hereby authorises and instructs **The Company** to make any such amendment on its behalf and undertakes not to withdraw, qualify or revoke such authority or instruction at any time.

~~10~~11.3 **The Company** has the right to vary Appendix B in accordance with this **Bilateral Embedded Generation Agreement** and the **CUSC** including any variation necessary to enable **The Company** to charge in accordance with the **Charging Statements** or upon any change to the **Charging Statements**.

~~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 FI

SITE SPECIFIC TECHNICAL CONDITIONS: AGREED BALANCING SERVICES

APPENDIX F2

[NOT USED]

APPENDIX F2

SITE SPECIFIC TECHNICAL CONDITIONS: SPECIAL AUTOMATIC FACILITIES

APPENDIX F3

SITE SPECIFIC TECHNICAL CONDITIONS: PROTECTION AND CONTROL RELAY SETTINGS FAULT CLEARANCE TIMES

APPENDIX F4

SITE SPECIFIC TECHNICAL CONDITIONS: OTHER

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 (i) you also enter into an **Interface Agreement** covering the **Connection Site** in a form to be agreed between the parties but substantially in the form of Exhibit O of the complete **CUSC** [and (ii) where required by **The Company** you enter into a **Transmission Related Agreement** *(power station with **Design Variation** and\or **Non Standard Boundary** only)*]**.**

3. It is a condition of this **Offer** that the **Connection Site** is not a nominated site under the "NAECI" (the National Agreement for the Engineering Construction Industry) conditions and will not become one and any agreement for this site will be conditional upon this. In the event that this condition should not be met, **The Company** will be entitled to revise all the dates and charges contained in the **Bilateral Connection Agreement** and **Construction Agreement.**

4. The technical conditions with which you must comply as a term of this **Offer** are set out in the **Grid Code**. Additional technical conditions are set out in the Appendices to the **Bilateral Connection Agreement**. It is your responsibility to ensure that your equipment complies with the requirements of the relevant conditions.

5. This **Offer** is open for acceptance according to the terms of Paragraph 2.13 of the **CUSC** and the **Transmission Licence**. Please note your right to make an application to the **Authority** to settle the terms of the offer pursuant to Standard Condition C9 of the **Transmission Licence**.

6. Please note the provisions of Paragraph 6.10.4 of the **CUSC** in respect of interactive offers which, inter alia, allows **The Company** to vary the terms of this **Offer** if a **Connection** or **Modification Offer**, which interacts with this **Offer**, is accepted first. In terms of Paragraph 6.10.4 of the **CUSC**, **The Company** will advise you of another offer being made by **The Company**, which may interact with your **Offer**.

7. Please note that in accordance with the obligation in Paragraph 1.3.3 of the **CUSC** a **Mandatory Services Agreement** must be entered into not later than 6 months (or such lesser time as may be agreed) prior to the expected **Commissioning Programme Commencement Date**.

8. 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**.

9. 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**;

[(iii) where required by **The Company** that you enter into a **Transmission Related Agreement** *(power station with **Design Variation** only)]*

3 The technical conditions with which you must comply as a term of this offer are set out in the **Grid Code**. Additional or different technical conditions are set out in the Appendices to the **Bilateral Embedded Generation Agreement**. It is your responsibility to ensure that your equipment complies with the requirements of the relevant conditions.

4 This offer is open for acceptance according to the terms of Paragraph 3.7.4 of the **CUSC** and the **Transmission Licence**. Please note your right to make an application to the **Authority** to settle the terms of the offer pursuant to Standard Condition C9 of the **Transmission Licence**.

5 Please note the provisions of Paragraph 6.10.4 of the **CUSC** in respect of interactive offers which, inter alia, allows **The Company** to vary the terms of this **Offer** if a **Connection** or **Modification Offer**, which interacts with this **Offer**, is accepted first. In terms of Paragraph 6.10.4 of the **CUSC**, **The Company** will advise you of another offer being made by **The Company**, which may interact with your **Offer**.

6 To accept this offer, please sign and return the originals of the **Bilateral Embedded Generation Agreement** [and **CUSC Accession Agreement**] [and **Construction Agreement**] attached to this offer as Section A. **The Company** will then itself execute the Agreements and one original of each will be returned to you for your retention. The

Agreements are only effective in accordance with their terms once they have been countersigned by **The Company**.

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

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 is 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 Charges** for the Application. If it is found by the **Public Distribution System Operator(s)**

* Delete if applying for connection only

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.** 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: .....

.....

.....

.....

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

.....

.....

.....

Registration Number:

.....

4. Name, title and address of contacts for the purposes of this application, giving description of the field of responsibility of each person:

.....

.....

.....

.....

.....

.....

5. If **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 b**ut 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 bu**t 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.

   .....

   .....

   .....

2. Please provide a plan or plans of the proposed **Connection Site** indicating (so far as you are now able) the position of all buildings, structures, **Plant** and **Apparatus** and of all services located on the **Connection Site**.

   .....

   .....

   .....

   .....

3. Give details of the intended legal estate in the **Connection Site** (to include leasehold and freehold interests and in the case of **Connection Sites** in Scotland legal interests and heritable or leasehold interests including servitudes or other real rights) 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.

.....

.....

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.

.....

.....

.....

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]

.....

.....

9. Please give details and provide copies of all existing relevant planning and other consents (statutory or otherwise) relating to the **Connection Site** and the **User Development** and/or details of any pending applications for the same.

.....

.....

10. Is access to or use of the **Connection Site** for the purposes of installing, maintaining and operating **Plant** and **Apparatus** subject to any existing restrictions? If so, please give details.

.....

.....

.....

.....

11. If you are aware of them, identify by reference to a plan (if possible) the owners and (if different) occupiers of the land adjoining the **Connection Site**. To the extent that you have information, give brief details of the owner's and occupier's estates and/or interests in such land.

.....

.....

.....

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

and\or

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

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

……

……

……

If yes, please confirm if you require information from **The Company** in relation to the probability of **Notification of Restrictions on Availability** being issued YES/NO

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: .....

END OF EXHIBIT B

CUSC - EXHIBIT D

THE CONNECTION AND USE OF SYSTEM CODE

USE OF SYSTEM APPLICATION

EMBEDDED GENERATOR
DISTRIBUTION INTERCONNECTOR OWNER
SMALL POWER STATION TRADING PARTY

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

The Company requires the information requested in this application form for the purposes of preparing an **Offer** (the "**Offer**") to enter into an agreement for use of the **GB Transmission System**. It is essential that the **Applicant** should supply all information requested in this application form and that every effort should be made to ensure that such information should be accurate.

Please note that certain expressions which are used in this application form are defined in the Interpretation and Definitions (contained in Section 11 of the **CUSC**) and when this occurs the expressions have capital letters at the beginning of each word and are in bold.

Should **The Company** consider that any information provided is incomplete or unclear or should **The Company** require further information in order that it may prepare the **Offer**, the **Applicant** will be requested to provide further information or clarification.

Should there be any change in any information provided by the **Applicant** after it has been submitted to **The Company**, the **Applicant** must immediately inform **The Company** of such a change.

The Company shall charge the **Applicant**, and the **Applicant** shall pay to **The Company**, **The Company's** Engineering Charges in relation to the application. An advance will be charged by **The Company** in accordance with the **Charging Statements**. No application will be considered until such advance has been paid. The balance of **The Company** Engineering Charges shall be notified and invoiced by **The Company** to the **Applicant** together with a breakdown of such charges and the **Applicant** shall pay the same within 28 days of the date of **The Company's** invoice. In the event that the advance and any other payments exceed the appropriate **The Company** Engineering Charges the excess shall be repaid forthwith to the **Applicant**. If **The Company** does not make an **Offer** to the **Applicant** in accordance with Standard Condition C8 of the **Transmission Licence** otherwise than by reason of withdrawal of the application by the **Applicant**, **The Company** will return the charges to the **Applicant**.

NOTE: Where an agreement is signed but subsequently modified prior to the relevant date for charging set out in the relevant **Bilateral Agreement**, only the original application charges will be refunded as outlined above.

The effective date upon which the application is made shall be the later of the date when **The Company** has received the advance application fee pursuant to Paragraph 5 above or the date when **The Company** is reasonably satisfied that the **Applicant** has completed Sections A-D. **The Company** shall notify the **Applicant** of such date.

The Company will make the **Offer** in accordance with the terms of Paragraph 3.7 (**Use of System Application**) and Paragraph 6.10 (**Modifications** and **New Connection Sites**) of the **CUSC** and the **Transmission Licence**.

The Company will make the **Offer** as soon as is reasonably practicable and, in any event, within 28 days of the effective date of the application or such later period as the **Authority** agrees to. The **Offer** may, where it is necessary to carry out additional extensive system studies to evaluate more fully the impact of the proposed development, indicate the areas that require more detailed analysis. Before such additional studies are required, the **Applicant** shall indicate whether it wishes **The Company** to undertake the work necessary to proceed to make a revised **Offer** within the 28 days period or, where relevant the timescale consented to by the **Authority**. To enable **The Company** to carry out any of the above mentioned necessary detailed system studies the **Applicant** may, at the request of **The Company**, be required to provide some or all of the **Detailed Planning Data** listed in Part 2 of the Appendix to the **Planning Code** which is part of the **Grid Code**.

In the course of processing your application, it may be necessary for **The Company** to consult the appropriate **Public Distribution System Operator(s)** on matters of technical compatibility of the **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 your authorisation to the release to the **Public Distribution System Operator(s)** or the **Relevant Transmission Licensees** of certain information contained in your application. Any costs incurred by **The Company** in consulting the **Public Distribution System Operator(s)** or **Relevant Transmission Licensees** would be included in **The Company Charges** for the application. If it is found by the **Public Distribution System Operator(s)** that any work is required on their **Distribution System(s)**, then it will be for the **Public Distribution System Operator(s)** and the **Applicant** to reach agreement in accordance with Paragraph 6.10.3 of the **CUSC**.

10 In accordance with 6.30.3 of **CUSC The Company** will need to disclose details of the **Bilateral Embedded Generation Agreement** entered into and shall need authorisation from the **Applicant** in respect of this.

11 If the **Applicant** is not already a **CUSC Party** the **Applicant** will be required as part of this application form to undertake that he will comply with the provisions of the **Grid Code** for the time being in force. Copies of the **Grid Code** and the **CUSC** are available on **The Company** website at **www.nationalgrid.com/uk** and the **Applicant** is advised to study them carefully. Further copies are available on payment of **The Company's** copying charge, postage and packing. **Data** submitted pursuant to this application shall be deemed

submitted pursuant to the **Grid Code**.

12 **The Company's Offer** will be based to the extent appropriate upon its standard form terms for **Use of System Offer** a copy of which is attached and the **Charging Statements**. The **Applicant** should bear in mind **The Company 's** standard form terms of offer when making this application.

13 In particular please note that **The Company** may require as a condition of the **Offer**, that the **Applicant's Plant** or **Apparatus** should meet or provide some or all of the technical requirements set out in the Appendices of the draft **Bilateral Embedded Generation Agreement** attached to **The Company's** standard form terms of offer and may propose that the **Applicant's Plant** or **Apparatus** should have the capability to provide **Mandatory Ancillary Services**.

14 **Applicants** that 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 before an application is made that your intended plant design can meet the requirements. **Applicants** are therefore recommended to contact **The Company's** Headquarters for further information where our staff will be pleased to help.

15 **Applicants** have the option to request a **Connection Offer** on the basis of a **Design Variation**. In requesting such an **Offer**, the **Applicant** acknowledges that the connection design (which provides for connection to the **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 of 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 inovolved. Applicants are requested to indicate their preferred application fee in question 6. Applicants are advised that further information can be obtained from Charging Statements which can be found on National Grid Electricity Transmissions 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 duly signed 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 Company** website at www.nationalgrid.com/uk.

APPLICATION FOR USE OF SYSTEM

Please study the notes before completing and signing this application form.

A. DETAILS OF APPLICANT

1. Name: .....

.....

2. Address: .....

.....

.....

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

.....

.....

.....

.....

4. Name, title and address of contacts for the purposes of this application, giving description of the field of responsibility of each person:

.....

.....

.....

.....

.....

.....

Please study the notes before completing and signing this application form.

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

.....

.....

.....

6. Please identify which application fee basis you wish to use for this application.

[ ] Fixed application fee

[ ] Variable application fee

Please study the notes before completing and signing this application form.

B THE PROPOSED POINT OF CONNECTION TO A DISTRIBUTION SYSTEM

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

   .....

   .....

   .....

2. If you believe that a new sub-station will be needed, please indicate by reference to a plan your suggested location for it.

   .....

   .....

   .....

   .....

C. TECHNICAL INFORMATION

1. Please provide the **Data** listed in Part 1 of the Appendix to the **Planning Code**. 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

   (b) Gas Turbine Unit Fast Start

   (c) Synchronous Compensation

   (d) Pumped Storage Unit Spinning-in-Air

   (e) Pumped Storage

   (f) Pumped Storage Plant Fast Start from Standstill

Please study the notes before completing and signing this application form.

(g) Demand Reduction

(h) Adjustment to Pumped Storage Unit Pumping Programme

(i) Hot Standby

4. Please confirm your intended **Transmission Entry Capacity**.

5. Please confirm if:

a. You would like an offer that is compliant with the deterministic criteria detailed in paragraphs 2.5 to 2.13 of the GB SQSS YES/NO

and\or
b. You would like an offer on the basis of a Design Variation YES/NO

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

……

……

……

If yes, please confirm if you require information from The Company in relation to the probability of Notification of Restrictions on Availability being issued YES/NO

D. PROGRAMME

Please provide a suggested construction programme in bar chart form for the construction works necessary to install the User Development indicating the anticipated date when the connection will be required to be made.

USE OF SYSTEM APPLICATION

Please study the notes before completing and signing this application form.

We hereby apply to use the **GB Transmission System** from our connection to [ ] **Distribution System**.

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.

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**.

We authorise the release of certain information, on the grounds of commercial confidentiality, to the appropriate **Public Distribution System Operator(s)** or **Relevant Transmission Licensees** should it be considered necessary.

We confirm that we do/do not meet the **Approved Credit Rating** [and **The Company Credit Rating***].

6. We confirm our agreement to the disclosure in the manner set out in Paragraph 6.30.3 of **CUSC** of the information specified in such Paragraph.

7. We confirm that we are applying in the category of [please insert appropriate description from table in paragraph 1.2.4 of the **CUSC***].

Signed:

.....
For and on behalf of the Applicant

Date:.....

END OF EXHIBIT D

* Delete if no associated Construction Works

SCHEDULE 2 - EXHIBIT 5

DATED [ ]

NATIONAL GRID ELECTRICITY TRANSMISSION PLC (1)

and

[ ]

TRANSMISSION RELATED AGREEMENT REGARDING

BID PRICE/OFFER PRICE HEDGE

FOLLOWING FAILURE TO COMPLY WITH

RESTRICTIONS ON AVAILABILITY

THIS **TRANSMISSION RELATED AGREEMENT** is made on the day of 200

BETWEEN

(1) **NATIONAL GRID ELECTRICITY TRANSMISSION PLC** a company registered in England and Wales with company number 2366977 whose registered office is at 1-3 Strand, London, WC2N 5EH ("**The Company**", which expression shall include its successors and/or permitted assigns); and

(2) [ ] a company registered in [ ] with number [ ] whose registered office is at [ ] ("**User**", which expression shall include its successors and/or permitted assigns).

WHEREAS

(A) **The Company** and the **User** are parties to the **CUSC Framework Agreement** which gives effect to the document designated by the **Secretary of State** and adopted by **The Company** as the Connection and Use of System Code pursuant to the **Transmission Licence**, as from time to time modified pursuant to the **Transmission Licence** (the "**CUSC**").

(B) **The Company** and the **User** are parties to a [**Bilateral Connection Agreement] [Bilateral Embedded Generation Agreement]** dated [ ] (ref: [ ]) in respect of the connection to and\or use of the **GB Transmission System** at [ ] (the **"Bilateral Agreement**").

(D) Under the terms of the **Bilateral Agreement** restrictions on availability apply under certain conditions and as a result the **User** is required to enter into this **Transmission Related Agreement** on the terms and subject to the conditions set out below.

NOW IT IS HEREBY AGREED as follows:

1. DEFINITIONS, INTERPRETATION AND CONSTRUCTION

1.1 Unless the subject matter or context otherwise requires or is inconsistent therewith, terms and expressions defined in Section 11 of the **CUSC** and in the **Bilateral Agreement**, [the **Construction Agreement**,] the **Balancing and Settlement Code** and the **Grid Cod**e have the same meanings, interpretations or constructions in this **Transmission Related Agreement**.

1.2 "**Base Rate**" shall be defined in respect of any day as the rate per annum which is equal to the base lending rate from time to time of Barclays Bank plc as at the close of business on the immediately preceding week-day other than a Saturday on which banks are open in the City of London (the "**Business Day**").

1.3 "**Enhanced Rate**" shall be defined in respect of any day as the rate per annum which is 4 % per annum above the base lending rate from time to time of Barclays Bank plc at the close of business immediately preceding the **Business Day**.

1.4 "**Party**" shall be defined as each party to this **Transmission Related Agreement** and any successor(s) in title to, or permitted assign(s) of such person.

1.5 References in this **Transmission Related Agreement** to "this **Transmission Related Agreement**" include references to the Schedule hereto.

2. **COMMENCEMENT AND TERM**

2.1 This **Transmission Related Agreement** shall come into effect on the date hereof and shall continue in force and effect until the **Bilateral Agreement** is terminated in accordance with the **CUSC**.

2.2 Any provisions for payment shall survive termination of this **Transmission Related Agreement**.

3. **PAYMENTS BY THE USER**

3.1 Where in accordance with Clause [9] of the **Bilateral Agreement** the provisions of this **Transmission Related Agreement** are expressed to apply then the **User** shall make a payment to **The Company** determined in accordance with Clause 3.2 hereof.

3.2 The payment by the **User** referred to in Clause 3.1 above shall be an amount calculated on a **Settlement Period** basis and for each relevant **BM Unit** and shall be determined in accordance with the provisions set out below:-

Where in respect of all or part of an **Outage Period**:-

(a) in respect of a **BM Unit**, either the prevailing **Maximum Export Limit** or the prevailing **Maximum Import Limit** is other than that permitted under Clause [10/9] of the **Bilateral Agreement**; and

(b) **The Company** issues in accordance with the **Grid Code** a **Bid-Offer Acceptance** requiring the **BM Unit** to reduce the absolute value of **Output** or **Demand** to the figure as required under Clause [9] of the **Bilateral Agreement**, then the following formula shall apply:-

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

Where:-

$PNGC_i$ represents the payment from the User to **The Company** in respect of **BM Unit** i

$\sum_n$ represents the sum over all **Bid-Offer Pair Numbers** for the **BM Unit**

$\sum$

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

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

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

QAO^{n}_{ij} = **Period BM Unit Total Accepted Offer Volume**

n = **Bid–Offer Pair Number**

i = **BM Unit**

j = **Settlement Period**

3.3 The payment by the **User** referred to in Clause 3.1 above shall be made in accordance with the Schedule to this **Transmission Related Agreement**.

4. VARIATIONS

4.1 Subject to Clause 4.2, no variation to this **Transmission Related Agreement** shall be effective unless made in writing and signed by or on behalf of both **The Company** and the **User**.

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

5. GENERAL PROVISIONS

The following provisions of the **CUSC** shall apply to this **Transmission Related Agreement** *mutatis mutandis* as if set out in full herein:-

Paragraphs 6.12 (Liability), 6.14 (Transfer and Sub-contracting), 6.15 (Confidentiality), 6.16 (Data), 6.18 (Intellectual Property), 6.19 (Force Majeure), 6.20 (Waiver), 6.21 (Notices), 6.22 (Third Party Rights), 6.23 (Jurisdiction), 6.25 (Governing Law), 6.26 (Severance of Terms), 6.27 (Language), 7.4 (Disputes) and 7.5 (Third Party Claims).

6. COUNTERPARTS

This **Transmission Related Agreement** may be entered into in any number of counterparts and by different parties in separate counterparts, each of which when

signed shall constitute an original but all the counterparts shall together constitute but one and the same agreement.

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

SIGNED BY)

)

for and on behalf of)

NATIONAL GRID ELECTRICITY TRANSMISSION PLC)

SIGNED BY)

)

for and on behalf of)

[ ])

SCHEDULE OF PAYMENT PRINCIPLES

1.1 On the fifth **Business Day** of each calendar month **The Company** shall where applicable send to the **User** a statement ("the **Provisional Monthly Statement**") consisting of:-

(a) a statement (the "**Provisional Statement**") containing details of the payment calculation(s) made pursuant to Clause 3.2 of this **Transmission Related Agreement** in respect of the previous month; and,

(b) if relevant, a statement showing adjustments to be made (net of interest) in relation to any dispute regarding the payment calculation(s) in respect of any month prior to the previous month ("**the Provisional Adjustments Statement**"),

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

1.2 If the **User** disagrees with any of the dates, times, facts or calculations as set out in the Provisional **Statement** and/or the **Provisional Adjustments Statement**, it shall produce to **The** Company the evidence which it relies upon in support of such disagreement. The **Parties** shall discuss and endeavour to resolve the matter but if it cannot be resolved the **Parties** may have recourse to an arbitrator appointed pursuant to Paragraph 7.4 of the **CUSC**. Where a dispute is resolved, **The Company** shall adjust the account between itself and the **User** accordingly in the **Final Statement** where practicable or otherwise in the next **Provisional Adjustments Statement** which it issues.

1.3 Thirteen **Business Days** after the date specified in paragraph 1.1 **The Company** shall send to the **User** a statement ("the **Final Monthly Statement**") consisting of:-

(a) a statement ("the **Final Statement**") incorporating:-

(i) in the case of an undisputed **Provisional Statement** (or where any dispute has been resolved and no changes have been effected to the calculations contained in the **Provisional Statement**) the calculation made under paragraph 1.1.(a) together with an invoice for the amount shown as being due to or from the **User** (as the case may be) ; or

(ii) In the case of a disputed **Provisional Statement** where the dispute has been resolved prior to the issue of the **Final Statement** and changes to the calculations contained in the **Provisional Statement** have been agreed, a revised calculation made under paragraph 1.1(a) together with an invoice for the amount shown as being due to or from the **User** (as the case may be) ; and

(b) if a **Provisional Adjustments Statement** has been issued in accordance with paragraph 1.1(b), a statement ("the **Final Adjustments Statement**") showing adjustments to be made in relation to any dispute concerning any month prior to the previous month together with interest thereon up to and including the date of payment referred to in paragraph 1.5 such adjustments will be reflected in the invoice referred to at paragraph 1.3 (a) .

1.4 Where either **Party** discovers that any previous **Provisional Monthly Statement** or **Final** Monthly **Statement** contains an arithmetic error or omission **The Compnay** 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 Copmany** 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.

ANNEX 3 – COPIES OF REPRESENTATIONS RECEIVED TO THE CONSULTATION DOCUMENT

This Annex includes copies of all representations received following circulation of the Consultation Document of CAP149 (circulated on 19th October 2007, requesting comments by close of business on 16th November).

Representations were received from the following parties:

No.	Company	File No.
1	Centrica	CAP149-CR-01
2	E.ON UK	CAP149-CR-02
3	EDF Energy	CAP149-CR-03
4	Highlands and Islands Enterprise	CAP149-CR-04
5	InterGen	CAP149-CR-05
6	RWE group	CAP149-CR-06
7	Scottish and Southern Energy	CAP149-CR-07
8	Scottish Power	CAP149-CR-08
9	Scottish Renewables	CAP149-CR-09

Reference	CAP149-CR-01
Company	Centrica

Beverley Viney
Amendments Panel Secretary
Electricity Codes
National Grid
National Grid House
Warwick Technology Park
Gallows Hill
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Centrica Energy
Maidenhead Road
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Tel. 01753 431000

www.centrica.com

By e-mail

16 November 2007

Dear Beverley,

Re: CUSC Amendment Proposal CAP149 – TEC with restricted access rights

Centrica welcomes the opportunity to comment on this Amendment Proposal.

We support CAP149's objectives of increasing transparency and standardisation of transmission agreements for design variation connections and increasing awareness of these connections amongst future users. We believe increased transparency and awareness would better facilitate the CUSC objectives.

Although we support the objectives behind the original Amendment Proposal, we do not support the implementation of this proposal. As discussed at the Working Group meetings, we do not believe that a separate access product is required to meet the original proposal's objectives.

We do support Working Group Alternative Amendment ("WGAA1") as this meets the original proposal's objectives, but at the same time maintains the existing access arrangements. We also support WGAA1 because it formalises and clarifies the notification procedures which further increases transparency and is pragmatic in terms of implementation (it applies to new users and is open to existing users).

However, we appreciate that from National Grid's point of view there may be some outstanding issues with WGAA1. We are disappointed that some of these issues were raised only after the vote at the last Working Group meeting. In our view they should have been raised earlier to enable a proper Working Group discussion and to ensure an efficient outcome of the modification process.

Finally, with regards to implementation of WGAA1, we support an implementation date of five working days after an Authority decision. However, we would also back an implementation date of one month after an Authority decision if National Grid believes that is required to make the necessary changes to its internal processes.

If you have any questions regarding this response, please do not hesitate to contact me.

Yours sincerely,

Merel van der Neut Kolfschoten
Centrica Energy

Reference	CAP149-CR-02
Company	E.On UK

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Beverley Viney,
Amendments Panel Secretary
Electricity Codes
National Grid
National Grid House
Gallows Hill
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16 November, 2007

Dear Beverley,

CAP149 – Transmission Entry Capacity with restricted access rights

Thank you for the opportunity to comment on the above amendment proposal. E.ON UK supports the Working Group Alternative but not the original proposal.

The main benefit of CAP149 is that it formally brings into the CUSC the form of Bilateral Connection Agreement (BCA) that has been issued to generators with SQSS design variations on an ad hoc basis since BETTA Go Live. Previously, such agreements have come somewhat as a surprise to those generators receiving them as the wording of the standard form of BCA contained in the CUSC is very different. Therefore, it would be helpful to new generators seeking a connection to know from the outset that a BSC containing such terms is a possibility.

However, we do not believe that a new access product is required to provide such clarity. We accept that the proposer wishes the issue of charging to be considered and believes that a discrete access product would require such a charge to be developed. However, we feel that this issue can be addressed by specifying discounts for generators holding TEC with access restrictions within the Transmission Use of System Charging Methodology. We note that this is already currently being considered under charging methodology modification proposal GBECM-09. We believe that the creation of a new access product would simply create greater complexity and confusion in the access regime. In our view this complexity would outweigh the benefits of greater transparency that the amendment provides. We therefore do not believe that the original proposal is better than the current baseline.

We do believe however that the Working Group Alternative is better than the baseline and should be implemented.

We note that National Grid has some concerns about both options whilst supporting the intent of the proposal. We hope that these can be addressed to all parties' satisfaction. We would like to propose alternative interpretations of, or solutions to, the issues raised in section 12 of the consultation paper.

The first issue concerns the clause that is normally placed in BCAs of this type which allows for the agreement to be altered by National Grid should there be a change to the transmission system. We are not entirely certain which clause this relates to, but we assume that this refers to the paragraph 12.5 that has been put into existing BCAs and which allows the agreement to be altered if there is a change to documents and standards set out in appendices to the agreement. Whilst we are not supportive of clauses that allow National Grid to unilaterally alter bilateral agreements, we would not expect this clause's omission from the standard text to hinder the implementation of CAP149 even if the clause were deemed to be necessary.

The CUSC simply says that BCAs have to be "*in or substantially in the relevant exhibited form of*" that contained in the CUSC "*unless the parties thereto agree otherwise*". Up to now these agreements have been operating in the context of a standard BCA in the CUSC which is substantially different in form. Therefore, for one or two clauses to be omitted from the standard form is still a substantial improvement from the current situation. Should it be deemed necessary to include this clause in the standard exhibited BCA at a later date, then this can be accommodated by a simple stand alone amendment to the CUSC.

The second issue relates to the proposed clause 10.12 of the BCA which allows National Grid to treat a failure of a generator to reduce output under these arrangements to be treated as an event of default. National Grid quite rightly points out that they would wish an intermediate step allowing the User to justify why this happened rather than moving automatically into an event of default. We do not disagree with this view. However, the clause does say that National Grid "*may*" treat such a breach as an event of default. There is nothing requiring them to do so. Therefore, it would seem that the BCA allows National Grid to take the intermediate step even though this is not explicitly set out in the text of the agreement.

The final issue relates to the process for informing users that an outage will occur, or has occurred, that is liable to trigger the design variation related provisions of the BCA. CAP149 includes provision for this although we accept that the notification could alternatively be made under the Grid Code. As nothing is contained in the Grid Code on this issue at present we are relaxed with the provisions being included in the BCA. However, should a suitable alternative process be provided under the Grid Code OC2 arrangements, we would be content for this to be referenced in the BCA and for the relevant wording to be removed from that agreement. Again, we believe that this can be accommodated with a stand alone CUSC amendment if such a change to the Grid Code is implemented.

I hope that the above views prove helpful. Please contact me on the above number should you wish to discuss this issue further.

Yours sincerely

Paul Jones
Trading Arrangements

Reference	CAP149-CR-03
Company	EDF Energy

Beverley Viney
Amendments Panel Secretary
Electricity Codes
National Grid [National Grid House]
Warwick Technology Park
Gallows Hill, Warwick
CV34 6DA

14 November 2007

Dear Beverley,

CAP149 Transmission Entry Capacity with restricted access rights

EDF Energy is pleased to have the opportunity to comment on the CUSC amendment proposal, CAP149.

EDF Energy is supportive of the WGAA1 proposal but not the original amendment.

We believe that in relation to the current arrangements the WGAA1 will better facilitate achievement of CUSC Objective A (efficient discharge by The Company of the obligations imposed on it by the Act and the Transmission Licence).

The WGAA1 is superior to the Original as it will introduce formal arrangements for generators with a non-compliant connection. It will do this without introducing a new access product which presupposes the introduction of a discounted TNUoS tariff 'TEC-Lite'.
The WG discussed the range of non-compliant connections and concluded that the introduction of a single product and charge for all such connections would be inappropriate and especially difficult to charge. It was agreed that generators with a non-compliant connection should remain with Transmission Entry Capacity (TEC) and be provided with a cost-reflective discount based on design variation of the connection, rather than solely on it being non-compliant. EDF Energy agrees with these conclusions.

We would like to take this opportunity to express our displeasure on the opacity of the arrangements in Scotland.

The introduction of BETTA was intended to introduce a single GB electricity market, where suppliers and generators are free to contract in the forward market. This has been achieved, but only on the basis of some major technical and regulatory concessions to Scottish participants.

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In many ways only the trading arrangements are uniform across GB, whereas the transmission and charging arrangements are different for Scotland.

For example:

1. The Scottish transmission system is non-compliant and has been granted a number of derogations from the GBSQSS planning standards;
2. The licensing arrangements and funding for Transmission Investment in Renewable Generation (TIRG);
3. Generators that applied before December 2004 to connect in Scotland would have their connection offers based on making the system no-less compliant and would not have to wait for the transmission system to be reinforced;
4. The GBSO's IAE for Scottish constraints in 2005-06 was allowed, yet there was no investigation into the exploitation of these constraints – this was a tacit admission that such costs are acceptable for the industry to bear;
5. The GBSO has to compensate SPTL and SHETL when it rearranges outages, yet no mechanism is in place for the E&W TO;
6. TNUoS charges for 132kV lines in Scotland are not based on the cost of 132kV circuits, but reduced as c.30% are assumed to be 400kV (On the basis that they will be re-rated in the future);
7. The introduction of the Small Generators' TNUoS discount for Scottish generators below 100MW and connected at 132kV.

We hope that you will find these comments helpful. If you have any queries please do not hesitate to contact me.

Yours sincerely,

David Scott
Electricity Regulation, Energy Branch

Reference	CAP149-CR-04
Company	Highlands and Islands Enterprise

HIE
Highlands and Islands Enterprise
Iomairt na Gaidhealtachd 's nan Eilean

Beverley Viney
Amendments Panel Secretary
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beverley.viney@uk.ngrid.com

15 November 2007

Dear Ms Viney

Response to National Grid consultation document on CUSC Amendment Proposal CAP149, Transmission Entry Capacity with restricted access

As you are aware, Highlands and Islands Enterprise (HIE) is the Government's agency responsible for economic and community development across the northern half of Scotland. Along with its local partners (Shetland Islands Council, Orkney Islands Council, Comhairle Nan Eilean Siar, Highland Council, Moray Council and Argyll & Bute Council), HIE has taken a considerable interest in, and has responded to a number of consultations on, issues affecting development, access and management of grid infrastructure. We are also working closely with Scottish Government in relation to a wide range of regulatory issues and are supporting its efforts to challenge the barriers currently blocking renewables development across Scotland. HIE and its partners are particularly interested in this proposal given the importance to projects in the North of Scotland of being able to secure timely and cost effective transmission access.

Applicable objectives

The consultation document makes it clear that reaching a decision on these issues depends on what criteria are used for assessment. The 'CUSC Applicable Objectives', which are the only criteria which the Working Group (WG) could formally use, do not allow wider issues to be considered.

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careers scotland
Careers Scotland in the Highlands and Islands is part of the HIE network.

HIE notes that the review cannot apparently take into account the effect of the proposal in reducing risks and TNUOS charges for generators choosing this option. It is our view that it is entirely inappropriate that only partial aspects of a proposal can be considered in the CUSC modification process, and we would fully support initiatives to achieve a better governance process.

Comparison of CAP149 with WGAA1

The two options are compared in Section 5.6. HIE believes that in practical terms there is no significant difference between the options (or if there is, the document fails to make this clear).

HIE therefore favours WGAA1, as it could be implemented more rapidly.

Level of availability

The document discusses (Section 4.26) whether a User adopting this option could be guaranteed a certain minimum level of availability. HIE considers this would be feasible, but significantly more complex. It would also face significantly higher levels of objections during the consultation processes, and therefore may take longer. HIE believes these disadvantages could outweigh the advantage of certainty to the User.

National Grid's view

National Grid states in the document that neither CAP 149 nor WGAA1 are the most efficient mechanisms to achieve the stated objectives. This statement can only be true with a particularly narrow definition of 'efficient', which puts little or no weight on the speed with which change can be implemented. In reality, the proposal will make it easier and quicker for renewable generators to connect. Given the very high importance now attached by Government to rapid expansion of renewable generation, it is justifiable to claim that CAP149 and WGAA1 are indeed highly efficient, in that they can be implemented rapidly.

HIE would support proposals to modify the 'applicable CUSC objectives' to give weight to speed and simplicity of implementation of changes. It would also be a step forward to replace the term 'efficient' with a term which is less open to varied interpretation.

National Grid also raises several other problems. In some cases the justification for the concern is not particularly clear. HIE believes none of these are 'show-stoppers', and acceptable solutions can be found.

Summary

HIE supports CAP149. Of the two options presented, HIE marginally prefers WGAA1. While there are difficulties and costs, these appear justified by the benefits. The objections raised by National Grid do not appear insurmountable.

We hope you find these comments helpful.

Yours sincerely

Elaine Hanton

Elaine Hanton
Head of Renewables

On behalf of a Highlands &Islands partnership comprising:-
Highlands & Islands Enterprise
Shetland Islands Council
Orkney Islands Council
Comhairle Nan Eilean Siar
Highland Council
Moray Council
Argyll & Bute Council

Reference	CAP149-CR-05
Company	InterGen

Beverley Viney
Amendments Panel Secretary
Electricity Codes
National Grid
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DS

15th November 2007

Dear Ms Viney,

CUSC Amendment Proposal CA149- Transmission Entry Capacity with Restricted Rights (TEC-Lite)

InterGen welcomes this opportunity to respond to *Consultation Document on CAP 149*

InterGen UK support the principle behind CAP 147 of facilitating more efficient capital investment in transmission assets and facilitating earlier Grid connections by allowing Users to share the value of a non-standard connection through reduced Transmission System Use of System charges, (as proposed in GB ECM 09 on charging arrangements associated with design variations). Where Users choose a non-standard connection and accept the increased security risks they should also benefit from a share in the capital savings. Reducing unnecessary capital works should reduce both the cost and time to connect generating assets to the Grid. This should increase the number of new entrants and facilitate effective competition as well the efficient discharge of licensee's duties.

Of the two options presented in the Consultation Document InterGen prefer the Working Group Alternative Amendment 1 to the original Proposal. WGAA1 formalises the use of Design Variation Non-Firm Connections and takes advantage of a pre-existing mechanism by giving Users the option to request a DVNFC. InterGen also believes that WGAA1 is a more flexible solution that the original Proposal as the Proposal seeks to create a standard TEC-Lite product, whereas DVNFC's are tailored to specific sites.

InterGen believe that the reality of the situation is, that after accepting CAP149 and GB ECM 09, connections that are not fully GB SQSS compliant will continue to be non-standard in a variety of ways. There is no standard non-standard connection. GB ECM proposes generic reductions in TNUoS charges. The reduction in TNUoS charges is therefore partly standardised. We believe that reflecting the non-standard nature of the connection in the amendment gives a tidier solution than requiring non-standard connections to be treated as standard whilst the standardisation of reductions in TNUoS charges under GB ECM 09 gives predictability and stability that standardisation brings.

InterGen believes that the benefits of CAP149 should be made available to existing Users. This availability should be made explicit and communicated to applicable Users to avoid the creation of a two-tier TNUoS Charge for Users with similarly non-standard connections. We believe such a two-tier system would not facilitate fair competition.

Overall, InterGen believes the changes proposed in the Consultation Document are a practical solution to problems presented by changing patterns in Grid Access. CAP 149 is only effective if a change to the charging methodology (such as GB ECM 09) is also approved. We suggest that CAP 149 and GB ECM 09 should be considered in tandem. The combination of CAP 149 and GB ECM 09 should allow more efficient capital investment in transmission assets by allowing value sharing from deviations from full standard connections where the additional security of a standard security is not valued by the User.

Yours truly,

Andrew Taylor
Commercial Director, InterGen

Reference	CAP149-CR-06
Company	RWE group

RWE Trading

Beverley Viney
Amendments Panel secretary
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Name Bill Reed
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15th November 2007

E-mail: beverley.viney@uk.ngrid.com

CUSC Amendment Proposal CAP149 Transmission Entry Capacity with restricted access rights (TEC-lite) - RWE Consultation Response

Dear Beverley,

Thank you for the opportunity to comment on the CAP149 Consultation. This response is provided on behalf of the RWE group of companies including RWE Trading GmbH and RWE Npower plc.

RWE agrees with the view of the working group that working group alternative "WGAA1" would better meet the CUSC objectives when compared with the current baseline and "WGAA1" should be implemented. RWE also supports the view that the original amendment would have the potential to undermine the current TEC-based access arrangements and as such would not better meet the CUSC objectives.

RWE notes that National Grid does not support implementation of working group alternative "WGAA1" on the grounds that the proposed "processes" would not be the most efficient mechanism to increase the transparency and standardisation of the transmission agreements that include a design variation for connections. National Grid identifies four areas of concern and these are considered below.

a) ***Compliance with the GB SQSS***: With regard to the issue of GB SQSS compliance we are unclear as to the circumstances under which National Grid would need to vary an existing connection agreement that incorporates a design variation. We believe that further information is required on this issue from National Grid. However we would note that the CUSC 6.9.3 modification process should enable National Grid to "reopen" agreements to ensure SQSS compliance. On this basis we believe that "WGAA1" as proposed can be implemented as it stands.

b) ***The sanctions available to National Grid in the event of a breach of the connection agreement.*** While it may be argued that the arrangements proposed under "WGAA1" are cumbersome, we believe that the proposal would provide an effective sanction to ensure that parties comply with instructions issued by National Grid. As such we support "WGAA1" as proposed.

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c) ***The proposed notification process under the CUSC***. The specific requirements associated with restricting output from power stations with connections that incorporate design variations are explicitly included in the bilateral connection agreement. For example, the named circuits that give rise to output restrictions and the actions required to be taken by the users (e.g. to reduce the MEL) are set out in this agreement. Consequently we believe that the notification process relates to the *contractual arrangements* between the user and National Grid in respect of the defined actions required under the specific connection agreement and should, therefore, be set out in the CUSC. In addition, we believe that it would be difficult to define generic arrangements under the Grid Code that can accommodate the varied requirements set out in each individual bilateral agreement related to design variation connections.

d) ***The complexity of the arrangements:*** We welcome the proposal by National Grid to review the OC2 processes under the Grid Code in relation to the notifications issued to users with connection agreements that incorporate design variations. This may enable the Grid Code to reflect the proposed notification process for connection agreements that incorporate design variations under the CUSC and address the issue associated with the increased complexity that arises through these types of arrangements.

If you wish to discuss any aspect of our response, please do not hesitate to contact me.

Yours sincerely

By email

Bill Reed,
Market Development Manager

2

Reference	CAP149-CR-07
Company	Scottish and Southern Energy

Hynes, Patrick

From: Aileen.Mcleod@scottish-southern.co.uk
Sent: 16 November 2007 15:37
To: Viney, Beverley
Subject: SSE response to CAP149
Attachments: CAP149 CAA SSE 161107.doc

Dear Sirs

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, SSE Generation Ltd., Keadby Generation Ltd., Medway Power Ltd., SSE (Ireland) Ltd., and SSE Energy Supply Ltd. This response is not confidential.

In relation to the consultation concerning the report associated with the Consultation for CAP149 "Transmission Entry Capacity with restricted access rights (TEC-lite)" our views are as follows.

We believe that the Original and WGAA1 would **BETTER** meet both Applicable CUSC Objectives, and that WGAA1 is **BEST** when compared to both the Baseline and the Original. As WGAA1 is both better and best, **we support the implementation of WGAA1**.

With respect to the Baseline, WGAA1 would in our view:

- Offer more choice to Users;
- Make transparent the access restrictions associated with a Non-Firm Design Variation connection;
- Make transparent the export and import rights associated with a Non-Firm Design Variation connection; and
- Provide clarification of the notification procedures associated with Restrictions on Availability of the GB Transmission System.

Furthermore, WGAA1 would; if, as a result, Users were to opt for a Non-Firm Design Variation connection; address the potential for inefficient capital expenditure to facilitate new connections. This, we believe, would be particularly welcome to the Transmission Licensees as it would allow them to better facilitate the discharge of their obligations under the Act and Licences with respect to the development and maintainence of an efficient, co-ordinated and economical system of electricity transmission.

We do have a concern that, unless the associated issue of charging for access to and use of the GB Transmission System is addressed, then WGAA1 may not deliver this latter benefit to the Transmission Licensess (and, by extension, all Users and consumers). Our concern stems from the strong influence of charging on the connection decisions made by Users. If, as is currently the case, a User remains liable for the full TNUoS charge regardless of the "firmness" of its connection, but would lose rights to access the GB Transmission System and compensation for interruption by opting for a Non-Firm Design Variation then it is highly likely that the User would opt for the standard of connection for which it is paying (i.e. a GB SQSS-compliant connection) - regardless of the efficiency of the capital investment required.

We understand that National Grid is currently progressing the charging arrangements for Users with GB SQSS design variations based on customer requests, and has recently published Consultation Document GB-ECM 09 on this issue. However, if a modification to the Transmission Network Use of System Charging Methodology were not implemented then, in our view, the benefits of WGAA1 would be weakened. For the avoidance of doubt, even in the absence of this charging change, we still believe that the other benefits of WGAA1 described above would apply, and WGAA1 would be better than the Baseline.

04/12/2007

In order to address this concern, **we have proposed a Consultation Alternative Amendment** (CAA) which is attached to this email.

The purpose of our CAA proposal is, in the absence of a change to the charging methodology that specifically addresses GB SQSS design variations based on customer requests, to equalise Users rights to access to the GB Transmission System. Our basic premise is that so long as a User is paying for full access rights to the GB Transmission System (i.e. full TNUoS) then that User should have full access rights to that system. If a charging methodology change is implemented, then this would no longer be valid and it would appropriate for Users liable for a varied TNUoS tariff to have lesser access rights.

We are aware that by equalising access rights, more compensation payments may be made; however, we do not believe that our CAA proposal would result in additional costs to Users of the GB Transmission System. This is because additional compensation payments would be more than offset by the savings of lesser TO capex and opex. There are two reasons this is the case:

- The GB SQSS does not allow a different standard of connection to be offered where this would result in additional investment or operational costs to any particular customer or overall; hence, if additional costs were forecast then the Non-Firm Design Variation would not, indeed could not, be offered.

- The principle that has historically underpinned the deterministic planning standards is an economic cost-benefit analysis. The most efficient connection design (and most appropriate level of security) is established by assessing the lifetime cost of the asset (capex and opex) and the value of lost energy of different connection designs. The connection design of lowest cost is, generally, the most efficient option. Importantly, this analysis takes account of the value of lost energy; hence, with our CAA proposal where Users with a Non-Firm Design Variation were compensated for loss of system access, it remains the case that for this connection design to be offered it must be the lowest cost solution overall. And the lowest cost solution equals the lowest TNUoS pot equals the lowest cost to all Users; thus better meeting the Applicable CUSC Objectives.

The best outcome of CAP149 would be if Users (for whom it were appropriate in accordance with the GB SQSS criteria to do so) opted for a lower standard of connection design. A lower standard equates to lesser capital investment and this is of benefit to all parts of the industry including consumers. This, in our view, can be best achieved through the implementation of WGAA1 and a consequential change to the charging methodology. However, in the absence of a charging methodology change, we propose this CAA.

We note that the Working Group unanimously agreed that WGAA1 was better than the Baseline and the Original. However, in the Consultation document, National Grid express the view that, while it supports the objectives of CAP149, it does not believe that the proposed processes are the most efficient mechanisms to achieve these objectives. Unfortunately, these issues were not all raised by National Grid for debate in the Working Group.

The first point National Grid raise (in paragraph 12.2 of the Consultation Document) concerns future changes to the GB Transmission System that may result in a User's connection no longer meeting the criteria specified in the GB SQSS. If National Grid believe that it cannot reopen a User's Connection Agreement in this circumstance, then we agree that this is a valid concern that is most likely of relevance to all Users of the GB Transmission System. If National Grid should subsequently seek to raise a CUSC Amendment Proposal that would modify all Connection Agreements to address this issue then we would welcome the opportunity to contribute to the debate.

The second point National Grid raise (in paragraph 12.3 of the Consultation Document) concerns the course of action in the event that a User fails to comply with a Notification of Restrictions on Availability. National Grid is concerned that its only course of action is to treat the non-compliance as an Event of Default and would prefer the inclusion of an intermediate step. We note that the proposed text states that "The Company *may* treat such breach as an Event of Default" (our italics) which, in our view, would allow National Grid such an

intermediate step, for example to permit a User to justify a breach, before moving to Event of Default procedures.

The third point National Grid raise (in paragraph 12.4 of the Consultation Document) concerns the notification procedures proposed in WGAA1. These were the subject of some debate in the Working Group and it was agreed that, given the importance of Restrictions on Availability being acted upon by Users, clear and transparent notification procedures were required that would complement but not superceed OC2 requirements. A number of members of the Working Group (including SSE) commented that existing notification procedures can be *ad hoc*and not always timely and entirely clear in their directions. We welcome National Grid's decision to review the OC2 process and its intention that notifications associated with Non-Firm Design Variations should be included within this review.

As a final point we note the overlap between CAP149 and CAP152 "Exhibit B Revisions" as both propose text to be included in Exhibit B (Connection Application Form). A key aspect of CAP149 is to allow the User to request a GB SQSS compliant offer or a Non-Firm Design Variation offer or both. CAP152 only allows the User to request one or other, but not both. In our view, the CAP149 proposal, to allow the User to request multiple offers (on payment of the relevant fee to National Grid), would better meet both Applicable CUSC Objectives.

Kind regards

Aileen McLeod
Regulation Analyst
Scottish and Southern Energy
01738.456.107

04/12/2007

CUSC Consultation Alternative Amendment Proposal Form

CUSC working title of the Amendment Proposal and corresponding CAP reference

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

Description of the Proposed Consultation Alternative Amendment *(mandatory by proposer)*:

This Consultation Alternative Amendment has only one difference to WGAA1.

The difference is:

the revision of clause 10.13 of Schedule 2 Exhibit 1 (Bilateral Connection Agreement) and clause 9.8 of Schedule 2 Exhibit 2 (Bilateral Embedded Generation Agreement); both of these clauses being identical.

The legal text giving effect to this change is set out in Annex 1.

Description of differences between the proposed Consultation Alternative Amendment compared to Original proposal / Working Group alternative *(mandatory by proposer)*:

This change seeks to allow any Deenergisation resulting from conditions as set out in a Notification of Restrictions on Availability to constitute a Relevant Interruption, but only in the event that the Statement of the Use of System Charging Methodology does not include charging arrangements that take specific account of the lesser investment by the Transmission Owner to connect Users to the GB Transmission System with a Non-Firm Design Variation.

If specific charging arrangements for this type of connection are included in the Charging Methodology, then such Deenergisation will (as proposed by the Original and WGAA1) constitute an Allowed Interruption.

Justification for the proposal of the Consultation Alternative (*including why the original proposal / Working Group alternative does not address the defect*) *(mandatory by proposer)*:

The defect as identified in the Original CUSC Amendment Proposal was:

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 WGAA1 addresses this issue and, as unanimously agreed by Working Group Members, is better than the current Baseline and is best when compared to both the Baseline and the Original. However, while WGAA1 addresses the access rights aspect of the identified defect, is does not (indeed, could not) address the charging for the access product.

It was agreed in the Working Group that the TNUoS charging implications of this issue were outwith the scope of the Amendment Proposal. We note that National Grid has recently published

Consultation Document (GB-ECM 09) for the charging arrangements associated with GB SQSS design variations based on customer requests. However, these charging arrangements have not yet been implemented.

The purpose of this Consultation Alternative Amendment is to equalise Users rights of access to the GB Transmission System in the absence of a change to the TNUoS Charging Methodology.

It is a fundamental principle that so long as a User is paying for full access rights to the GB Transmission System (i.e. full TNUoS) then that User should have full access rights to that system. If a charging methodology change is implemented, then this would no longer be valid and and it would appropriate for Users liable for a varied TNUoS tariff to have lesser access rights.

We are aware that by equalising access rights, more compensation payments may be made; however, we do not believe that our CAA proposal would result in additional costs to Users of the GB Transmission System. This is because additional compensation payments would be more than offset by the savings of lesser TO capex and opex. There are two reasons this is the case:

- The GB SQSS does not allow a different standard of connection to be offered where this would result in additional investment or operational costs to any particular customer or overall; hence, if additional costs were forecast then the Non-Firm Design Variation would not, indeed could not, be offered.
- The principle that has historically underpinned the deterministic planning standards is an economic cost-benefit analysis. The most efficient connection design (and most appropriate level of security) is established by assessing the lifetime cost of the asset (capex and opex) and the value of lost energy of different connection designs. The connection design of lowest cost is, generally, the most efficient option. Importantly, this analysis takes account of the value of lost energy; hence, with our CAA proposal where Users with a Non-Firm Design Variation were compensated for loss of system access, it remains the case that for this connection design to be offered it must be the lowest cost solution overall. And the lowest cost solution equals the lowest TNUoS pot equals the lowest cost to all Users; thus better meeting the Applicable CUSC Objectives.

The best outcome of CAP149 would be if Users (for whom it were appropriate in accordance with the GB SQSS criteria to do so) opted for a lower standard of connection design. A lower standard equates to lesser capital investment and this is of benefit to all parts of the industry including consumers. This, in our view, can be best achieved through the implementation of WGAA1 and a consequential change to the charging methodology. However, in the absence of a charging methodology change, we propose this CAA.

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

As WGAA1.

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

As WGAA1.

Impact on Computer Systems and Processes used by CUSC Parties (this should be given where possible): As WGAA1.
Justification for Proposed Consultation Alternative Amendment with Reference to Applicable CUSC Objectives (mandatory by proposer):** Over-and-above the benefits of the Original CUSC Amendment Proposal and WGAA1, this proposal would in our view: Result in more Users (for whom it were appropriate in accordance with the GB SQSS criteria to do so) opting for a lower standard of connection design. This would ensure that the Transmission Licensees were not required to undertake inefficient capital investment to facilitate new connections. This would better meet Applicable CUSC Objective (a) and result in the more efficient discharge of the Licensess obligations under the Act and Licence with respect to the development and maintainence of an efficient, co-ordinated and economical system of electricity transmission. Remove the potential discrimination between different Users that currently have different access rights under the same access product. By ensuring that, so long as Users pay on the same basis for the same access product, they have equal access rights the potential barrier to entry and competition will be removed. This would better meet Applicable CUSC Objective (b) facilitating effective competition in the generation and supply of electricity.

Details of Proposer of Consultation Alternative Amendment: 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 Consultation Alternative Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	Campbell McDonald SSE Generation Limited 01738.458.412 **campbell.mcdonald@scottish-southern.co.uk**
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Aileen McLeod Scottish and Southern Energy plc 01738.456.107 **aileen.mcleod@scottish-southern.co.uk**

Attachments (Yes/No): Yes

If Yes, Title and No. of pages of each Attachment:

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 Electricity Transmission plc Licence under Section C7F, paragraph 15. Reference should be made to this section when considering a proposed amendment.

ANNEX 1 Proposed legal text to modify the CUSC for this CAA

(A) Schedule 2 Exhibit 1 (Bilateral Connection Agreement) of the CUSC

To modify WGAA1 such that clause 10.13 of Schedule 2 Exhibit 1 Bilateral Connection Agreement is as follows:

10.13 In the event that the **Statement of the Use of System Charging Methodology** does not include charging arrangements that take specific account of the lesser investment by the holder of a **Transmission Licence** to connect **Users** to the **GB Transmission System** with a **Non-Firm Design Variation**, then any **Deenergisation** resulting from the **Outage Conditions** as set out in the relevant **Notification of Restrictions on Availability** constitutes a **Relevant Interruption**.

For the avoidance of doubt, where the **Statement of the Use of System Charging Methodology** does include charging arrangements that take specific account of the lesser investment by the holder of a **Transmission Licence** to connect **Users** to the **GB Transmission System** with a **Non-Firm Design Variation** then any **Deenergisation** resulting from the **Outage Conditions** as set out in the relevant **Notification of Restrictions on Availability** constitutes an **Allowed Interruption**.

(B) Schedule 2 Exhibit 2 (Bilateral Embedded Generation Agreement) of the CUSC

To modify WGAA1 such that clause 9.8 of Schedule 2 Exhibit 2 Bilateral Embedded Generation Agreement is as follows:

9.8 In the event that the **Statement of the Use of System Charging Methodology** does not include charging arrangements that take specific account of the lesser investment by the holder of a **Transmission Licence** to connect **Users** to the **GB Transmission System** with a **Non-Firm Design Variation**, then any **Deenergisation** resulting from the **Outage Conditions** as set out in the relevant **Notification of Restrictions on Availability** constitutes a **Relevant Interruption**.

For the avoidance of doubt, where the **Statement of the Use of System Charging Methodology** does include charging arrangements that take specific account of the lesser investment by the holder of a **Transmission Licence** to connect **Users** to the **GB Transmission System** with a **Non-Firm Design Variation** then any **Deenergisation** resulting from the **Outage Conditions** as set out in the relevant **Notification of Restrictions on Availability** constitutes an **Allowed Interruption**.

Reference	CAP149-CR-08
Company	Scottish Power

Beverley Viney
Amendments Panel Secretary
Electricity Codes
National Grid
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

16 November 2007

0141 568 4469

Dear Beverley,

CAP149 Consultation Document
Transmission Entry Capacity with restricted access rights ((TEC-lite)

Thank you for the opportunity to respond to this consultation document. This response is submitted on behalf of ScottishPower Energy Management Ltd, ScottishPower Generation Ltd and ScottishPower Renewable Energy Ltd.

ScottishPower supports Working Group Alternative Amendment 1 and believes that it better meets the applicable CUSC objectives.

CAP149 addresses a number of key issues through formalising existing transmission access arrangements currently contained within Bilateral Connection Agreements (BCA) and their associated Transmission Related Agreements (TRA). Formalising these arrangements within a revised standard form of BCA improves transparency and consistency in the wording offered to potential connecting Users.

ScottishPower supports the inclusion of a "tick-box" on the standard Connection Application Form enabling a generator to request a lower (or higher) standard of connection (subject to the associated conditions). This should ensure that the User has the choice as to which type of connection best suits its requirements i.e. User (and not TO) driven. ScottishPower agrees that a cost-reflective charge should be made where an applicant requests the production of connection offers under both standard and design variation criteria.

The obligation on NG under the proposed wording of 2.13.7 (ii) to provide a best estimate of the probability of a Notification of Restriction on Availability should be accompanied by as much qualitative data as is available on the expected timing (seasonality) and duration of such Notifications. ScottishPower notes the obligation on NG (under 2.3.4) to 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.

A key element to the amendment proposal is the assumption that Users with a Design Variation Non-Firm Connection (DVNFC) would be entitled to a lower charge than that for TEC. This ensures that the charge is reflective of the Notifications of Restrictions on Availability and the consequential lesser right of access provided. Further, the lower charge provides an incentive on Users to accept a lower standard of connection which should result in more cost effective connections. ScottishPower note that National Grid has brought forward Charging Modification GB-ECM 09 in November 2007 to address this issue.

National Grid will have to manage carefully the situation where a further User applies to connect to a circuit subject to design variation resulting in an upgrade to the original circuit. The potential upgrade of an existing circuit would introduce a level of uncertainty that is difficult for existing Users to manage and the resultant increase in TNUoS charges would be entirely outwith their control. Early provision of information to affected Users would assist in managing the situation if an upgrade cannot be avoided and measures should be adopted to mitigate the financial impact such as a staged reduction of the discount.

ScottishPower agrees that it is not necessary to revise all existing BCAs which are subject to design variations or have associated Transmission Related Agreements. To do so would be an unnecessary diversion of resources for both National Grid and the User. However, where the User specifically requests revision or where extensive revision is being carried out to a BCA for other reasons (e.g. modification) then the opportunity should be taken to adopt the new standard form.

I hope you find these comments useful. Should you have any queries on the points raised, please feel free to contact us.

Yours sincerely,

James Anderson
Commercial & Regulation Manager

Reference	CAP149-CR-09
Company	Scottish Renewables

Beverley Viney
Amendments Panel Secretary
Electricity Codes
National Grid
National Grid House
Warwick Technology Park
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Beverley.Viney@uk.ngrid.com

16 November 2007

Dear Ms Viney

Scottish Renewables Response: CUSC Amendment Proposal CAP149

Many thanks for the opportunity to respond to the National Grid Electricity Transmission (NGET) CUSC Amendment Proposal, CAP149.

Scottish Renewables supports CAP149 (TEC-lite) as it promotes the more rapid deployment of renewable electricity generation. Despite environmental issues relating to climate change not being a CUSC Objective, CAP149 helps to align the code better with UK Government Energy Policy and the EU Renewables Directive.

Scottish Renewables is the trade body for the industry in Scotland and we have nearly 220 members involved in the renewable energy sector, many of which have a direct interest in electricity network issues. Scottish Renewables also benefits from the support of its Grid & Regulation Work Group, made up from the members of Scottish Renewables.

Needless to say, if you have need for clarification on any of the issues we raise please get in touch.

Scottish Renewables would like to express its appreciation for the effort that NGET and the CUSC Working Group has put into considering this issue and its recognition that change to the transmission networks, as proposed by CAP149 are worthwhile for consideration.

Scotland, and the development of renewable electricity projects, is key to the delivery of the Renewables Obligation and the UK's commitment to significantly cutting carbon emissions. These projects also have a significant role in the development of Scotland's economy and in particular 'local' or rural economies where otherwise vulnerable communities see an opportunity in renewables to reverse population decline and tackle fuel poverty through its development. Therefore, given the environmental and economic benefits, any identified

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obstacles to the development of this industry should be tackled quickly and any potential opportunities delivered in a similarly timely manner.

Scottish Renewables recently published a report on grid issues in Scotland called *Making Connections*. *Making Connections*[1] called for new thinking and reform of the way networks are managed. Whilst we are concerned that the CAP process may not be best suited to delivering fundamental reform of transmission access arrangements we do accept that the CAP process is one way to affect that change.

The CUSC Working Group considered a number of issues with regard to CAP149 and we would like to comment on these in turn:

Applicable Objectives
The CUSC applicable objectives do not allow the consideration of reduced transmission charging for eligible TEC-lite generators and the reduction in risk for the same generators.

We note that NGET is currently consulting on charging methodology for TNUoS (to which we have not been invited to respond, but we will) and that the charging issue with regard single circuit connections may receive a discount.

This CAP and the TNUoS methodology consultation combined could create a product that is of significant use to the Scottish renewable energy industry and it provides some encouragement that there appears to be a joined up approach being taken on this particular issue. However, it is a pity that it cannot be achieved with previous CAPS (e.g. 143 & 148).

Comparing CAP149 and WGAA1
We acknowledge that the clearer notification procedures outlined in WGAA1 make this a more preferable option to the original amendment and so we support WGAA1.

Summary
CAP149 and its amendment, combined with the TNUoS Charging consultation combined could make a sizeable difference to a number of renewables generators in Scotland and we would ask NGET to reconsider its current negative opinion of the amendment (because of the impact on GBSQSS) and think about the rapid implementation and increased generation from renewables and thus the positive impact it would have on the UK's climate change objectives.

Yours sincerely

Jason Ormiston
Chief Executive
Scottish Renewables

[1] You can download a copy of *Making Connections* from our website www.scottishrenewables.com.

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