

Stage 06: Final CUSC Modification Report

Connection and Use of System Code
(CUSC)

CMP200 Generator Led Due Diligence Review

This proposal seeks to modify the CUSC to implement the proposed changes identified from a due diligence review of the Generator Led changes implemented by the Authority using the Secretary of State powers.

What stage is this document at?

01	Initial Written Assessment
02	Workgroup Consultation
03	Workgroup Report
04	Code Administrator Consultation
05	Draft CUSC Modification Report
06	Final CUSC Modification Report

Date of Issue: 22 March 2012



The CUSC Modifications Panel recommends:

CMP200 should be implemented as it better facilitates Applicable CUSC Objectives (a) and (b)



High Impact:

None identified



Medium Impact:

None identified



Low Impact:

Offshore Generators undertaking Generator Led build options

Contents

1	Summary	3
2	Why Change?.....	4
3	Solution	6
4	Impacts	7
5	Proposed Implementation.....	8
6	The Case for Change.....	8
7	Responses	10
	Annex 1 – CUSC Modification Proposal Form	11
	Annex 2 – Proposed Legal Text.....	14



Any Questions?

Contact:

Emma Clark

Code Administrator



[Emma.Clark@
uk.ngrid.com](mailto:Emma.Clark@uk.ngrid.com)



01926 655 223

About this document

This document is the final CUSC Modification Report which contains details of the CUSC Modifications Panel Vote. This document has been prepared and issued by National Grid under the rules and procedures specified in the CUSC. The purpose of this document is to assist the Authority in their decision whether to implement CMP200.

Proposer:

Thomas Derry

National Grid Electricity
Transmission plc

Document Control

Version	Date	Author	Change Reference
0.1	08 February 2012	National Grid	Draft for industry review
0.2	16 February 2012	National Grid	Draft for Panel Vote
0.3	05 March 2012	National Grid	Draft for Panel review
1.0	22 March 2012	National Grid (Code Administrator)	Final Version for Submission to Authority

CMP200 Final CUSC
Modification Report

22 March 2012

Version 1.0

Page 2 of 23

1 Summary

- 1.1 To implement the various Generator Led build options changes were made to the CUSC, by the Authority using the Secretary of State powers, which placed obligations on Offshore Generators wishing to undertake activities otherwise undertaken by an Offshore Transmission Owner (OFTO). These changes, implemented in December 2010, aimed to ensure that transmission assets comply with the same standards whether constructed by a Generator or an OFTO.
- 1.2 CMP200 aims to implement changes identified from a due diligence review, which was conducted over July and August 2011 by National Grid and Ofgem, on the Generator Led changes that were implemented into the CUSC on 31 December 2010.
- 1.3 The Code Administrator Consultation for CMP200 closed on 21 December 2011 and received no responses.

National Grid Opinion

- 1.4 National Grid supports the implementation of CMP200 as it better facilitates the Applicable CUSC Objectives (a) and (b). This is achieved by providing additional clarity around the requirements for Offshore Generators that are undertaking a Generator Led build option.

CUSC Modifications Panel Recommendation

- 1.5 At the CUSC Modifications Panel meeting on the 24 February 2012, 8 Panel Members unanimously voted that CMP200 better facilitates the Applicable CUSC Objectives and should be implemented.

2 Why Change?

- 2.1 To implement the various Generator Led build options changes were made to the CUSC, by the Authority using the Secretary of State powers, which placed obligations on offshore generators wishing to undertake activities otherwise undertaken by an Offshore Transmission Owner (OFTO). These changes, implemented in December 2010, aimed to ensure that transmission assets comply with the same standards whether constructed by a Generator or an OFTO.
- 2.2 As part of the *Government response to consultations on offshore electricity transmission*¹ it was recognised that the Generator Led changes made to the CUSC had been developed over a relatively short period of time. In response to this, it was stated that a due diligence review of the CUSC would take place.
- 2.3 Following discussion between National Grid and Ofgem, it was agreed that National Grid would lead on a review, with support from Ofgem, and any changes that were identified would be progressed through the standard governance route. The scope of the review did not include introducing new arrangements for Generator Led but rather aimed to ensure that no unintended consequences existed as a result of the implemented CUSC drafting.
- 2.4 The review examined the text that was implemented into the CUSC against the general intentions of the changes which were outlined in *Government response to consultations on offshore electricity transmission*. The intentions of the Generator Led changes were to:
- Introduce a minimal change to the connection application and the generator's ability to submit a competent application.
 - Allow a generator to decide which of the three options it wishes to proceed with as part of its Connection Agreement through discussion with NGET in the post offer period and for that choice to be reflected in the Bilateral Connection/Construction Agreement.
 - Continue with the current arrangements that allow a generator to accept or reject a connection offer.
 - Reflect the option selected by the generator in the Construction Agreement, where late OFTO build or generator build is selected.
 - Set out the process for sharing updated information between the generator and the NETSO as detailed design, construction and commissioning work is completed: including technical data; programme plan information; commissioning plan information; responsibility schedules and other operational diagrams. This information is equivalent to that which an OFTO would be obliged to provide under the TO Construction Agreement in the STC.
 - Allow the offshore generator and the NETSO to enter into an agreement that clearly defines (or can be developed to clearly define) the terms of the new transmission system connection, including clarity on allocation of rights and responsibility for pre-construction and construction works.

¹<http://www.ofgem.gov.uk/Networks/offtrans/pdc/cdr/Cons2010/Documents1/Government%20response%20to%20offshore%20transmission%20consultations.pdf> (published 15 December 2010)

- Clarify that a material change to a Connection Agreement which impacts on another CUSC party will be treated as a Modification Application.
- Introduce new definitions necessary for the introduction of the generator build option and clarification of the late OFTO build option.
- Extend the modification application/offer and notification to include changes to Offshore Transmission System Development User Works (OTSDUW)

2.5 The review also considered the experience that National Grid has gained through the Transitional Tender rounds and how that could be applied to improve the clarity of the Generator Led arrangements in the enduring regime.

2.6 The review did not identify any unintentional interactions as a result of the changes that were implemented into the CUSC on 31 December 2010. The review did however identify a number of changes that will improve the clarity of the arrangements and the consistency of the changes across the CUSC and Grid Code.

2.7 It should be noted that a due diligence review of the Grid Code changes has been carried out in parallel with the CUSC review.

3 Solution

- 3.1 CMP200 seeks to implement the proposed changes identified in Annex 2. The proposed changes do not introduce new arrangements but merely add clarity to the existing generator led arrangements.
- 3.2 It is recognised that this due diligence review was conducted by National Grid and Ofgem, and had a fairly narrow scope. As such, Users have not been able to input into the review process.
- 3.3 The Code Administrator Consultation asked Users to highlight any other issues that have not been included in the proposals so that they could be considered as areas for future modifications.

Impact on the CUSC

- 4.1 CMP200 requires amendments to the following parts of the CUSC:
- Section 2 - Connection
 - Section 6 - General Provisions
 - Section 11 - Definitions
 - Exhibit C - Connection Offer
 - Schedule 2, Exhibit 3A - Offshore Construction Agreement
- 4.2 The text required to give effect to this proposal is contained in Annex 2 of this document.

Impact on Greenhouse Gas Emissions

- 4.3 The proposer has not identified any material impacts on Greenhouse gas Emissions

Impact on Core Industry Documents

- 4.4 The proposer has not identified any impacts on Core Industry Documents.

Impact on other Industry Documents

- 4.5 The proposer has not identified any impacts on other Industry Documents.

5 Proposed Implementation

- 5.1 The Code Administrator proposes that CMP200 should be implemented 10 business days after an Authority decision.

6 The Case for Change

Assessment against Applicable CUSC Objectives

- 6.1 The proposer considers that CMP200 would better facilitate the following CUSC Objectives

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

Clarification of arrangements will allow for a more efficient development of the offshore transmission system by removing ambiguity and providing clearer requirements for Users. This is inline with the requirement of ensuring an economic and efficient transmission system.

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

Provides additional clarity regarding the build choices for a User which allows for increased participation in the market and should subsequently improve competition.

- (c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.

Neutral

National Grid Opinion

- 6.2 National Grid supports the implementation of CMP200 as it better facilitates the Applicable CUSC Objectives (a) and (b). This is achieved by providing additional clarity around the requirements for Offshore Generators that are undertaking a Generator Led build option.

CUSC Modifications Panel Recommendation

6.3 At the CUSC Modifications Panel meeting on the 24 February 2012, 8 Panel Members unanimously voted that CMP200 better facilitates the Applicable CUSC Objectives and should be implemented. The details of the voting can be found below:

Panel Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Overall (Y/N)
Ian Pashley	Yes, as clarification of the arrangements allows for more efficient development of the offshore transmission system	Yes, as additional clarification allows for increased participation in the market and therefore improved competition	Neutral	Y
Barbara Vest	Yes, for same reasons as above	Yes, for same reasons as above	Neutral	Y
Paul Mott	Yes, for same reasons as above	Yes, for same reasons as above	Neutral	Y
Bob Brown	Yes, as there is additional clarity for offshore	Yes, for same reasons as above	Neutral	Y
Paul Jones	Yes, with this being a stronger argument than ACO (b)	Yes, for reasons already stated	Neutral	Y
Fiona Navesey	Yes, for reasons already stated	Yes, for reasons already stated	Neutral	Y
Garth Graham	Yes, with this being a stronger argument than ACO (b)	Yes, for reasons already stated	Neutral	Y
Simon Lord	Yes, for reasons already stated	Yes, for reasons already stated	Neutral	Y

7 Responses

- 7.1 There were no responses received to the Code Administrator Consultation for CMP200 which opened on 30 November 2011 and closed on 21 December 2011.

CUSC Modification Proposal Form	CMP200
<p>Title of the CUSC Modification Proposal: <i>(mandatory by Proposer)</i> Generator Led Due Diligence Review</p>	
<p>Submission Date <i>(mandatory by Proposer)</i> 17 November 2011</p>	
<p>Description of the CUSC Modification Proposal <i>(mandatory by Proposer)</i></p> <p>This CUSC Modification Proposal aims to implement changes identified from a due diligence review that was conducted by National Grid and Ofgem on the Generator build changes that were implemented into the CUSC in December 2010.</p> <p>To implement the Generator build model, changes were made by the Secretary of State to the CUSC which placed obligations on offshore Generators wishing to undertake activities otherwise undertaken by an Offshore Transmission Owner (OFTO). These changes aimed to ensure that transmission assets comply with the same standards whether constructed by a Generator or an OFTO.</p> <p>As part of the <i>government response to consultations on offshore electricity transmission</i>¹ it was recognised that the changes made to the CUSC in relation to Generator Led had been developed over a relatively short period of time. In response to this, it was agreed that a consistency check of the CUSC would take place to ensure no unintended consequences.</p>	
<p>Description of Issue or Defect that CUSC Modification Proposal seeks to Address: <i>(mandatory by Proposer)</i></p> <p>A new regulatory regime for offshore transmission networks has been developed, in partnership, by Ofgem and the Department of Energy and Climate Change (DECC). The new regime was activated on 24 June 2009 and in July 2009 Ofgem commenced the first set of transitional tenders to appoint new Offshore Transmission Owners (OFTOs).</p> <p>Transitional tenders are for projects where the transmission assets have been or will be constructed by the offshore developer, then transferred to the OFTO. Ofgem commenced the second transitional tender round on 17 November 2010. Subsequent tenders will fall under the enduring regime.</p> <p>In order to implement the enduring regime, a number of changes were made to the CUSC. These changes were put in place by the Secretary of State and came into effect on 31 December 2010.</p> <p>It was recognised that the changes made to the CUSC, in relation to Generator Led, had been developed over a relatively short period of time. In response to this, it was agreed that a due diligence review of the CUSC would take place to ensure there were no unintended consequences that could arise out of the drafting that was implemented. Following discussions with Ofgem, it was agreed that any changes identified from the due diligence review would be progressed through the normal governance arrangements.</p> <p>A due diligence review has now been conducted and a number of minor changes have been identified that would add clarity to the arrangements placed in the CUSC.</p>	

¹<http://www.ofgem.gov.uk/Networks/offtrans/pdc/cdr/Cons2010/Documents1/Government%20response%20to%20offshore%20transmission%20consultations.pdf>

<p>Impact on the CUSC <i>(this should be given where possible)</i></p> <p>Changes are proposed to the following sections of the CUSC:</p> <ul style="list-style-type: none"> • Section 2 - Connection • Section 6 - General Provisions • Section 11 - Definitions • Exhibit C - Connection Offer • Schedule 2, Exhibit 3A - Offshore Construction Agreement
<p>Do you believe the CUSC Modification Proposal will have a material impact on Greenhouse Gas Emissions? <i>(mandatory by Proposer. Assessed in accordance with Authority Guidance – see guidance notes for website link)</i></p> <p>No</p>
<p>Impact on Core Industry Documentation. Please tick the relevant boxes and provide any supporting information <i>(this should be given where possible)</i></p> <p>BSC <input type="checkbox"/></p> <p>Grid Code <input type="checkbox"/></p> <p>STC <input type="checkbox"/></p> <p>Other <input type="checkbox"/> <i>(please specify)</i></p>
<p>Urgency Recommended: No</p>
<p>Justification for Urgency Recommendation N/A</p>
<p>Self-Governance Recommended: No</p>
<p>Justification for Self-Governance Recommendation N/A</p>
<p>Should this CUSC Modification Proposal be considered exempt from any ongoing Significant Code Reviews? Yes, this modification is concerned with only making changes identified through the due diligence review conducted on the changes made to the CUSC to implement generator build. It should not form part of larger review at this point.</p>
<p>Impact on Computer Systems and Processes used by CUSC Parties:</p> <p>None</p>

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

A similar modification is being progressed for the Grid Code but it is not consequential to the changes identified in this CUSC modification.

Justification for CUSC Modification Proposal with Reference to Applicable CUSC Objectives:
(mandatory by proposer)

Please tick the relevant boxes and provide justification:

(a) the efficient discharge by The Company of the obligations imposed upon it by the Act and the Transmission Licence

Clarification of arrangements will allow for a more efficient development of the offshore transmission system by removing ambiguity and providing clearer requirements for Users. This is inline with the requirement of ensuring an economic and efficient transmission system.

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

Provides additional clarity regarding the build choices for a User which allows for increased participation in the market and should subsequently improve competition.

(c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.

Neutral

Details of Proposer: (Organisation Name)	National Grid Electricity Transmission
Capacity in which the CUSC Modification Proposal is being proposed: (i.e. CUSC Party, BSC Party or "National Consumer Council")	CUSC Party
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	Thomas Derry National Grid Electricity Transmission Plc 01926 654208 Thomas.derry@uk.ngrid.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Emma Clark National Grid Electricity Transmission Plc 01926 655223 Emma.clark@uk.ngrid.com
Attachments: Yes If Yes, Title and No. of pages of each Attachment:	
	CUSC Changes - 10 pages

Section 2 (2.13.8, 2.13.10)

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

Formatted: Font: Bold

Formatted: Font: Bold

2.13.10 In the case of **New Connection Sites** located in **Offshore Waters**, where a ~~Bilateral Connection Agreement~~ **Construction Agreement** is entered into on the basis of the **OTSDUW Arrangements**, the **Construction Agreement** for such **New Connection Site** will reflect the extent and scope of the **Onshore Construction Works**, the **Offshore Construction Works** and the **Offshore Transmission System Development User Works** as agreed between **The Company** and the **User** ~~consequent on reflecting~~ any changes in the assumptions referred to in paragraph 2.13.8 as agreed between **The Company** and the **User** prior to acceptance of the **Connection Offer**. The **Construction Agreement** may contain continuing assumptions and provisions allowing for its variation upon changes in such continuing assumptions.

Section 6 (6.9.6.1)

6.9.6 Modifications relating to OTSDUW

~~6.9.6.1~~ Where a **Construction Agreement** has been entered into on the basis of **OTSDUW Arrangements**, then any actual or proposed replacement, renovation, modification, alteration, or construction by or on behalf of the **User** to the **OTSUA**, the scope of the **OTSDUW** or the manner of the operation of the **OTSUA** which may have a **Material Effect** on another **CUSC Party** at the particular **Connection Site** and/or **Transmission Interface Site** shall be deemed to be a **Modification** proposed by the **User** for the purposes of the **CUSC**.

Formatted: Font: Not Bold

Section 11 (Various definitions)

"Offshore Transmission System"

a part of the **National Electricity Transmission System** used (or to be used) for the purposes of **Offshore Transmission** and for which there is (or where the **OTSDUW Arrangements** apply, will be) an **Offshore Transmission Licensee**;

"Offshore Transmission System Development User Works" or "OTSDUW"

in relation to a particular **User** where the **OTSDUW Arrangements** apply, means those activities and/or works for (a) the design, planning, consenting, ~~and/or~~ construction and installation of the **Offshore Transmission System** or (b) the design, ~~planning and consenting of the~~ **Offshore Transmission System** to be undertaken by the **User** as identified in Part 2 of Appendix I of the relevant **Construction Agreement**;

"Offshore Transmission System User Assets" or "OTSUA"

in relation to a particular **User**, any **Plant** and **Apparatus** resulting from the **OTSDUW** that once transferred to the **Relevant Transmission Licensee** will form the **Offshore Transmission System** to which the **User's Equipment** is to be connected at the **Connection Site**, as identified in its **Construction Agreement**;

Onshore Transmission System

the part of ~~of~~ the **National Electricity Transmission System** which is not an **Offshore Transmission System**.

Formatted: Font: Not Bold

"OTSDUW Arrangements"

the arrangements whereby ~~certain or all aspects of the~~ (a) the design, planning and consenting, ~~and/or~~ construction and installation of assets that are to comprise an **Offshore Transmission System** or (b) the design, planning and consenting of assets that are to comprise an **Offshore Transmission System** are capable of being undertaken by a **User**;

"OTSUA Transfer Time"

the time and date at which the **OTSUA** are transferred by the relevant **User** to an **Offshore Transmission Licensee**;

Formatted: Font: Bold

Exhibit C (Paragraph 9)

9. This **Offer** in respect of **New Connection Sites** located in **Offshore Waters** has been prepared on the basis that you wish to undertake **Offshore Transmission System Development User Works** (including construction and installation). The **Offer** assumes (unless you have advised us of the extent of the **Offshore Transmission System Development User Works** that you wish to undertake) that these are the works (and the activities associated with them) required to deliver a connection from the **Offshore Grid Entry Point** to the **Onshore Transmission System** at the **Transmission Interface Point** based on the assumptions set out in the **Construction Agreement** although this can be reviewed.

Formatted: Font: Bold

Schedule 2 Exhibit 3A (Offshore Construction Agreement)

1.1 DEFINITIONS, INTERPRETATION AND CONSTRUCTION

“Offshore Transmission Reinforcement Works”

those works other than the **Transmission Connection Asset Works, Onshore Transmission Reinforcement Works, Seven Year Statement Works and One Off Works**, which in the reasonable opinion of **The Company** are necessary to extend or reinforce the **National Electricity Transmission System** in relation to and prior to the connection of the **User’s Equipment** at the **Connection Site** and which are specified in Appendix H2 to this **Construction Agreement**, where Part 1 is works required for the **User** and Part 2 is works required for wider system reasons[; but **OTSDUW** are excluded from **Offshore Transmission Reinforcement Works** (and are specified in Appendix I **Part 2** and not Appendix H2)].

Formatted: Font: Not Bold

Formatted: Font: Not Bold

[“Onshore Transmission Licensee”

In the context of the Transmission Interface Site, shall mean **the Company** in England and Wales, SP Transmission Limited in south of Scotland, and Scottish Hydro-Electric Transmission Limited in north of Scotland].

[“Transmission Interface Site Specification”

a specification which sets out the following information—:
(a) a description of those **OTSUA** at the **Transmission Interface Site**;
(b) a clear identification of the boundary between the **OTSUA** and the **Onshore Transmission System**; and
(c) a description of the technical design and operating criteria which apply to the **OTSUA** (including any reliance on the **User’s Equipment** in respect the minimum technical, design and operational criteria and performance requirements set out or referred to in CC.6.3)].

“User’s Works”

those works necessary for installation of the **User’s Equipment** which are specified in Appendix I [(Part 1)] to this **Construction Agreement** [and **OTSDUW** subject to Clause [1.4] of this **Construction Agreement**].

Formatted: Font: Not Bold

Formatted: Font: Not Bold

1.2.3 [The Company [shall] ~~[may]~~ as soon as practicable and (save where the **Authority** consents to a longer period) in any event within 3 months of the receipt of notice from the **Authority** that the **Relevant Transmission Licensee** has been appointed propose to the **User** an agreement to vary this **Construction Agreement** and the **Bilateral Connection Agreement**. This agreement to vary will identify the **Offshore Construction Works** as set out in the **Offshore TO Construction Offer** and shall make such further amendments to the **Construction Agreement** and **Bilateral Connection Agreement** as are necessary as a consequence of this identification and the timing of the **Offshore Tender Process** on the **Offshore Works Assumptions** and the **Onshore Construction Works** and shall include such terms and conditions as **The Company** in its discretion requires as a consequence of such amendments.] [In the case of **OTSDUW** **The Company** may as soon as practicable and (save where the **Authority** consents to a longer period) in any event within 3 months of the receipt of notice from the **Authority** that the **Relevant Transmission Licensee** has been appointed propose to the **User** an agreement to vary this **Construction Agreement** and the **Bilateral Connection Agreement** to amend the **Bilateral Connection Agreement** and **Construction Agreement** as necessary to reflect any inconsistencies between the **OTSDUW**, **OTSUA** and **Offshore Works Assumptions**.]

Formatted: Font: Not Bold

Formatted: Font: Not Bold

[1.34 Where the **OTSDUW** comprise only the design, planning and/or consenting of (and/or other pre-construction activities relating to) the **Offshore Transmission System**, and do not comprise works for construction and installation, direct or indirect references to the **User’s Works** shall be deemed to include the **Offshore Construction Works** for the purposes only of (and to the extent so provided in the description of **OTSDUW**) Clauses 2.2, 2.3 and 2.4 of this **Construction Agreement**.]

Formatted: Font: Not Bold

Formatted: Font: Not Bold

2. CARRYING OUT OF THE WORKS

2.2 Subject to Clauses 2.3 and 2.4 of this **Construction Agreement** forthwith following the date of [the **Offshore Agreement to Vary**] [this **Construction Agreement**] The **Company** shall use its best endeavours to obtain in relation to the **Construction Works**, excluding the **Wider Transmission Reinforcement Works** and the **User** shall use its best endeavours to obtain in relation to the **User’s Works**, all **Consents**. Each shall give advice and assistance to the other to the extent reasonably required by the other in the furtherance of these obligations. Further, the **User** and the **Relevant**

Formatted: Font: Not Bold

Transmission Licensee] **[Onshore Transmission Licensee]** shall, so far as it is legally able to do so, grant to, the other in respect of the **[Connection Site]** **[Transmission Interface Site]** all such wayleaves, easements, servitude rights, rights over or interests in land or any other consents reasonably required by the **User** or **[Relevant Transmission Licensee]** **[Onshore Transmission Licensee]** in order to enable the **Works** excluding the **Wider Transmission Reinforcement Works** to be expeditiously completed and to enable that other to carry out its obligations to the other under this **Construction Agreement** and in all cases subject to such terms and conditions as are reasonable.

Formatted: Font: Not Bold

2.3.1 All dates specified in this **Construction Agreement** are subject to **The Company** obtaining **Consents** for the **Construction Works** in a form acceptable to it within the time required to carry out the **Construction Works** excluding the **Wider Transmission Reinforcement Works** **[and the User** obtaining **Consents** for the **OTSDUW]** in accordance with the **Construction Programme**.

Formatted: Font: Not Bold

Formatted: Font: Not Bold

2.3.2 In the event of:-

- (a) the **Consents** not being obtained by the required date; or
- (b) the **Consents** being subject to conditions which affect the dates; or
- (c) **The Company** wishing to amend the **Construction Works** excluding the **Wider Transmission Reinforcement Works** **[or the User** wishing to amend **OTSDUW]** to facilitate the granting of the **Consents**,

Formatted: Font: Not Bold

then, in the case of **Construction Works** and **Consents** therefor, **The Company** shall be entitled to revise the **Construction Works** (and as a consequence Appendix A to the **Bilateral Connection Agreement**) and all dates specified in this **Construction Agreement** in relation to those **Construction Works** and the charges specified in Appendix B to the **Bilateral Connection Agreement**. For the avoidance of doubt such revisions shall be at **The Company's** absolute discretion and the consent of the **User** is not required. **[In the case of OTSDUW and Consents therefor, the User shall be entitled to revise the OTSDUW (including any changes to the Offshore Works Assumptions) and the dates specified in this Construction Agreement in relation to OTSDUW, in which case the User shall propose such revisions to The Company and the parties shall (without prejudice to paragraph 6.9.2) agree such amendments to this Construction Agreement as are necessary to reflect such revisions. The parties acknowledge that any dispute regarding such amendments shall be referable to and determined by the Authority under the provisions of Standard Condition C9 Paragraph 4 of the Transmission Licence, and where such application is made, the parties shall take into account any determination or other direction from the Authority.]**

Formatted: Font: Not Bold

Formatted: Font: Not Bold

2.3.4 **[The Company** shall be regularly updated by the **User** in writing or by such other means as the parties may agree as to progress made by

Formatted: Font: Not Bold

the **User** from time to time in the obtaining of relevant **Consents** for the **OTSDUW** pursuant to its obligations under Clause 2.2 or 2.3 of this **Construction Agreement**.]

Formatted: Font: Not Bold

2.4.1 The **User** shall be liable to pay to **The Company**:-

- (a) all **The Company 's Engineering Charges** accrued; and
- (b) proper and reasonable out-of-pocket expenses incurred and/or paid or which **The Company** is legally bound to incur or pay

in seeking and obtaining the **Consents** the subject of Clause 2.2 of this **Construction Agreement** excluding any costs associated with the **Seven Year Statement Works** and the works specified in Part 2 of Appendix H.

The **User** acknowledges these out of pocket ancillary expenses may include planning inquiries or appeals and the capital costs together with reasonable legal and surveyors costs of landowners or occupiers in acquiring permanent easements or other rights in respect of any electric line or underground cable forming part of the **Transmission Connection Asset Works**. This sum shall not include any capital costs incurred by **The Company**, in relation to **Connection Sites** [or **Transmission Interface Sites**] in England and Wales, in the acquisition by it of the freehold of any land or any **Relevant Transmission Licensee** [or **Onshore Transmission Licensee**], in relation to **Connection Sites** [or **Transmission Interface Sites**] in Scotland, in the acquisition by it of the feuhold of any land. **The Company** shall keep the **User** informed of the level of such charges and expenses being incurred. The **User** shall pay such sums within 28 (twenty eight) days of the date of **The Company 's** invoice therefor.

Formatted: Font: Not Bold

2.5 Prior to the commencement of the **Transmission Connection Asset Works** [**Onshore Transmission Reinforcement Works** or any **One Off Works**] the **User** shall have the right to terminate this **Construction Agreement** upon giving not less than 7 (seven) days notice in writing to **The Company**. In the event of the **User** terminating this **Construction Agreement** in terms of this Clause 2.5 the **User** shall in addition to the payments for which it is liable under Clause 2.4 hereof be liable to pay to **The Company** a sum equal to **The Company's** estimate or if applicable revised estimate of **Final Sums**. The **User** shall pay such sums within 14 (fourteen) days of the date of **The Company's** invoice(s) therefor on termination where applicable **The Company** shall disconnect the **User's Equipment** at the **Connection Site** and:

Formatted: Font: Not Bold

- (a) where the **Relevant Transmission Licensee** is the owner of the **Offshore Platform** the **User** shall remove any of the **User's Equipment** on the **Offshore Platform** within such period the **Relevant Transmission Licensee** and the **User**; or
- (b) where the **User** is the owner of the **Offshore Platform** **The Company** shall procure that the **Relevant Transmission**

Licensee removes, any of the [**Transmission Connection Assets**] on the period as may be agreed between and the **User**.]

OR

[(a) **The Company** shall disconnect the **OTSUA** at the **Transmission Interface Site**; and

Formatted: Font: Not Bold

(b) the **User** shall remove any of the **OTSUA** on the **Onshore Transmission Licensee's** land at the **Transmission Interface Site** and **The Company** shall (as appropriate) remove or procure that the **Onshore Transmission Licensee** removes its equipment (if any) from the **User's** land at the **Transmission Interface Site** in each case within such period as may be agreed between the **Onshore Transmission Licensee** and the **User**.]

Formatted: Font: Not Bold

2.9 During the period of and at the times and otherwise as provided in the **Construction Programme** and the **Commissioning Programme** **The Company** shall allow the **User**, its employees, agents, suppliers, contractors and sub-contractors necessary access to the [**Construction Site**] [**Transmission Interface Site**] and the **User** shall allow **The Company** or, the **Relevant Transmission Licensee** and in either case their employees, agents, suppliers, contractors and sub-contractors necessary access to its site to enable each to carry out the [**Transmission Connection Asset Works** [**Onshore Transmission Reinforcement Works** or any **One Off Works**] or **User's Works** but not so as to disrupt or delay the construction and completion of the other's **Works** on the said sites or the operation of the other's **Plant** and **Apparatus** located thereon, such access to be in accordance with any reasonable regulations relating thereto made by the site owner or occupier.

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

2.10 Not later than six months prior to the **Commissioning Programme Commencement Date** **The Company** shall provide the **User** with a draft **Commissioning Programme** for the **Commissioning** of the [**Transmission Connection Assets**] [**OTSUA**], and the **User's Equipment**. The **User** shall, as quickly as practicable and in any event within three months of receipt thereof, determine whether or not to approve the proposed **Commissioning Programme** (which approval shall not be unreasonably withheld or delayed) and shall within such three month period either notify **The Company** of its approval or, in the event that the **User** reasonably withholds its approval, notify **The Company** of any changes or variations to the proposed commissioning programme recommended by the **User**. If **The Company** does not accept such changes or variations submitted by the **User** any dispute shall be referred to the **Independent Engineer** for determination. The **Commissioning Programme** agreed between the parties or determined by the **Independent Engineer** as the case may be shall be implemented by the parties and their sub-contractors in accordance with its terms.

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

2.11 If at any time prior to the **Completion Date** it is necessary for **The Company** or **The Company** in its reasonable discretion wishes to make any addition to or omission from or amendment to the **[Transmission Connection Asset Works and/or] Transmission Reinforcement Works** and/or the **One Off Works** and/or the **Third Party Works** **The Company** shall notify the **User** in writing of such addition, omission or amendment and Appendices [B1 (One Off Works), [G (Transmission Connection Asset Works)] H (Transmission Reinforcement Works) and N (Third Party Works)] to this **Construction Agreement** and consequently Appendices [A (Transmission Connection Assets) and B (Connection Charges and One Off Charges)] to the associated **Bilateral Connection Agreement** shall be automatically amended to reflect the change. [If at any time prior to the **Completion Date** it is necessary for the **User** or the **User** in its reasonable discretion wishes to make any addition to or omission from or amendment to the **OTSDUW** (including any changes to the **Offshore Works Assumptions**), the **User** shall propose such revision to **The Company** and the parties shall (without prejudice to paragraph 6.9.2) agree changes to this **Construction Agreement** as are necessary to reflect such revision. The parties acknowledge that any dispute regarding such amendments shall be referable to and determined by the **Authority** under the provisions of Standard Condition C9 Paragraph 4 of the **Transmission Licence**, and where such application is made, the parties shall take into account any determination or other direction from the **Authority**.]

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Bold

8. COMPLIANCE WITH SITE SPECIFIC TECHNICAL CONDITIONS

The **User** shall ensure that on the **Completion Date** the **User's Equipment** complies with the site specific technical conditions set out in Appendix F 1-5 to the **Bilateral Connection Agreement** [and that the **OTSUA** complies with the site specific technical conditions set out in Appendix OF to this **Construction Agreement**]. **The obligation in respect of OTSDUW-UA shall apply up to the OTSUA Transfer Time, whereupon such provisions shall (without prejudice to any prior non-compliance) cease to apply**

APPENDIX OF - Site Specific Technical Conditions

~~F1 — Special Automatic Facilities~~

~~F2 — Protection and Control Relay Settings~~

~~F3 — Load Shedding Frequency Sensitive Relays~~

OF1 ANCILLARY SERVICES

OF2 DEROGATED PLANT

OF3 SPECIAL AUTOMATIC FACILITIES

OF4 RELAY SETTINGS & PROTECTION

OF5 OTHER TECHNICAL REQUIREMENTS

APPENDIX I - User's Works

Part 2

[OTSDUW – the works for the design, consenting, construction and installation of the Offshore Transmission System] [nb to be edited to identify works post offer and limited to consenting and design in case of early OFTO appointment]