

**DRAFT FOR PANEL  
RECOMMENDATION VOTE**

## **AMENDMENT REPORT**

### **CUSC Proposed Amendment CAP149 Transmission Entry Capacity with Restricted Access Rights**

*The purpose of this report is to assist the Authority in their decision of whether to implement Amendment Proposal CAP149*

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## 1.0 SUMMARY AND RECOMMENDATIONS

### 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.
- 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. The Working Group also decided that, as TNUoS charges fall outside the remit of the CUSC, WGAA1 would not include reference to charging.
- 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; requires that in the event that the TNUoS charging methodology does not include specific charging arrangements for Users with a design variation, those Users would be eligible for Interruption Payments.
- 1.6 National Grid raised Consultation Alternative Amendment 2 (CAA2), which seeks to achieve the same objectives as WGAA1 but in the view of the proposer, 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 Grid Recommendation

- 1.7 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 proposed CAA2.

- 1.8 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 and therefore should be implemented.

#### **Amendment Panel Recommendation**

1.9

## **2.0 PURPOSE AND INTRODUCTION**

- 2.1 This Amendment Report has been prepared and issued by National Grid under the rules and procedures specified in the Connection and Use of System Code (CUSC) as designated by the Secretary of State. It 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.
- 2.2 Further to the submission of Amendment Proposal CAP149 (see Annex 3) and the subsequent wider industry consultation that was undertaken by National Grid, this document is addressed and furnished to the Gas and Electricity Markets Authority (“the Authority”) in order to assist them in their decision whether to implement Amendment Proposal CAP149.
- 2.3 CAP 149 was proposed by Scottish and Southern Energy and submitted to the CUSC Amendment Panel for consideration at their meeting on 29<sup>th</sup> June. The CAP 149 Working Group Report was submitted to the CUSC panel meeting on 28<sup>th</sup> September 2007. Following evaluation by the Working Group the Amendments Panel determined that the issue should proceed to wider industry consultation by National Grid.
- 2.4 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 and views on which were requested by 21<sup>st</sup> December 2007.
- 2.5 This document outlines the nature of the CUSC changes that are proposed. It incorporates National Grid’s recommendations to the Authority concerning the Amendment. Copies of all representations received in response to the consultation have been also been included and a ‘summary’ of the representations received is also provided. Copies of each of the responses to the consultation are included as Annex 4 to this document. Copies of the responses to the alternative amendments consultation are included in Annex 5.
- 2.6 In order to assist the reader in assessing the implications of CAP149 Original, WGAA1, 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 of 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 A glossary and definition of terms are shown in Annex 1.

2.9 This Amendment Report 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/](http://www.nationalgrid.com/uk/Electricity/Codes/).

### **3.0 PROPOSED AMENDMENT**

3.1 CAP149 proposes to amend the CUSC to formalise existing transmission access arrangements whereby some Users, through non-standard variations to their Bilateral Agreement, have restricted access to the GB Transmission System.

3.2 The proposed amendment would establish a new enduring access product for existing and future Users with such restricted access rights, termed “TEC-lite Access Product”.

3.3 The User’s rights with regards to the export of power into the GB Transmission System would be the only difference between TEC-lite and the existing enduring access product (TEC); in all other respects, TEC-lite would have the same rights and obligations as TEC.

3.4 The transmission licensees have obligations to develop the transmission system in accordance with the planning criteria contained in the GB Security and Quality of Supply Standard (GBSQSS). The generation connection planning criteria allow generators to request a lower (or higher) standard of connection provided a number of conditions are met. These conditions state that any generation connection design variation must not:

- Reduce the security of the Main Interconnected Transmission System to below the associated minimum planning criteria;
- Result in additional investment or operational costs to any particular customer or overall, or a reduction in the security and quality of supply of the affected customers’ connections to below the associated minimum planning criteria, unless specific agreements are reached with affected customers; or

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

- 3.11 The proposer suggests that an enduring access product with restricted access rights, such as the TEC-lite Access Product, would expose Users to the economics of the investment in their connection design. Hence, the proposer believes this product may address the potential for inefficient capital expenditure to facilitate new connections.
- 3.12 The Proposer recognised that a number of consequential changes would be required in other industry codes and documents beyond the CUSC in order fully to implement the changes proposed.

#### 4.0 ALTERNATIVE AMENDMENTS

##### Working Group Alternative

- 4.1 WGAA1 proposes that the key objectives of the original proposal could be achieved by allowing a User to request a Design Variation Non-Firm Connection when it sought a Connection Offer. Hence, WGAA1 proposes the Connection Offer Form to be amended to allow the User to obtain information on both standard connection and a Design Variation Non-Firm connection. The User could indicate its choice of access product using two tick boxes added to the connection application form, choosing either or both of the options.
- 4.2 The legal text for WGAA1, included in Annex 2 Part B, includes obligations on National Grid in Section 2.13 of the CUSC to provide a Design Variation Non-Firm Offer (as long as it does not breach GB SQSS conditions) and also to provide, if requested, information to allow the User to assess the probability of restrictions on access. The legal text also includes obligations on National Grid and Users who have opted for a Design Variation Non-Firm connection to comply with the provisions of the relevant Bilateral Agreement regarding restrictions of availability (Section 2.3).
- 4.3 WGAA1 only applies to new connection applications after the Implementation Date. It was felt that amending agreed Bilateral Agreements for existing Users was unnecessary as the existing arrangements for notification of restrictions of availability could exist alongside the new agreements in WGAA1. This would simplify and reduce the timescales required for implementation post-Authority decision. However, existing Users could opt for a Modification Application to convert to the new form of connection agreement. The WG felt that WGAA1 would apply for Users currently in the GB Connection Queue who may have their connection offers revised before energisation.
- 4.4 A comparison of the Original and WGAA1 is shown below:

Feature	Original	WGAA1
Creation of TEC-lite Access Product	Yes – creates an enduring access product for existing and future Users with potentially a lower TNUoS charge.	No – maintains existing access arrangements based on TEC but creates option of a <b>Design Variation Non-Firm Connection (DVNFC)</b> with potentially a lower TNUoS charge.
Revision of BCA and BEGA standard forms	Yes – revises Exhibits 1 & 2 to Schedule 2 of the CUSC to include clauses that would restrict access to the GB	As Original, but also formalises the notification procedures.



	Transmission System.	
Clarifies obligations on National Grid and the User	Yes – describes the obligations on both National Grid and the User in the event of reduced capability of named transmission circuits.	As Original
Applicability	TEC-lite would be available to <b>all existing and future Users</b> with a connection to the GB Transmission system which is a variation to the connection design as provided for in Ch. 2 of the GBSQSS.	The option of a DVNFC would be available to all new Users applying for connection after the Implementation Date – this could include Users in the GB Connection Queue whose Bilateral Agreement is revised before connection. Existing Users could apply for a DVNFC via a Modification Application.
Increases choice	Yes – enables TOs to offer different standards of access which may be more appropriate and cost-effective for some Users.	As Original – applies primarily to new Users but is available to existing Users.
Facilitates transmission access	Yes – should enable new Users to connect earlier	As Original

### Consultation Alternative Amendment 1 (CAA1)

- 4.5 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.
- 4.6 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.”
- 4.7 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. 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.
- 4.8 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.

- 4.9 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.
- 4.10 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.
- 4.11 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.
- 4.12 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)**

- 4.13 CAA2 was proposed by National Grid and is based on WGAA1 with several amendments to the legal drafting.
- 4.14 A comparison of the differences between WGAA1 and CAA2 is shown below:

Feature	WGAA1	CAA2
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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**

- 4.15 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.
- 4.16 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.
- 4.17 If transmission system changes result in a connection design variation no longer complying with the SQSS criteria, CAA2 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**

- 4.18 Within CAP149, WGAA1 and CAA1 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.

- 4.19 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**

- 4.20 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.
- 4.21 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 within the Grid Code.
- 4.22 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.
- 4.23 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.
- 4.24 In addition to the changes required to reflect the principles reflected above, some minor drafting changes have been made, to the legal text from WGAA1, in order to achieve consistency with the exiting 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.

## **5.0 ASSESSMENT AGAINST APPLICABLE CUSC OBJECTIVES**

### **Proposed Amendment**

- 5.1 Only the proposer agreed that CAP 149 would better facilitate the CUSC Objective(s);
- (a) the efficient discharge by the Licensee of the obligations imposed upon it by the act and the Transmission Licence; and
  - (b) facilitating effective competition in generation and supply of electricity and facilitating such competition in the sale, distribution and purchase of electricity.

- 5.2 The proposer stated that the original amendment allowed the more efficient discharge of the Licensee's obligations in a number of ways. Firstly there is only one option of enduring access product for new Users which may lead to inefficient investment and connection delays. A new access product would improve this situation. In addition, the existing arrangements result in different Users with different access rights both with the same access product.
- 5.3 The original proposal was stated to facilitate competition in a number of ways. The choice of enduring access products removes the current barrier of different access rights existing for Users with the same access product. The proposer also believes that the current arrangements may prolong the connection process and that the single access product deter new entrants in the generation market.
- 5.4 The remaining members of the Working Group either abstained or voted that the original amendment would not better facilitate the CUSC objectives.

#### **Working Group Alternative Amendment 1**

- 5.5 CAP 149 WGAA1 assessment against the CUSC objectives; based on the view of the Working Group is summarised below;

##### **Applicable objective (a): Efficient discharge of license obligations**

###### **Promotes (over and above CUSC baseline):**

- Addresses the potential for more efficient capital expenditure to facilitate new connections

###### **Demotes (over and above CUSC baseline):**

- CUSC driven Design Variation outage notification process in parallel to existing processes in OC2 of the Grid Code

##### **Applicable objective (b): Facilitates effective competition**

###### **Promotes (over and above CUSC baseline):**

- Offers more choice of connection to both TO and User
- Makes it clearer that a Non firm Design Variation connection is an option
- Provides more clarification of the availability restriction notification procedures

#### **Consultation Alternative Amendment 1**

- 5.6 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.

### **Consultation Alternative Amendment 2**

- 5.7 CAP149 Consultation Alternative 2 would better facilitate the CUSC Objective(s), over and above WGAA1 as below;

### **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.

## **6.0 PROPOSED IMPLEMENTATION**

- 6.1 There was a difference of opinion regarding the proposed implementation of CAP149 between National Grid and the proposer and the Working Group. National Grid proposed CAP149 should be one month after an Authority decision because of the requirement to ensure the necessary revisions to internal processes are established. It should be noted that existing Users with Design Variations could adopt these arrangements through the Modification Application process immediately after the Implementation Date. However, the proposer and the Working Group propose CAP149 should be implemented 5 Business Days after an Authority decision.
- 6.2 The Working Group propose CAP149 Original should not be implemented, that withstanding, National Grid propose it would take three months as all the existing Commercial Agreements would have to be reviewed.
- 6.3 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<sup>1</sup>.

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<sup>1</sup> It should be noted that existing Users with design variations could adopt these arrangements through the Modification Application process immediately after the Implementation Date.

- 6.4 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<sup>2</sup>.
- 6.5 In accordance with 8.20.2 (g) the Amendments Panel determined that the proposed implementation of CAP149 to be ### after an Authority decision because ##.

## 7.0 IMPACT ON THE CUSC

- 7.1 Both CAP149 Original and WGAA1 require amendments 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) and the Connection Application (Exhibit B) are to be amended. There is an additional Exhibit to be created within Schedule 2, a standard form of a Transmission Related Agreement.
- 7.2 The text required to give effect to the CAP149 Original is contained as Part A of Annex 2 of this document, but was not developed by the Working Group or National Grid.
- 7.3 The text to give effect to the Working Group Alternative Amendment is attached as Part B of Annex 2 of this document.
- 7.4 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.
- 7.5 The text required to give effect to the CAA1 is contained within Annex 2 Part C.
- 7.6 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.
- 7.7 The text required to give effect to CAA2 is within Annex 2 Part D.

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<sup>2</sup> See footnote one, above.

## **8.0 IMPACT ON CUSC PARTIES**

### **Proposed Amendment and WGAA1**

- 8.1 CAP149 and WGAA1 have limited impact upon CUSC parties because the responsibility to identify, track and notify the consequences resulting from outages effecting design variation connections will move from the User to the System Operator via an additional outage notification process. Failure to do so will result in an increase in Interruption Payments or Balancing Mechanism constraint costs.

### **Consultation Alternative Amendment 1**

- 8.2 CAP149 Consultation Alternative Amendment 1 has an impact upon CUSC parties because Interruption Payments for design variation Users will be introduced via two mechanisms. Firstly, as described above, failure to follow the additional outage notification process will lead to Interruption payments. The second is via the introduction of Interruption Payments for all design variation Users that do not qualify for specific charging arrangements that lowers TNUoS tariffs below that of a full compliant connection.

### **Consultation Alternative Amendment 2**

- 8.3 CAP149 Consultation Alternative Amendment 2 has limited impact upon CUSC parties because the legal drafting is based upon the standard version of the commercial agreements applied to existing design variation Users.

## **9.0 IMPACT ON INDUSTRY DOCUMENTS**

### **Impact on Core Industry Documents**

#### **WGAA1**

- 9.1 CAP149 WGAA1 is likely to have an impact upon the SO-TO code, which will require modifications to Section 18 around information provision as part of generator application.
- 9.2 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 have been informed of the Working Group findings and the potential consequential impact of CAP149.
- 9.3 CAP149 WGAA1 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.

#### **CAA1 and CAA2**

- 9.4 CAP149 CAA1 and CAA2 are expected to have the same impact on other industry documents, namely:
- 9.5 The SO-TO code, is likely to require modifications to Section 18 around information provision as part of generator application.



- 9.6 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.
- 9.7 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.

## 10.0 IMPACT ON INDUSTRY COMPUTER SYSTEMS OR PROCESSES

- 10.1 CAP149 has an impact upon the System Operators and generators with design variation connections due to the requirement for an additional CUSC driven outage notification process for the outage or partial redundancy of design variation connections.

## 11.0 VIEWS AND REPRESENTATIONS

- 11.1 This Section contains a summary of the views and representations made by consultees during the consultation period in respect of the Proposed Amendment and the Alternative Amendments.

### Views of Panel Members

- 11.2 No specific views were expressed by the panel member except those represented within Section 13 of this document "Amendment Panel Recommendation".

### View of Core Industry Document Owners

- 11.3 No representations received.

### Working Group

- 11.4 The working group supports CAP149 WGAA1 and believes that it better facilitates the applicable CUSC objectives.

### Responses to Consultation

- 11.5 The following table provides an overview of the representations received. Copies of the representations are attached as Annex 4.

Reference	Company	Supportive	Comments
CAP149-CR-01	Centrica	WGAA1	Supported principle of CAP149 original but does not support its implementation
CAP149-CR-02	E.ON UK	WGAA1	Support for WGAA1
CAP149-CR-03	EDF Energy	WGAA1	Support for WGAA1

CAP149-CR-04	Highlands and Islands Enterprise	WGAA1	Supported CAP149 original and WGAA1, WGAA1 being marginally favoured.
CAP149-CR-05	InterGen	WGAA1	Supported principle of CAP149 original but prefers WGAA1
CAP149-CR-06	RWE group	WGAA1	Supports WGAA1
CAP149-CR-07	Scottish and Southern Energy	WGAA1	Supported CAP149 original and WGAA1, WGAA1 being favoured. Submitted CAA1
CAP149-CR-08	Scottish Power	WGAA1	Supports WGAA1
CAP149-CR-09	Scottish Renewables	WGAA1	Supports CAP149 but prefers WGAA1

### Responses to Consultation Alternative

11.6 The following table provides an overview of the representations received. Copies of the representations are attached as Annex 5.

Reference	Company	Supportive	Comments
CAP149-CR-01	Centrica	None	No support for alternatives
CAP149-CR-02	E.ON UK	CAA2	Marginally supports CAA2 over baseline although believes WGAA1 best meets CUSC objectives
CAP149-CR-03	EDF Energy	None	Does not support either CAA1 or CAA2
CAP149-CR-04	Highlands and Islands Enterprise	CAA1 and CAA2	Supported CAA1 and CAA2, CAA1 being favoured through clarity of purpose
CAP149-CR-05	RWE group	CAA1 and CAA2	Supported CAA1 and CAA2, although believed WGAA1 best meets CUSC objectives
CAP149-CR-06	Scottish and Southern Energy	CAA1	Submitted CAA1
CAP149-CR-07	Scottish Power	CAA1	Supports CAA1

## 12.0 COMMENTS ON DRAFT AMENDMENT REPORT

12.1 National Grid received 1 response following the publication of the draft Amendment Report. The following table provides an overview and a copy of the representation is attached as Annex 6.

Reference	Company	Summary of Comments
CAP149-AR-01	Scottish Southern Energy	<p>SSE provided detailed comments on sections 1, 3, 4, 5 and 8 of the report and raised process concerns regarding CAA 2</p> <p>The process concerns have been addressed in National Grid's view in new paragraphs 14.8 to 14.11</p> <p>The table below summaries the changes to the Amendment Report and the unresolved issues in accordance with CUSC 8.20.3. Please refer to Annex 6 for details of the amendments</p>

	SSE Comment	National Grids view
1.	Amend 1.2 to delete a sentence	Agreed – report has been updated
2.	Amend 1.4 to add an additional sentence	Agreed – report has been updated
3.	Amend 1.5	Agreed – report has been updated
4.	Delete 1.6	Agreed – report has been updated
5.	Amend 3.3	Agreed – report has been updated
6.	Delete 3.4, 3.5, 3.6 and 3.7	Disagree – we believe that these paragraphs are necessary and explain core principles to aid readers understanding
7.	Amend 3.9 to delete a sentence	Agreed – report has been updated
8.	Add two new paragraphs after 3.9	Agreed with minor amendments to include phases such as no “financial” incentive and “in the view of the proposer”
9.	Delete 4.9 and 4.11	Disagree – we believe that these paragraphs are necessary and explain core principles to aid readers understanding
10.	Add a new paragraph 4.13	Disagree – the purpose of section 4 is to describe the alternatives. Section 11 describes respondent's views and consultation responses are attached to each amendment report. We believe it would be inappropriate to include this proposed paragraph in this section.
11.	Paragraph 5.5 includes text which was not included in the Working Group Report	Agreed, however the text with 5.5 was consulted upon and included with National Grid's consultation document dated the 19 <sup>th</sup> October 2007
12.	Amend 8.2	Disagree – we believe that the revision describes the same principle, therefore we see limited benefit in changing the text

## 13.0 AMENDMENT PANEL RECOMMENDATION

13.1

## 14.0 NATIONAL GRID RECOMMENDATION

- 14.1 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, WGAA1 and CAA1 are not the most efficient mechanisms by which to achieve these objectives, and consequently proposed a Consultation Alternative Amendment, CAA2.
- 14.2 Under the GB 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”. An important clause which is contained within existing BCAs for connection design variation Users and CAA2, permits National Grid to make amendments to the specific parts of the agreements to ensure SQSS design variation criteria is maintained. This clause is not contained within CAP 149 Original, WGAA1 and CAA1 and as such National Grid believes these proposals are not consistent with the requirements of the GB SQSS and so does not facilitate the carrying out its duties under the transmission licence.
- 14.3 If a User with a design variation connection fails to comply with the required access restrictions within its connection agreement, the issuing of Bid-Offer Acceptances is triggered to ensure the required action is taken. The Transmission Related Agreements claw back the financial implications. Following such actions, proposals CAP149, WGAA1 and CAA1 only gives National Grid the single mitigating action of initiating an event of default. CAA2 allows a User the opportunity to justify its action where failure to do so provides National Grid with the ability to reduce Transmission Export Capacity to minimise further impact on other Users and the system.
- 14.4 CAP149, WGAA1 and CAA1 contain an additional process for design variation outage notification to the existing Grid Code driven process. National Grid believes that whilst it has an obligation to provide effective operation planning information, the GB SQSS states that the consequential risks associated with a non compliant connection lies with the requesting User.
- 14.5 CAA2 avoids cross governance between the CUSC and Grid Code, by retaining the single outage notification process as defined within OC2 of the Grid Code and the format of which is to be reviewed to enable the design variation User to better manage the associated risks.
- 14.6 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.
- 14.7 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. Consequently, better facilitates the CUSC Applicable Objectives.
- 14.8 Following the circulation of the draft Amendment Report to CUSC Parties on the 14<sup>th</sup> January 2008, Scottish and Southern Energy Ltd (SSE) raised concerns regarding the process surrounding National Grid’s proposed CAA2. SSE believes that there is a clear case of discrimination between National

Grid and other CUSC Parties in terms of using the Consultation Alternative Amendment Proposal form.

- 14.9 The Consultation Alternative Amendment form was introduced following a Governance Standing Group on 29<sup>th</sup> July 2007 and ratified by the CUSC Amendment Panel on 31<sup>st</sup> August 2007. The objective of the form was to improve the efficient discharge of National Grid's obligations under the CUSC and address a growing issue with consultation responses. Prior to the form National Grid often had difficulty in determining whether a CUSC Party was or was not raising an alternative. In addition, if a CUSC Party was raising a Consultation Alternative they often failed to provide the necessary details in accordance with CUSC 8.19.6. Consequently, the form was developed to aid this process and provide structure for CUSC Parties.
- 14.10 Historically National Grid does not respond to its own consultations therefore it was not envisaged that National Grid would be required to complete a Consultation Alternative form. However, we see that they may be benefit in considering this issue further at the next Amendment Panel.
- 14.11 In summary, National Grid notes SSE's process concerns but we do not believe we have acted in a way which is discriminatory and we can not see how completing the form which aids understanding places SSE (or other CUSC Parties) at a disadvantage. Finally, for the avoidance of doubt CAA2 is a valid Consultation Alternative and is fully compliant with the CUSC, in particular 8.19.6.

## 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 legal text to modify the CUSC for CAP149 Original, WGAA1, CAA1 & CAA2

### ANNEX 2 PART A - PROPOSED LEGAL TEXT TO MODIFY THE CUSC FOR THE ORIGINAL PROPOSED AMENDMENT

#### 2.3 EXPORT OF POWER FROM CONNECTION SITE

2.3.1 Subject to the other provisions of the **CUSC** [and in particular Paragraph 2.3.3](#), the relevant **Bilateral Connection Agreement** and the **Grid Code**, **The Company** shall, as between **The Company** and that **User**, accept into the **GB Transmission System** at each **Connection Site** of a **User** acting in the category of **Power Station** directly connected to the **GB Transmission System**, power generated by such **User** up to the **Transmission Entry Capacity** and (if any) **STTEC** and/or **LDTEC** for the relevant **Period** as set out in Appendix C of the relevant **Bilateral Connection Agreement** except to the extent (if any) that **The Company** is prevented from doing so by transmission constraints which could not be avoided by the exercise of **Good Industry Practice** by **The Company**.

2.3.2 Subject to the other provisions of the **CUSC** [and in particular Paragraph 2.3.3](#), the relevant **Bilateral Connection Agreement** and the **Grid Code**, a **User** acting in the capacity of a **Power Station** directly connected to the **GB Transmission System** shall not export on to the **GB Transmission System** power generated by such **User** in excess of the **Transmission Entry Capacity** and (if any) **STTEC** and/or **LDTEC** for the relevant **Period** as set out in Appendix C of the relevant **Bilateral Connection Agreement** save as expressly permitted or instructed pursuant to an **Emergency Instruction** under the **Grid Code** or save as expressly permitted or instructed pursuant to the **Fuel Security Code** or as may be necessary or expedient in accordance with **Good Industry Practice**.

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

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



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

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

## 2.4 IMPORT OF POWER TO CONNECTION SITE

2.4.1 Subject to the other provisions of the **CUSC** and in particular Paragraphs 2.2.2(b) and 2.4.2, the relevant **Bilateral Connection Agreement** and the **Grid Code**, **The Company** shall as between **The Company** and that **User**, transport a supply of power to each **Connection Site** of a **User** through the **GB Transmission System** up to the **Connection Site Demand Capability** except to the extent (if any) that **The Company** is prevented from doing so by transmission constraints or by insufficiency of generation which, in either case, could not have been avoided by the exercise of **Good Industry Practice** by **The Company**.

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

## 2.13 NEW CONNECTION SITES

- 2.13.1 If a **User** wishes to connect a **New Connection Site** it shall complete and submit to **The Company** a **Connection Application** and comply with the terms thereof.
- 2.13.2 Without prejudice to Standard Condition C8 of the **Transmission Licence** **The Company** shall make a **Connection Offer** (or, in the event that the **User** has also requested a **Connection Offer** for the **TEC-lite Access Product, Connection Offers**) to that **User** as soon as practicable after receipt of the **Connection Application** and (save where the **Authority** consents to a longer period) in any event not more than 3 months after receipt by **The Company** of the **Connection Application**.
- 2.13.3 The **Connection Offer** (or, in the event that the **User** has also requested a **Connection Offer** for the **TEC-lite Access Product, Connection Offers**) shall remain open for acceptance for 3 months from its receipt by that **User** unless either that **User** or **The Company** makes an application to the **Authority** under Standard Condition C9 of the **Transmission Licence**, in which event the **Connection Offer** (or, in the event that the **User** has also requested a **Connection Offer** for **TEC-lite, Connection Offers**) shall remain open for acceptance until the date 14 days after any determination by the **Authority** pursuant to such application.
- 2.13.4 If the **Connection Offer** (or, in the event that the **User** has also requested a **Connection Offer** for the **TEC-lite Access Product, one of the Connection Offers**) is accepted by that **User** the connection shall proceed according to the terms of the **CUSC** and the relevant **Bilateral Connection Agreement** and **Construction Agreement** entered into consequent upon acceptance of the **Offer**.
- 2.13.5 Prior to so proceeding a person who is not already a party to the **CUSC Framework Agreement** must become a party to the **CUSC Framework Agreement**.
- 2.13.6 Certain provisions relating to **New Connection Sites** are dealt with in Section 6. This is due to their inter-relationship with the provisions on **Modifications**.
- 2.13.7 In the event that the **User** has also requested a **Connection Offer** for the **TEC-lite Access Product**, the **The Company** shall also provide to the **User**:
- (i) **The Company's** best estimate of the **TEC-lite Transmission Network Use of System Charge** in accordance with its most recent **Long Term Tariff Publication**; and

(ii) The Company's best estimate of the probability of a **Notification of Restrictions on Availability** being issued to the **User** based on the best evidence available to **The Company** including, but not limited to, information in the **Seven Year Statement** and information provided by the **Transmission Owners** in accordance with their obligations under the **Grid Code**.

For the avoidance of doubt, this information is a best estimate only and is not legally binding.

### 3.9 USE OF SYSTEM CHARGES

- 3.9.1 Subject to the provisions of the **CUSC**, and any relevant **Bilateral Agreement**, together with the relevant **Charging Statements**, each **User** shall with effect from the relevant date set out in the relevant **Bilateral Agreement** (or in the **Use of System Supply Confirmation Notice**) be liable to pay to **The Company** the **Use of System Charges** in accordance with the **CUSC** calculated in accordance with the **Statement of Use of System Charges** and the **Statement of the Use of System Charging Methodology** and Standard Condition C13 of the **Transmission Licence**. **The Company** shall apply and calculate the **Use of System Charges** in accordance with the **Statement of Use of System Charges** and the **Statement of the Use of System Charging Methodology** and Standard Condition C13 of the **Transmission Licence**.
- 3.9.2 Each **User** shall, as between **The Company** and that **User**, in accordance with this Part II and Paragraph 6.6, be liable to pay to **The Company** (or **The Company** shall be so liable to pay to the **User**) the [relevant Transmission Network Use of System Charges](#) and (if appropriate) the **STTEC** and **LDTEC Charge** in respect of its use of the **GB Transmission System** applied and calculated in accordance with the **Statement of Use of System Charges** and **Statement of the Use of System Charging Methodology** and Standard Condition C13 of the **Transmission Licence**. [For the avoidance of doubt, a User with the TEC-lite Access Product will be liable to pay The Company \(or The Company shall be so liable to pay to the User\) the TEC-lite Transmission Network Use of System Charge and \(if appropriate\) the STTEC and LDTEC Charge in respect of its use of the GB Transmission System.](#)
- 3.9.3 Except in respect of **Distribution Interconnector Owners** each **User** shall, as between **The Company** and that **User**, in accordance with this Part II and Paragraph 6.6, be liable to pay to **The Company** in respect of each **Settlement Day** the **Balancing Services Use of System Charges** calculated in accordance with the **Statement of the Use of System Charging Methodology**.
- 3.9.4 Each **User** shall, as between **The Company** and that **User**, provide **The Company** with **Security Cover** in respect of **Transmission Network Use of System Demand Reconciliation Charges**, **Transmission Services Use of System Charges** and **Balancing Services Use of System Charges** in accordance with Part III below.

- 3.9.5 The charges payable in relation to use of the **GB Transmission System** may also include **One-off Charges** where those are to be payable by the relevant **User** as provided in the relevant **Bilateral Embedded Generation Agreement**. In that case, the relevant provisions of Section 2 will apply to that **User** in relation to the **One-off Charges**.

### 11.3 DEFINITIONS

#### “Long Term Tariff Publication”

being the document published by **The Company** on the forecast future (at least five years) path of tariffs under a range of credible generation and demand scenarios.

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#### “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.

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#### “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**.

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#### “Restrictions on Availability”

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

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#### “Seven Year Statement”

is the annual statement produced by **The Company** in accordance with Standard Condition C11 of the **Transmission Licence**.

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#### “TEC-lite Access Product”

an enduring access product for the **GB Transmission System** which is available to **Users** that have a connection design which is a variation to the connection design as provided for in Chapter 2 of the GB Security and Quality of Supply Standards (version 1) issued under

Standard Condition C17 of the **Transmission Licence** (as amended, varied or replaced from time to time) and shall be liable for **TEC-lite Transmission Network Use of System Charge**.

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**“TEC-lite Transmission Network Use of System Charge”**

being a component of the **Use of System Charges** payable in respect of **Transmission Network Services** for which **Users** of the **TEC-lite Access Product** are liable which shall be a lower charge than the standard **Transmission Network Use of System Charges** for an equivalent **Power Station** which has a connection design as provided for in Chapter 2 of 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).

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**“Transmission Owners”**

Licensed owners of the **GB Transmission System**.

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**“Transmission Related Agreement”**

is an agreement entered into between **The Company** and the **User** when the **User** is a **Power Station** using the **TEC-lite Access Product**, a form of which is set out in **Exhibit 6 to Schedule 2**.

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**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: [            ]**



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1. Definitions, Interpretation and Construction
2. Commencement
3. The Connection Site and Transmission Connection Assets
4. Connection Charges
- [5. Use of System] (*power station only*)
6. Credit Requirements
7. Connection Entry Capacity and Transmission Entry Capacity

**8. Compliance with Site Specific Technical Conditions**

**[9. Electrical boundary] (*power station with TEC-lite only*)**

**[10.Restrictions on availability] (*power station with TEC-lite only*)**

**119.** Term

**1420.** Variations

Restrictive Trade Practices Act

**132.** General Provisions

Appendix A The Connection Site and Transmission Connection Assets

Appendix B Connection Charges

Appendix C Connection Entry Capacity and Transmission Entry Capacity  
(Power Stations and Interconnector Owners)

Appendix F1 Site Specific Technical Conditions - Agreed Balancing Services

Appendix F2 [Not Used]

Appendix F3 Site Specific Technical Conditions - Special Automatic  
Facilities

Appendix F4 Site Specific Technical Conditions - Protection and Control  
Relay Settings - Fault Clearance Times

Appendix F5 Site Specific Technical Conditions - Load Shedding Frequency  
Sensitive Relays

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

**BETWEEN**

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

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

each a "Party" and together the "Parties".

**WHEREAS**

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

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

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

(D) **The Company** and the **User** are parties to the **CUSC Framework Agreement** (being an agreement by which the **CUSC** is made contractually binding between **CUSC Parties**).

(E) This **Bilateral Connection Agreement** is entered into pursuant to the **CUSC** and shall be read as being governed by it.

[(F) The parties are also on even date herewith entering into a **Construction Agreement**.]

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

**1. DEFINITIONS, INTERPRETATION AND CONSTRUCTION**

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

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

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

["Circuit [ ]" [insert detailed description of circuit] (power stations with TEC-lite 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 stations with TEC-lite only);-

"Outage Period" the period of time during which the Outage Conditions apply (power stations with TEC-lite only).]

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

## 2. COMMENCEMENT

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

## 3. THE CONNECTION SITE AND TRANSMISSION CONNECTION ASSETS

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

## 4. CONNECTION CHARGES

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

## 5. [USE OF SYSTEM (power station only)]

The right to use the **GB Transmission System** shall commence on and **Use of System Charges** shall be payable by the **User** from the [CUSC Implementation Date] [or] [Charging Date].]

## 6. CREDIT REQUIREMENTS

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

## 7. CONNECTION ENTRY CAPACITY AND TRANSMISSION ENTRY CAPACITY

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

7.2 Appendix C Part 3 will set out the **BM Unit Identifiers** of the **BM Units** registered at the **Connection Site** under the **Balancing and Settlement Code**. The **User** will provide **The Company** with the information needed to complete details of these **BM Unit Identifiers** as soon as practicable after the date hereof and thereafter in association with any request to modify the **Transmission Entry Capacity** and **The Company** shall prepare and issue a revised Appendix C incorporating this information. The **User** shall notify **The Company** prior to any alteration in the **BM Unit Identifiers** and **The Company** shall prepared and issue a revised Appendix C incorporating this information.

7.3 **The Company** shall monitor the **Users** compliance with its obligation relating to **Transmission Entry Capacity** against the sum of metered volumes of the **BM Units** set out in Part 3 of Appendix C submitted by the **User** for each **Settlement Period**.

## 8. COMPLIANCE WITH SITE SPECIFIC TECHNICAL CONDITIONS

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

## 9. [ELECTRICAL BOUNDARY (power stations with TEC-lite 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**.]

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## 10. [RESTRICTIONS ON AVAILABILITY (power stations with TEC-lite 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 [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 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) ("**GB SQSS**").]

10.3 [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 and in light of the non standard principles of ownership the following provisions will apply.]

10.4 **The Company** shall as soon as reasonably practicable issue to the **User** a **Notification of Circuit Outage** that advises the **User** of the occurrence of the **Outage Conditions** and where practicable the expected **Outage Period**. **The Company** shall promptly notify the **User** when the **Outage Period** will or has ceased.

10.5 Subject to the requirements under Clause 10.14, **The Company** shall be entitled to revise the **Notification of Circuit Outage** given under Clause 10.4 above at any time.

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

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

10.7.1 [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 as soon as reasonably practicable issue to the **User** a **Notification of Circuit Restriction** that advises the **User** of the occurrence of an event leading to a reduced circuit capability of **Circuit [ ]**. **The Company** shall promptly notify the **User** when the period of reduced circuit capability will or has ceased.

10.9 Subject to the requirements under Clause 10.14, **The Company** shall be entitled to revise the **Notification of Circuit Restriction** given under Clause 10.8 above at any time.

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

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

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

10.14.1 **The Company** and the **User** shall act in accordance with **Good Industry Practice** to minimise so far as reasonably practicable the occurrence and duration of (i) the **Outage Conditions** and (ii) an event leading to reduced circuit capability of the **Relevant Circuits**. **The Company** and the **User** will, recognising the effect of the **Outage Conditions** and the reduced circuit capability on the **User's** operations, coordinate the **Outage Conditions** on the **GB Transmission System** (where they occur as a result of a planned outage) and the **User's Plant** and **Apparatus** in accordance with **Good Industry Practice** and to the extent practicable. The Parties acknowledge however that even where planned outages are coordinated and agreed that a Party may need to cancel or change such planned outage.

10.14.2 The Parties hereby acknowledge and agree that, where 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.

10.14 For so long as this Clause 10 applies, the **User** shall be liable for the **TEC-lite Transmission Network Use of System Charges** in accordance with Paragraph 3.9.2 of the **CUSC**.]

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## 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**.

## 120. VARIATIONS

120.1.1 Subject to Clause 4012.2, 4012.3 and 4012.4 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**.

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

1012.3 **The Company** has the right to vary Appendices A and B in accordance with this **Bilateral Connection Agreement** and the **CUSC** including any variation necessary to enable **The Company** to charge in accordance with the **Charging Statements**, or upon any change to the **Charging Statements**.

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

~~11. RESTRICTIVE TRADE PRACTICES ACT~~

~~Any restriction or information provision (as each of those terms are defined or construed in Section 43(1) of the Restrictive Trade Practices Act 1976) contained in this **Bilateral Connection Agreement** shall not take effect or shall cease to have effect:~~

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

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

**1213. GENERAL PROVISIONS**

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

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

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

SIGNED BY )  
**[name]** )

for and on behalf of )

**[User]** )



**APPENDIX A**

**TRANSMISSION CONNECTION ASSET/CONNECTION SITE**

Company: [ ]

Connection Site: [ ]

Type: [ ]

Part 1 - Pre-Vesting Assets

<u>Allocation</u>	<u>Description</u>	<u>Age</u>	<u>Year</u>
(As at [ ])			

Part 2 - Post-Vesting Assets

<u>Allocation</u>	<u>Description</u>	<u>Age</u>	<u>Year</u>
(As at [ ])			

Part 3 - Energy Metering Systems (\*)

<u>Allocation</u>	<u>Description</u>	<u>Age</u>	<u>Year</u>
(As at [ ])			

(\*) FMS, Energy Metering Systems - The Electronics components have a 15 year replacement period. The Non-Electronics components have a 40 year replacement period.

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

Diagram Reference: [ ]

Appendix Reference: [ ]

Agreement Reference: [ ]

## **APPENDIX B**

### **CONNECTION CHARGES/PAYMENT**

Company: [ ]

Connection Site: [ ]

Type: [ ]

#### (1) Connection Charges

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

##### **Part 1 - Pre-Vesting Assets**

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

Rate of Return = [ ]%

##### Transmission Costs

Part A Site specific maintenance element = £[ ]

Part B Other transmission costs element = £[ ]

##### **Part 2 - Post-Vesting Assets**

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

Rate of Return = [ ]%

##### Transmission Costs

Part A Site specific maintenance element = £[ ]

Part B Other transmission costs element = £[ ]

##### **Part 3 - Energy Metering Systems**

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

##### **Part 4 - Miscellaneous Charges**

The miscellaneous charge shall be £[ ] in respect of the period from [ ] to [ ] payable as an estimated indexed charge in twelve monthly instalments subject to adjustment in

accordance with the terms of this Bilateral Connection Agreement and/or the CUSC and/or the Charging Statements

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

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

(2) Payment

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

Appendix Reference: [ ]

**APPENDIX C (Power Stations)**

**CONNECTION ENTRY CAPACITY AND TRANSMISSION ENTRY CAPACITY**

Company:

Grid Supply Point/Connection Site:

**Part 1 Connection Entry Capacity**

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

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

**Part 2 Transmission Entry Capacity**

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

	TEC(MW)
Power Station	[ ]

**Part 3 BM Units comprising Power Station**

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

**APPENDIX C (Interconnector Owners)**

**CONNECTION ENTRY CAPACITY AND TRANSMISSION ENTRY CAPACITY**

Company:

Connection Site:

**Part 1 Connection Entry Capacity**

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

	CEC(MW)
Interconnector	[     ]

**Part 2 Transmission Entry Capacity**

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

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

**Part 3 BM Units comprising Interconnector**

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

**Part 4 Figure for the Purposes of CUSC Paragraph 9.6**

**APPENDIX F1**

**SITE SPECIFIC TECHNICAL CONDITIONS:**

**AGREED BALANCING SERVICES**

**APPENDIX F2**

**[NOT USED]**

**APPENDIX F3**

**SITE SPECIFIC TECHNICAL CONDITIONS:**

**SPECIAL AUTOMATIC FACILITIES**



**APPENDIX F4**

**SITE SPECIFIC TECHNICAL CONDITIONS:**

**PROTECTION AND CONTROL RELAY SETTINGS**

**FAULT CLEARANCE TIMES**

**APPENDIX F5**

**SITE SPECIFIC TECHNICAL CONDITIONS:**

**LOAD SHEDDING FREQUENCY SENSITIVE RELAYS**

**END OF SCHEDULE 2 - EXHIBIT 1**

**SCHEDULE 2 - EXHIBIT 2**

**DATED [ ]**

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

**and**

**[ ] (2)**

---

**THE CONNECTION AND USE OF SYSTEM CODE**

**BILATERAL EMBEDDED GENERATION AGREEMENT**

---

**[USE OF SYSTEM FOR AN EMBEDDED POWER STATION]  
[USE OF SYSTEM FOR A SMALL POWER STATION TRADING  
PARTY]  
[DISTRIBUTION INTERCONNECTOR OWNER]**

**At [ ]**

**Reference: [ ]**

## **CONTENTS**

1. Definitions, Interpretation and Construction
2. Commencement
3. The Site of Connection to the Distribution System
4. Charging Date
5. Use of System
6. Credit Requirements
7. Entry Access Capacity
- 8. Compliance with Site Specific Technical Conditions**
9. [\[Restrictions on Availability \(power stations with TEC-lite only\)\]](#)
910. Term
1011. Variations
- ~~11. Restrictive Trade Practices Act~~

### **General Provisions**

- |             |   |
|-------------|---|
| Appendix A  | The Site of Connection  |
| Appendix B  | Charges and Payment   |
| Appendix C  | Transmission Entry Capacity   |
| Appendix F1 | Site Specific Technical Conditions – Balancing Services   |
| Appendix F2 | [Not Used]  |
| Appendix F3 | Site Specific Technical Conditions - Special Automatic Facilities                               |
| Appendix F4 | Site Specific Technical Conditions Protection and Control Relay Settings, Fault Clearance Times |
| Appendix F5 | Site Specific Technical Conditions - Other  |

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

## **BETWEEN**

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

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

Each a "Party" and together the "Parties".

## **WHEREAS**

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

(B) The **User** has applied for use of the **GB Transmission System** and pursuant to the **Transmission Licence** **The Company** is required to offer terms for use of system.

(C) The **User** has applied for use of the **GB Transmission System** in the capacity of [ ] as set out in Paragraph 1.2.4 of the **CUSC**.

(D) As at the date hereof, **The Company** and the **User** are parties to the **CUSC Framework Agreement** (being an agreement by which the **CUSC** is made contractually binding between the parties). This **Bilateral Embedded Generation Agreement** is entered into pursuant to the **CUSC** and shall be read as being governed by it.

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

### **1. DEFINITIONS, INTERPRETATION AND CONSTRUCTION**

1.1 Unless the subject matter or context otherwise requires or is inconsistent therewith, terms and expressions defined in Section 119 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] *(power stations with TEC-lite 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 stations with TEC-lite only)*;

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“Outage Period” the period of time during which the Outage Conditions apply (power stations with TEC-lite only).

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

## 2. COMMENCEMENT

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

## 3. THE SITE OF CONNECTION TO THE DISTRIBUTION SYSTEM

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

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

## 4. CHARGING DATE

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

## 5. USE OF SYSTEM

The right to use the **GB Transmission System** shall commence on and **Use of System Charges** shall be payable by the **User** from the date hereof.

## 6. CREDIT REQUIREMENTS

[The amount to be secured by the **User** from [date] is set out in the **Secured Amount Statement** issued from time to time and as varied from time to time in accordance with Section 3 of the **CUSC**.]

## 7. ~~ENTRY ACCESS CAPACITY~~ TRANSMISSION ENTRY CAPACITY

7.1 The ~~Entry Access Capacity~~ Transmission Entry Capacity of [each of the] site[s] of **Connection** is [are] and the[ir] value[s] for the purposes of Paragraph 3.2 of the **CUSC** are specified in Appendix C.

7.2 Appendix C Part 3 will set out the **BM Unit Identifiers** of the **BM Units** registered at the **Connection Site** under the **Balancing and Settlement Code**. The **User** will provide **The Company** ~~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 TEC-lite 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 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) ("**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 of the **GB SQSS** and on that basis the following provisions shall apply.

9.2 The **Company** shall as soon as reasonably practicable issue to the **User** a **Notification of Circuit Outage** that advises the **User** of the occurrence of the **Outage Conditions** and where practicable the expected **Outage Period**. The **Company** shall promptly notify the **User** when the **Outage Period** will or has ceased.

9.3 Subject to the requirements under Clause 9.9, **The Company** shall be entitled to revise the **Notification of Circuit Outage** given under Clause 9.2 above at any time.

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

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

9.5.1 [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.

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

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

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

9.9.1 **The Company** and the **User** shall act in accordance with **Good Industry Practice** to minimise so far as reasonably practicable the occurrence and duration of the **Outage Conditions**. **The Company** and the **User** will, recognising the effect of the **Outage Conditions** on the **User's** operations, coordinate the **Outage Conditions** on the **GB Transmission System** (where they occur as a result of a planned outage) and the **User's Plant** and **Apparatus** in accordance with **Good Industry Practice** and to the extent practicable. The Parties acknowledge however that even where planned outages are coordinated and agreed that a Party may need to cancel or change such planned outage.

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

9.10 For so long as this Clause 9 applies, the **User** shall be liable for the **TEC-lite Transmission Network Use of System Charges** in accordance with Paragraph 3.9.2 of the **CUSC**.]

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## **910. TERM**

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

## **1011. VARIATIONS**

**1011.1** Subject to **4011.2** and **4011.3**, no variation to this **Bilateral Embedded Generation Agreement** shall be effective unless made in writing and signed by or on behalf of both **The Company** and the **User**.



1011.2 **The Company** and the **User** shall effect any amendment required to be made to this **Bilateral Embedded Generation Agreement** by the **Authority** as a result of a change in the **CUSC** or the **Transmission Licence**, an order or direction made pursuant to the **Act** or a **Licence**, or as a result of settling any of the terms hereof. The **User** hereby authorises and instructs **The Company** to make any such amendment on its behalf and undertakes not to withdraw, qualify or revoke such authority or instruction at any time.

1011.3 **The Company** has the right to vary Appendix B in accordance with this **Bilateral Embedded Generation Agreement** and the **CUSC** including any variation necessary to enable **The Company** to charge in accordance with the **Charging Statements** or upon any change to the **Charging Statements**.

#### 41. 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:~~

~~41.1.1 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~~

~~41.1.2 if, within 28 days of the provision of that copy to the DTI, the DTI gives notice of objection to the party providing it.~~

#### 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 F1**

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

**APPENDIX F2**

**[NOT USED]**

**APPENDIX F2**

**SITE SPECIFIC TECHNICAL CONDITIONS: SPECIAL AUTOMATIC FACILITIES**



**APPENDIX F3**

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

**APPENDIX F4**

**SITE SPECIFIC TECHNICAL CONDITIONS: OTHER**

**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<sup>\*</sup>] the **GB Transmission System**. It is essential that the **Applicant** supplies all information requested in the application form and that every effort should be made to ensure that such information should be accurate.

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

2. Where **The Company** considers that any information provided by the **Applicant** is incomplete or unclear, or further information is required, the **Applicant** will be requested to provide further information or clarification. The provision/clarification of this information may impact on **The Company’s** ability to commence preparation of an offer.
3. Should there be any change in the information provided by the **Applicant**, the **Applicant** must immediately inform **The Company** of such a change.
4. **The Company** shall charge the **Applicant**, and the **Applicant** shall pay to **The Company**, **The Company’s** Engineering Charges in relation to the Application. A fee will be charged by **The Company** in accordance with the **Charging Statements**. No application will be considered until such payment has been received.
5. The effective date upon which the application is made shall be the later of the date when **The Company** has received the advance application fee pursuant to Paragraph 4 above or the date when **The Company** is reasonably satisfied that the **Applicant** has completed Sections 1-4. **The Company** shall notify the **Applicant** of such date.
6. **The Company** will make the **Offer** in accordance with the terms of Paragraphs 2.13, 6.9 (Modifications) and Paragraph 6.10 (New Connection Sites) of the **CUSC** and the **Transmission Licence**.
7. **The Company** will make the **Offer** as soon as is reasonably practicable and, in any event, within 3 months of the effective date of the application or such later period as the **Authority** may agree. The **Offer** may, where it is necessary to carry out additional extensive system studies to evaluate more fully the impact of the proposed development, indicate the areas that require more detailed analysis. Before such additional studies are required, the **Applicant** shall indicate whether it wishes **The Company** to undertake the work necessary to proceed to make a revised **Offer** within the three (3) month period or, where relevant the timescale consented to by the **Authority**. To enable **The Company** to carry out any of the above mentioned necessary detailed system studies the **Applicant** may, at the request of **The Company**, be required to provide some or all of the **Detailed Planning Data** listed in Part 2 of the Appendix to the **Planning Code** which is part of the **Grid Code**.
8. In the course of processing the application it may be necessary for **The Company** to consult the appropriate **Public Distribution System Operator(s)** on matters of technical compatibility of the **GB Transmission System** with their **Distribution System(s)** or to consult the **Relevant Transmission Licensees** to establish the works required on the **GB Transmission System**. On grounds of commercial confidentiality **The Company** shall need authorisation for the release to the **Public Distribution System Operator(s)** or **Relevant Transmission Licensees** of certain information contained in the Application. Any costs incurred by **The Company** in

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\* Delete if applying for connection only

consulting the **Public Distribution System Operator(s)** or **Relevant Transmission Licensees** would be included in **The Company Charges** for the Application. If it is found by the **Public Distribution System Operator(s)** that any work is required on their **Distribution System(s)**, then it will be for the **Public Distribution System Operator(s)** and the **Applicant** to reach agreement in accordance with Paragraph 6.10.3 of the **CUSC**.

9. In accordance with Paragraph 6.30.3 of **CUSC** **The Company** will need to disclose details of **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](http://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 an offer for the TEC-lite Access Product. If an Applicant requests this option then The Company will make an offer in accordance with its obligations under Paragraph 2.13.2 of CUSC. In requesting an offer for the TEC-lite Access Product, the Applicant acknowledges that the connection design which provides for a connection to the GB Transmission System will be a variation to the connection design as provided for in Chapter 2 of the GB Security and Quality of Supply Standards (version 1). If Applicants require further assistance on this option they are recommended to contact The Company before completing this application form.

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15-16. 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

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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.

- | ~~46-17~~. 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). Formatted: Bullets and Numbering
  
- | ~~47-18~~. For the most up to date contact details applicants are advised to contact the National Grid website at [www.nationalgrid.com/uk](http://www.nationalgrid.com/uk). Formatted: Bullets and Numbering

**A. DETAILS OF APPLICANT**

1. Name:.....

2. Address: .....

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.....

.....

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

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.....

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Registration Number:

.....

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

.....

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

.....

.....

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

- 6a. Have you made any applications for connection to the **GB Transmission System** in Scotland which are being processed **prior to offer** by The Company or where an Offer has been made that Offer has not yet been accepted by you but **remains open for acceptance?**

If so, are such applications intended as alternatives to this one i.e. you intend to choose which of this or those other applications to proceed with on the basis of the offer made.

Yes  
list the applications .

not sure  
(**The Company** will contact you to clarify)

- 6b. Have you made any applications for connection to the **GB Transmission System** in England and Wales which are being processed **prior to offer** by The Company or where an Offer has been made that Offer has not yet been accepted by you but **remains open for acceptance?**

If so, are such applications intended as alternatives to this one i.e. you intend to choose which of this or those other applications to proceed with on the basis of the offer made.

Yes  
list the applications .

not sure  
(**The Company** will contact you to clarify)

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

[ ] Fixed application fee

[ ] Variable application fee



**B. THE PROPOSED POINT OF CONNECTION**

1. Please identify (preferably by reference to an extract from an Ordnance Survey Map) the intended location (the “**Connection Site**”) of the **Plant** and **Apparatus** (the “**User Development**”) which it is desired should be connected to the **GB Transmission System** and where the application is in respect of a proposed **New Connection Site** other than at an existing sub-station. Please specify the proposed location and name of the **New Connection Site** (which name should not be the same as or confusingly similar to the name of any other **Connection Site**) together with details of access to the **Connection Site** including from the nearest main road.

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

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

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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.

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.....

8. Please provide details (including copies of any surveys or reports) of the physical nature of land in which you have a legal estate or legal interest at the proposed **Connection Site** including the nature of the ground and the sub-soil including the results of the following tests:-  
[**The Company** to specify]

.....  
.....

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

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

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

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**C. TECHNICAL INFORMATION**

1. Please provide the data listed in Part 1 of the Appendix to the **Planning Code** which are applicable to you. Note: the data concerned form part of the **Planning Code** and **Data Registration Code**. **Applicants** should refer to these sections of the **Grid Code** for an explanation.
2. Please provide a copy of your **Safety Rules** if not already provided to **The Company**.
3. Please indicate any terms which you are prepared to offer for:-

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

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 you would like to receive an offer for the **TEC-lite Access Product** (if applicable). YES/NO

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**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**

DATED [ ]

NATIONAL GRID ELECTRICITY TRANSMISSION PLC (1)

and

[ ] (2)

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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 [ ]

**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 England and Wales 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 Agreement of even date (ref: [ ] in respect of the [connection to and ]use of the GB Transmission System at [ ] (the “Bilateral Agreement”).

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

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

**1. DEFINITIONS, INTERPRETATION AND CONSTRUCTION**

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

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

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

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



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

## 2. COMMENCEMENT AND TERM

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

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

## 3. PAYMENTS BY THE USER

3.1 Where in accordance with Clause [10/9] of the **Bilateral Agreement** the provisions of this **Transmission Related Agreement** are expressed to apply then the **User** shall make a payment to **The Company** determined in accordance with Clause 3.2 hereof.

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

Where in respect of all or part of a **Condition Period** or a period of reduced circuit capability:-

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

(b) **The Company** issues in accordance with the **Grid Code** a **Bid-Offer Acceptance** requiring the **BM Unit** to reduce the absolute value of **Output** or **Demand** to the figure required under Clause [10/9] of the **Bilateral Agreement**, then the following formula shall apply:-

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

Where:-

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

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

$\Sigma$

$J \in j$  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  $j$**

$QAB^n_{ii}$  = Period **BM Unit Total Accepted Bid Volume**

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

$QAO^n_{ii}$  = Period **BM Unit Total Accepted Offer Volume**

$n$  = Bid-Offer Pair Number

$i$  = **BM Unit**

$j$  = **Settlement Period**

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

#### 4. VARIATIONS

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

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

#### 5. GENERAL PROVISIONS

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

Paragraphs 6.12 (Liability), 6.14 (Transfer and Sub-contracting), 6.15 (Confidentiality), 6.16 (Data), 6.18 (Intellectual Property), 6.19 (Force Majeure), 6.20 (Waiver), 6.21

(Notices), 6.22 (Third Party Rights), 6.23 (Jurisdiction), 6.25 (Governing Law), 6.26 (Severance of Terms), 6.27 (Language), 7.4 (Disputes) and 7.5 (Third Party Claims).

**6. COUNTERPARTS**

This **Transmission Related Agreement** may be entered into in any number of counterparts and by different parties in separate counterparts, each of which when signed shall constitute an original but all the counterparts shall together constitute but one and the same agreement.

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

SIGNED BY \_\_\_\_\_ )

)

for and on behalf of \_\_\_\_\_ )

**NATIONAL GRID ELECTRICITY TRANSMISSION PLC** )

SIGNED BY \_\_\_\_\_ )

)

for and on behalf of \_\_\_\_\_ )

[ ] \_\_\_\_\_ )

## SCHEDULE OF PAYMENT PRINCIPLES

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

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

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

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

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

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

(a) a statement (“the **Final Statement**”) incorporating:-

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

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

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

1.4 Where either **Party** discovers that any previous **Provisional Monthly Statement** or **Final Monthly Statement** contains an arithmetic error or omission **The Company** shall adjust the account between itself and the **User** accordingly in the next **Provisional Adjustments Statement** which it issues, setting out the reason why the adjustment has been made and the provisions of paragraph 1.2 shall apply *mutatis mutandis* to such adjustments.

1.5 The due date of payment in respect of any disputed amount subsequently determined or agreed to be payable shall be the date for payment of the relevant **Provisional Statement** from which the dispute arises. The successful **Party** to the dispute shall be entitled to interest at the **Base Rate** on any disputed amount until the date of payment.

1.6 Each **Party** shall pay to the other the net amount shown as due from that **Party** in the **Final Monthly Statement** within three **Business Days** of the date on which such statement is issued.

1.7 If either **Party** (“the **Defaulting Party**”), in good faith fails to pay under paragraph 1.6 any amount properly due under this **Transmission Related Agreement**, then such **Defaulting Party** shall pay to the other **Party** interest on such overdue amount from and including the due date of such payment to (but excluding) the date of actual payment at the **Base Rate**. Provided that should the **Defaulting Party** otherwise fail to pay any amount properly due under this **Transmission Related Agreement** on the due date then the **Defaulting Party** shall pay to the other **Party** interest on such overdue amount at the **Enhanced Rate** from the due date on which such payment was properly due to (but excluding) the date of actual payment. Any interest shall accrue from day to day.

1.8 If following a dispute or by virtue of paragraphs 1.2 or 1.4 it is determined or agreed that a **Party** was entitled to a further payment from the other **Party**, that **Party** shall be entitled to interest at the **Base Rate** on the amount of such further payment from the due date calculated in accordance with paragraph 1.5 until the date of payment.

1.9 If following a dispute or by virtue of the provisions of paragraphs 1.2 or 1.4 it is determined or agreed that a Party was not entitled to any payment it has received, the other Party shall be entitled to interest at the Base Rate on the amount so paid from the date of payment until the date of repayment or the date when the first Party makes a payment to the other Party which takes such payment into account.

1.10 Notwithstanding the terms thereof, The Company shall be entitled to set off against any amount falling due and payable by The Company to the User under any Balancing Services Agreement from time to time in force, all or a part of any payment or payments falling due and payable by the User to The Company under this Transmission Related Agreement.

1.11 All amounts specified hereunder shall be exclusive of any Value Added Tax or other similar tax and The Company or the User as the case may be shall pay the Value Added Tax at the rate for the time being and from time to time properly chargeable in respect of all payments made under this Transmission Related Agreement.

1.12 Save where otherwise stated, references in this Schedule to paragraphs are references to paragraphs of this Schedule.

**ANNEX 2 PART B - PROPOSED LEGAL TEXT TO MODIFY THE CUSC FOR THE WORKING GROUP ALTERNATIVE AMENDMENT WGAA1**

**SECTIONS 2.3, 2.4, 3.9 & 11.3 OF THE CUSC**

**2.3 EXPORT OF POWER FROM CONNECTION SITE**

2.3.1 Subject to the other provisions of the **CUSC** and in particular Paragraph 2.3.3, the relevant **Bilateral Connection Agreement** and the **Grid Code**, **The Company** shall, as between **The Company** and that **User**, accept into the **GB Transmission System** at each **Connection Site** of a **User** acting in the category of **Power Station** directly connected to the **GB Transmission System**, power generated by such **User** up to the **Transmission Entry Capacity** and (if any) **STTEC** and/or **LDTEC** for the relevant **Period** as set out in Appendix C of the relevant **Bilateral Connection Agreement** except to the extent (if any) that **The Company** is prevented from doing so by transmission constraints which could not be avoided by the exercise of **Good Industry Practice** by **The Company**.

2.3.2 Subject to the other provisions of the **CUSC** and in particular Paragraph 2.3.3, the relevant **Bilateral Connection Agreement** and the **Grid Code**, a **User** acting in the capacity of a **Power Station** directly connected to the **GB Transmission System** shall not export on to the **GB Transmission System** power generated by such **User** in excess of the **Transmission Entry Capacity** and (if any) **STTEC** and/or **LDTEC** for the relevant **Period** as set out in Appendix C of the relevant **Bilateral Connection Agreement** save as expressly permitted or instructed pursuant to an **Emergency Instruction** under the **Grid Code** or save as expressly permitted or instructed pursuant to the **Fuel Security Code** or as may be necessary or expedient in accordance with **Good Industry Practice**.

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

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

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

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

## 2.4 IMPORT OF POWER TO CONNECTION SITE

2.4.1 Subject to the other provisions of the CUSC and in particular Paragraphs 2.2.2(b) and 2.4.2, the relevant Bilateral Connection Agreement and the Grid Code, The Company shall as between The Company and that User, transport a supply of power to each Connection Site of a User through the GB Transmission System up to the Connection Site Demand Capability except to the extent (if any) that The Company is prevented from doing so by transmission constraints or by insufficiency of generation which, in either case, could not have been avoided by the exercise of Good Industry Practice by The Company.

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

## 2.13 NEW CONNECTION SITES

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

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

2.13.3 The Connection Offer shall remain open for acceptance for 3 months from its receipt by that User unless either that User or The Company makes an



application to the **Authority** under Standard Condition C9 of the **Transmission Licence**, in which event the **Connection Offer** shall remain open for acceptance until the date 14 days after any determination by the **Authority** pursuant to such application.

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

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

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

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

(i) **The Company** shall only be obliged to provide such an offer in so far as such an offer satisfies the conditions detailed in Chapter 2 of the **GB SQSS**; and

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

### 3.9 USE OF SYSTEM CHARGES

3.9.1 Subject to the provisions of the **CUSC**, and any relevant **Bilateral Agreement**, together with the relevant **Charging Statements**, each **User** shall with effect from the relevant date set out in the relevant **Bilateral Agreement** (or in the **Use of System Supply Confirmation Notice**) be liable to pay to **The Company** the **Use of System Charges** in accordance with the **CUSC** calculated in accordance with the **Statement of Use of System Charges** and the **Statement of the Use of System Charging Methodology** and Standard Condition C13 of the **Transmission Licence**. **The Company** shall apply and calculate the **Use of System Charges** in accordance with the **Statement of Use of System Charges** and the

**Statement of the Use of System Charging Methodology** and Standard Condition C13 of the **Transmission Licence**.

- 3.9.2 Each **User** shall, as between **The Company** and that **User**, in accordance with this Part II and Paragraph 6.6, be liable to pay to **The Company** (or **The Company** shall be so liable to pay to the **User**) the relevant **Transmission Network Use of System Charges** and (if appropriate) the **STTEC** and **LDTEC Charge** in respect of its use of the **GB Transmission System** applied and calculated in accordance with the **Statement of Use of System Charges** and **Statement of the Use of System Charging Methodology** and Standard Condition C13 of the **Transmission Licence**.
- 3.9.3 Except in respect of **Distribution Interconnector Owners** each **User** shall, as between **The Company** and that **User**, in accordance with this Part II and Paragraph 6.6, be liable to pay to **The Company** in respect of each **Settlement Day** the **Balancing Services Use of System Charges** calculated in accordance with the **Statement of the Use of System Charging Methodology**.
- 3.9.4 Each **User** shall, as between **The Company** and that **User**, provide **The Company** with **Security Cover** in respect of **Transmission Network Use of System Demand Reconciliation Charges, Transmission Services Use of System Charges** and **Balancing Services Use of System Charges** in accordance with Part III below.
- 3.9.5 The charges payable in relation to use of the **GB Transmission System** may also include **One-off Charges** where those are to be payable by the relevant **User** as provided in the relevant **Bilateral Embedded Generation Agreement**. In that case, the relevant provisions of Section 2 will apply to that **User** in relation to the **One-off Charges**.

### 11.3 DEFINITIONS

#### “Bilateral Connection Agreement”

an agreement entered into pursuant to Paragraph 1.3.1 a form of which is set out in Exhibit 1 to **Schedule 2. In the circumstances where the User has requested a Design Variation Non-Firm Connection, this agreement will include Restrictions on Availability;**

#### “Bilateral Embedded Generation Agreement”

an agreement entered into pursuant to Paragraph 1.3.1 a form of which is set out in Exhibit 2 to **Schedule 2. In the circumstances where the User has requested a Design Variation Non-Firm Connection, this agreement will include Restrictions on Availability;**

#### “Connection Offer”

an offer or (where appropriate) the offers for a **New Connection Site** in the form or substantially in the form set out in Exhibit C including any revision or extension of such offer or offers;

**“Design Variation Non-Firm Connection”**

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

**“GB SQSS”**

is the GB Security and Quality of Supply Standards (version 1) issued under Standard Condition C17 of the **Transmission Licence** (as amended, varied or replaced from time to time);

**“Notification of Circuit Outage”**

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

**“Notification of Circuit Restriction”**

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

**“Notification of Restrictions on Availability”**

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

**“Output Useable”**

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

**“Relevant Circuits”**

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

**“Restrictions on Availability”**

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



**PART B – BILATERAL CONNECTION AGREEMENT**

SCHEDULE 2 - EXHIBIT 1

DATED [            ]

NATIONAL GRID ELECTRICITY TRANSMISSION PLC (1)

and

[            ] (2)

---

THE CONNECTION AND USE OF SYSTEM CODE

BILATERAL CONNECTION AGREEMENT

**[INCLUDING RESTRICTIONS ON AVAILABILITY]**

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

---

[FOR A DIRECTLY CONNECTED POWER STATION]

[FOR A DIRECTLY CONNECTED DISTRIBUTION SYSTEM]

[FOR A NON-EMBEDDED CUSTOMER SITE]

[FOR AN INTERCONNECTOR OWNER]

At [            ]

Reference: [            ]

## CONTENTS

1. Definitions, Interpretation and Construction
  2. Commencement
  3. The Connection Site and Transmission Connection Assets
  4. Connection Charges
  - [5. Use of System] *(power station only)*
  6. Credit Requirements
  7. Connection Entry Capacity and Transmission Entry Capacity
  8. Compliance with Site Specific Technical Conditions
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  - [10. Restrictions on availability] *(power station with Design Variation Non-Firm Connection only)*
  119. Term
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  - ~~11. Restrictive Trade Practices Act~~
  1342. General Provisions
- 
- Appendix A The Connection Site and Transmission Connection Assets
- Appendix B Connection Charges
- Appendix C Connection Entry Capacity and Transmission Entry Capacity (Power Stations and Interconnector Owners)
- [Appendix D Transmission Related Agreement Regarding Bid Price/Offer Price Hedge Following Failure to Comply with Restrictions on Availability] *(power station with Design Variation Non-Firm only)*
- [Appendix E1 Notification of Circuit Outage] *(power station with Design Variation Non-Firm only)*
- [Appendix E2 Notification of Circuit Restriction] *(power station with Design Variation Non-Firm only)*
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- Appendix F1 Site Specific Technical Conditions - Agreed Balancing Services

**Appendix F2 [Not Used]**

**Appendix F3 Site Specific Technical Conditions - Special Automatic Facilities**

**Appendix F4 Site Specific Technical Conditions - Protection and Control Relay Settings  
- Fault Clearance Times**

**Appendix F5 Site Specific Technical Conditions - Load Shedding Frequency Sensitive  
Relays**

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

**BETWEEN**

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

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

**WHEREAS**

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

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

**1. DEFINITIONS, INTERPRETATION AND CONSTRUCTION**

1.1 Unless the subject matter or context otherwise requires or is inconsistent therewith, terms and expressions defined in Section 11 of the **CUSC** have the same meanings,

interpretations or constructions in this **Bilateral Connection Agreement** [and the following terms and expressions shall have the meaning set out below:-

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

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

“**Circuit [ ]**” [insert detailed description of circuit(s) affected by the design variation] (power station with **Design Variation Non-Firm only**);

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

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

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

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

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

## 2. COMMENCEMENT

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

## 3. THE CONNECTION SITE AND TRANSMISSION CONNECTION ASSETS

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

## 4. CONNECTION CHARGES

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

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

The right to use the **GB Transmission System** shall commence on and **Use of System Charges** shall be payable by the **User** from the [**CUSC Implementation Date**] [or] [**Charging Date**].]

## 6. CREDIT REQUIREMENTS

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

## 7. CONNECTION ENTRY CAPACITY AND TRANSMISSION ENTRY CAPACITY

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

7.2 Appendix C Part 3 will set out the **BM Unit Identifiers** of the **BM Units** registered at the **Connection Site** under the **Balancing and Settlement Code**. The **User** will provide **The Company** with the information needed to complete details of these **BM Unit Identifiers** as soon as practicable after the date hereof and thereafter in association with any request to modify the **Transmission Entry Capacity** and **The Company** shall prepare and issue a revised Appendix C incorporating this information. The **User** shall notify **The Company** prior to any alteration in the **BM Unit Identifiers** and **The Company** shall prepared and issue a revised Appendix C incorporating this information.

7.3 **The Company** shall monitor the **Users** compliance with its obligation relating to **Transmission Entry Capacity** against the sum of metered volumes of the **BM Units** set out in Part 3 of Appendix C submitted by the **User** for each **Settlement Period**.

## 8. COMPLIANCE WITH SITE SPECIFIC TECHNICAL CONDITIONS

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

## 9. ELECTRICAL BOUNDARY (power station with Design Variation Non-Firm only)

The division of ownership of **Plant** and **Apparatus** shall be at [define ownership boundary]. For the avoidance of doubt, nothing in this Clause 9 shall effect any transfer of ownership in any **Plant** or **Apparatus**.]

## 10. RESTRICTIONS ON AVAILABILITY (power station with Design Variation Non-Firm only)

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 [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 Non-Firm** satisfies the criteria set out in paragraphs 2.15 to 2.18 (inclusive) of the **GB SQSS** and on that basis



and in light of the non standard principles of ownership the following provisions will apply.]

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

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

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

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

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

10.5 Subject to the requirements under Clause 10.14, The Company shall be entitled to revise the Notification of Circuit Outage given under Clause 10.4 above at any time.

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

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

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

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

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

- 10.8.1 In the event that the **Notification of Circuit Restriction** relates to a **Planned Outage** on the **GB Transmission System**, in accordance with the timetable set out under **Grid Code OC2** requirements; or
- 10.8.2 In the event that the **Notification of Circuit Restriction** relates to any other **Event** on the **GB Transmission System**, as soon as reasonably practicable.
- 10.8.3 For the avoidance of doubt, **The Company** shall issue such notification of the occurrence of reduced circuit capability whenever such conditions occur.
- 10.8.4 **The Company** shall promptly notify the **User** when the period of reduced circuit capability will or has ceased. Such notification shall be substantially in the form set out in Appendix E3.
- 10.9 Subject to the requirements under Clause 10.14, **The Company** shall be entitled to revise the **Notification of Circuit Restriction** given under Clause 10.8 above at any time.
- 10.10 Following such **Notification of Circuit Restriction** in accordance with Clause 10.8:
- 10.10.1 [(i) In respect of the reduction in capability of **Circuit [ ]**, the **User** shall (i) ensure that the **Maximum Export Limit** and **Maximum Import Limit** for the **BM Units** relating to the **Power Station** reflects the reduction in capability of the **Relevant Circuits** and (ii) operate its **Power Station** to reflect the reduction in capability of the **Relevant Circuits** for all **Settlement Periods** or parts thereof falling within the **Outage Period**.]
- 10.10.2 In the event that the **User** does not comply with Clauses [ ] above, **The Company** shall issue **Bid-Offer Acceptances** to the **User** to reduce the export from and/or import to the affected **BM Unit** so that the effect is as if the **User** had complied with the relevant Clause, and the provisions of the Transmission Related Agreement set out in Appendix D shall apply.
- 10.11 Where the **User** becomes aware or is notified by **The Company** of any breach of Clauses 10.7 or 10.10 above the **User** shall forthwith take all reasonable steps to comply with the provisions of that Clause.
- 10.12 Where there is a breach by the **User** of Clauses 10.7 or 10.10 above **The Company** may treat such breach as an **Event of Default** for the purposes of Section 5 of the **CUSC**.
- 10.13 For the avoidance of doubt any **Deenergisation** resulting from the **Outage Conditions** as set out in the relevant **Notification of Restrictions on Availability** constitutes an **Allowed Interruption**.
- 10.14.1 **The Company** and the **User** shall act in accordance with **Good Industry Practice** to minimise so far as reasonably practicable the occurrence and duration of (i) the **Outage Conditions** and (ii) an **Event** leading to reduced circuit capability of the **Relevant Circuits**. **The Company** and the **User** will, recognising the effect of the **Outage**

Conditions and the reduced circuit capability on the User's operations, coordinate the Outage Conditions and the reduced circuit capability on the GB Transmission System (where they occur as a result of a planned outage) and the User's Plant and Apparatus in accordance with Good Industry Practice and to the extent practicable. The Parties acknowledge however that even where planned outages are coordinated and agreed that a Party may need to cancel or change such planned outage.

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

## 11. **TERM**

Subject to the provisions for earlier termination set out in the **CUSC** this **Bilateral Connection Agreement** shall continue until the **User's Equipment** is **Disconnected** from the **GB Transmission System** at the **Connection Site** in accordance with Section 5 of the **CUSC**.

## 1012. **VARIATIONS**

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

1012.2 **The Company** and the **User** shall effect any amendment required to be made to this **Bilateral Connection Agreement** by the **Authority** as a result of a change in the **CUSC** or the **Transmission Licence**, an order or direction made pursuant to the **Act** or a **Licence**, or as a result of settling any of the terms hereof. The **User** hereby authorises and instructs **The Company** to make any such amendment on its behalf and undertakes not to withdraw, qualify or revoke such authority or instruction at any time.

1012.3 **The Company** has the right to vary Appendices A and B in accordance with this **Bilateral Connection Agreement** and the **CUSC** including any variation necessary to enable **The Company** to charge in accordance with the **Charging Statements**, or upon any change to the **Charging Statements**.

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

**11. RESTRICTIVE TRADE PRACTICES ACT**

~~Any restriction or information provision (as each of those terms are defined or construed in Section 43(1) of the Restrictive Trade Practices Act 1976) contained in this **Bilateral Connection Agreement** shall not take effect or shall cease to have effect:~~

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

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

**1213. GENERAL PROVISIONS**

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

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

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

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

**APPENDIX A**

**TRANSMISSION CONNECTION ASSET/CONNECTION SITE**

Company: []  
Connection Site: []  
Type: []

Part 1 - Pre-Vesting Assets

<u>Allocation</u>	<u>Description</u>	<u>Age</u>	<u>Year</u>
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(As at [ ])

Part 2 - Post-Vesting Assets

<u>Allocation</u>	<u>Description</u>	<u>Age</u>	<u>Year</u>
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(As at [ ])

Part 3 - Energy Metering Systems (\*)

<u>Allocation</u>	<u>Description</u>	<u>Age</u>	<u>Year</u>
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(As at [ ])

(\*) FMS, Energy Metering Systems - The Electronics components have a 15 year replacement period. The Non-Electronics components have a 40 year replacement period.

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

Diagram Reference: [ ]

Appendix Reference: [ ]

Agreement Reference: [ ]

**APPENDIX B**

**CONNECTION CHARGES/PAYMENT**

Company: [ ]

Connection Site: [ ]

Type: [ ]

(1) Connection Charges

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

**Part 1 - Pre-Vesting Assets**

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

Rate of Return = [ ]%

Transmission Costs

Part A Site specific maintenance element = £[ ]

Part B Other transmission costs element = £[ ]

**Part 2 - Post-Vesting Assets**

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

Rate of Return = [ ]%

Transmission Costs

Part A Site specific maintenance element = £[ ]

Part B Other transmission costs element = £[ ]

**Part 3 - Energy Metering Systems**

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

**Part 4 - Miscellaneous Charges**

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

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

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

(2) Payment

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

Appendix Reference: [ ]

**APPENDIX C (Power Stations)**

**CONNECTION ENTRY CAPACITY AND TRANSMISSION ENTRY CAPACITY**

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 [L\_FRA for example]. No need to list all individual BMU's

**Part 4 Figure for the Purposes of CUSC Paragraph 9.6**

**APPENDIX D**

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**TRANSMISSION RELATED AGREEMENT REGARDING**

**BID PRICE/OFFER PRICE HEDGE**

**FOLLOWING FAILURE TO COMPLY WITH**

**RESTRICTIONS ON AVAILABILITY**

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**1. DEFINITIONS, INTERPRETATION AND CONSTRUCTION**



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

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

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

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

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

## 2. **COMMENCEMENT AND TERM**

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

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

## 3. **PAYMENTS BY THE USER**

3.1 Where in accordance with Clause [10/9] of the **Bilateral Agreement** the provisions of this **Transmission Related Agreement** are expressed to apply then the **User** shall make a payment to **The Company** determined in accordance with Clause 3.2 hereof.

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

Where in respect of all or part of a **Condition Period** or a period of reduced circuit capability:-

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

(b) **The Company** issues in accordance with the **Grid Code** a **Bid-Offer Acceptance** requiring the **BM Unit** to reduce the absolute value of **Output** or **Demand** to the figure

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

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

Where:-

$\text{PNGC}_i$  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:

$\text{PB}^{n_{ij}}$  = Bid Price  $n$  for **BM Unit i** in **Settlement Period j**

$\text{QAB}^{n_{ij}}$  = Period **BM Unit Total Accepted Bid Volume**

$\text{PO}^{n_{ij}}$  = Offer Price  $n$  for **BM Unit i** in **Settlement Period j**

$\text{QAO}^{n_{ij}}$  = Period **BM Unit Total Accepted Offer Volume**

$n$  = Bid-Offer Pair Number

$i$  = **BM Unit**

$j$  = **Settlement Period**

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

#### 4. **VARIATIONS**

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

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

**5. GENERAL PROVISIONS**

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

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

**6. COUNTERPARTS**

This **Transmission Related Agreement** may be entered into in any number of counterparts and by different parties in separate counterparts, each of which when signed shall constitute an original but all the counterparts shall together constitute but one and the same agreement.

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

SIGNED BY \_\_\_\_\_ )

)

for and on behalf of \_\_\_\_\_ )

**NATIONAL GRID ELECTRICITY TRANSMISSION PLC** )

SIGNED BY \_\_\_\_\_ )

)

for and on behalf of \_\_\_\_\_ )

[ ] \_\_\_\_\_ )

**SCHEDULE OF PAYMENT PRINCIPLES**

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

- (a) a statement (the “**Provisional Statement**”) containing details of the payment calculation(s) made pursuant to Clause 3.2 of this **Transmission Related Agreement** in respect of the previous month; and,
- (b) if relevant, a statement showing adjustments to be made (net of interest) in relation to any dispute regarding the payment calculation(s) in respect of any month prior to the previous month (“the **Provisional Adjustments Statement**”).

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

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

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

(a) a statement (“the **Final Statement**”) incorporating:-

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

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

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

1.4 Where either **Party** discovers that any previous **Provisional Monthly Statement** or **Final Monthly Statement** contains an arithmetic error or omission **The Company** shall adjust the account between itself and the **User** accordingly in the next **Provisional Adjustments Statement** which it issues, setting out the reason why the adjustment has been made and the provisions of paragraph 1.2 shall apply *mutatis mutandis* to such adjustments.

- 1.5 The due date of payment in respect of any disputed amount subsequently determined or agreed to be payable shall be the date for payment of the relevant **Provisional Statement** from which the dispute arises. The successful **Party** to the dispute shall be entitled to interest at the **Base Rate** on any disputed amount until the date of payment.
- 1.6 Each **Party** shall pay to the other the net amount shown as due from that **Party** in the **Final Monthly Statement** within three **Business Days** of the date on which such statement is issued.
- 1.7 If either **Party** (“the **Defaulting Party**”), in good faith fails to pay under paragraph 1.6 any amount properly due under this **Transmission Related Agreement**, then such **Defaulting Party** shall pay to the other **Party** interest on such overdue amount from and including the due date of such payment to (but excluding) the date of actual payment at the **Base Rate**. Provided that should the **Defaulting Party** otherwise fail to pay any amount properly due under this **Transmission Related Agreement** on the due date then the **Defaulting Party** shall pay to the other **Party** interest on such overdue amount at the **Enhanced Rate** from the due date on which such payment was properly due to (but excluding) the date of actual payment. Any interest shall accrue from day to day.
- 1.8 If following a dispute or by virtue of paragraphs 1.2 or 1.4 it is determined or agreed that a **Party** was entitled to a further payment from the other **Party**, that **Party** shall be entitled to interest at the **Base Rate** on the amount of such further payment from the due date calculated in accordance with paragraph 1.5 until the date of payment.
- 1.9 If following a dispute or by virtue of the provisions of paragraphs 1.2 or 1.4 it is determined or agreed that a **Party** was not entitled to any payment it has received, the other **Party** shall be entitled to interest at the **Base Rate** on the amount so paid from the date of payment until the date of repayment or the date when the first **Party** makes a payment to the other **Party** which takes such payment into account.
- 1.10 Notwithstanding the terms thereof, **The Company** shall be entitled to set off against any amount falling due and payable by **The Company** to the **User** under any **Balancing Services Agreement** from time to time in force, all or a part of any payment or payments falling due and payable by the **User** to **The Company** under this **Transmission Related Agreement**.
- 1.11 All amounts specified hereunder shall be exclusive of any Value Added Tax or other similar tax and **The Company** or the **User** as the case may be shall pay the Value Added Tax at the rate for the time being and from time to time properly chargeable in respect of all payments made under this **Transmission Related Agreement**.
- 1.12 Save where otherwise stated, references in this Schedule to paragraphs are references to paragraphs of this Schedule.]

**[APPENDIX E1**  
**NOTIFICATION OF CIRCUIT OUTAGE**

This notification is made by:

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

to:

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

on:

[time and date].

**NOTIFICATION**

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

**ADDITIONAL INFORMATION**

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

[list affected circuits]

These circuits are unavailable as a result of:

[Description of reason for notification; for example

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

**Circuit [ ]** requiring to be **Deenergised** for health and safety reasons to allow for the planned or unplanned availability of a circuit in the immediate vicinity of **Circuit [ ].**

[Other information relevant to the notification as appropriate.]

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

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

**[APPENDIX E2**

## NOTIFICATION OF CIRCUIT RESTRICTION

This notification is made by:

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

to:

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

on:

[time and date]

### NOTIFICATION

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

### ADDITIONAL INFORMATION

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

[list affected circuits]

These circuits are of reduced capability as a result of:

[Description of reason for notification; for example

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

**Circuit [ ]** requiring to be **Deenergised** for health and safety reasons to allow for the planned or unplanned availability of a circuit in the immediate vicinity of **Circuit [ ]**.]

[Other information relevant to the notification as appropriate.]

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

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

## [APPENDIX E3

## NOTIFICATION OF REVOCATION OF CONDITIONS

**OF [CIRCUIT OUTAGE/CIRCUIT RESTRICTION]**

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

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

to:

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

on:

[time and date].

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

**APPENDIX F1**

**SITE SPECIFIC TECHNICAL CONDITIONS:**

**AGREED BALANCING SERVICES**

**APPENDIX F2**

[NOT USED]

**APPENDIX F3**

**SITE SPECIFIC TECHNICAL CONDITIONS:**

**SPECIAL AUTOMATIC FACILITIES**

**APPENDIX F4**

**SITE SPECIFIC TECHNICAL CONDITIONS:**

**PROTECTION AND CONTROL RELAY SETTINGS**

**FAULT CLEARANCE TIMES**

**APPENDIX F5**

**SITE SPECIFIC TECHNICAL CONDITIONS:**

**LOAD SHEDDING FREQUENCY SENSITIVE RELAYS**

END OF SCHEDULE 2 - EXHIBIT 1





## CONTENTS

1. Definitions, Interpretation and Construction
  2. Commencement
  3. The Site of Connection to the Distribution System
  4. Charging Date
  5. Use of System
  6. Credit Requirements
  7. Entry Access Capacity
  8. Compliance with Site Specific Technical Conditions
  - ~~9.~~ 9. **[Restrictions on Availability]** *(power stations with **Design Variation Non-Firm** only)*
  - ~~910.~~ **910.** Term
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- Appendix A The Site of Connection
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- [Appendix E1 Notification of Circuit Outage]** *(power station with **Design Variation Non-Firm Connection** only)*
- [Appendix E2 Not Used]**
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- Appendix F5 Site Specific Technical Conditions - Other

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

**BETWEEN**

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

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

**WHEREAS**

- (A) Pursuant to the **Transmission Licence**, **The Company** is required to prepare a Connection and Use of System Code (**CUSC**) setting out the terms of the arrangements for connection to and use of the **GB Transmission System** and the provision of certain **Balancing Services**.
- (B) The **User** has applied for use of the **GB Transmission System** and pursuant to the **Transmission Licence** **The Company** is required to offer terms for use of system.
- (C) The **User** has applied for use of the **GB Transmission System** in the capacity of [ ] as set out in Paragraph 1.2.4 of the **CUSC**.
- (D) As at the date hereof, **The Company** and the **User** are parties to the **CUSC Framework Agreement** (being an agreement by which the **CUSC** is made contractually binding between the parties). This **Bilateral Embedded Generation Agreement** is entered into pursuant to the **CUSC** and shall be read as being governed by it.

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

**1. DEFINITIONS, INTERPRETATION AND CONSTRUCTION**

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

[“**Circuit [ ]**” [insert detailed description of circuit(s) affected by the design variation] (power station with **Design Variation Non-Firm Connection** only);

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

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

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

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

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

## 2. COMMENCEMENT

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

## 3. THE SITE OF CONNECTION TO THE DISTRIBUTION SYSTEM

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

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

## 4. CHARGING DATE

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

## 5. USE OF SYSTEM

The right to use the **GB Transmission System** shall commence on and **Use of System Charges** shall be payable by the **User** from the date hereof.

## 6. CREDIT REQUIREMENTS

[The amount to be secured by the **User** from [date] is set out in the **Secured Amount Statement** issued from time to time and as varied from time to time in accordance with Section 3 of the **CUSC**.]

## 7. ~~ENTRY ACCESS CAPACITY~~TRANSMISSION ENTRY CAPACITY

7.1 The ~~Entry Access Capacity~~**Transmission Entry Capacity** of [each of the] site[s] of **Connection** is [are] and the[ir] value[s] for the purposes of Paragraph 3.2 of the **CUSC** are specified in Appendix C.

7.2 Appendix C Part 3 will set out the **BM Unit Identifiers** of the **BM Units** registered at the **Connection Site** under the **Balancing and Settlement Code**. The **User** will provide **The Company** willwith the information needed to complete details of these **BM Unit**

**Identifiers** as soon as practicable after the date hereof and thereafter in association with any request to modify the **Transmission Entry Capacity** and **The Company** shall prepare and issue a revised Appendix C incorporating this information. The **User** shall notify **The Company** prior to any alteration in the **BM Unit Identifiers** and **The Company** shall prepare and issue a revised Appendix C incorporating this information.

7.3 **The Company** shall monitor the **Users** compliance with its obligation relating to **Transmission Entry Capacity** against the sum of metered volumes of the **BM Units** set out in Part 3 of Appendix C and submitted by the **User** for each **Settlement Period**.

## 8. COMPLIANCE WITH SITE SPECIFIC TECHNICAL CONDITIONS

The site specific technical conditions applying to [each of] the site[s] of **Connection** are set out in Appendices F1 to F5 to this **Bilateral Embedded Generation Agreement** as modified from time to time in accordance with Paragraph 6.9 of the **CUSC**.

## 9. RESTRICTIONS ON AVAILABILITY (power stations with Design Variation Non-Firm Connection only)

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

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

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

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

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

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

9.3 Subject to the requirements under Clause 9.9, **The Company** shall be entitled to revise the **Notification of Circuit Outage** given under Clause 9.2 above at any time.

- 9.4 The **User** will acknowledge receipt of such **Notification of Circuit Outage** and where practicable shall revise its **Output Useable** forecast for the affected **BM Unit** accordingly.
- 9.5 Following such **Notification of Circuit Outage** in accordance with Clause 9.2:
- 9.5.1 [(i) In respect of the **Outage Conditions [ ]**, the **User** shall (i) ensure that the **Maximum Export Limit** and **Maximum Import Limit** for the **BM Units** relating to the **Power Station** reflects the outage of the **Relevant Circuits** and (ii) operate its **Power Station** to reflect the outage of the **Relevant Circuits** for all **Settlement Periods** or parts thereof falling within the **Outage Period**.]
- 9.5.2 In the event that the **User** does not comply with Clauses [ ] above, **The Company** shall issue **Bid-Offer Acceptances** to the **User** to reduce the export from and/or import to the affected **BM Unit** so that the effect is as if the **User** had complied with the relevant Clause, and the provisions of the Transmission Related Agreement set out in Appendix D shall apply.
- 9.6 Where the **User** becomes aware or is notified by **The Company** of any breach of Clause 9.5 above the **User** shall forthwith take all reasonable steps to comply with the provisions of that Clause.
- 9.7 Where there is a breach by the **User** of Clause 9.5 above **The Company** may treat such breach as an **Event of Default** for the purposes of Section 5 of the **CUSC**.
- 9.8 For the avoidance of doubt any **Deenergisation** resulting from the **Outage Conditions** as set out in the relevant **Notification of Restrictions on Availability** constitutes an **Allowed Interruption**.
- 9.9.1 **The Company** and the **User** shall act in accordance with **Good Industry Practice** to minimise so far as reasonably practicable the occurrence and duration of the **Outage Conditions**. **The Company** and the **User** will, recognising the effect of the **Outage Conditions** on the **User's** operations, coordinate the **Outage Conditions** on the **GB Transmission System** (where they occur as a result of a planned outage) and the **User's Plant** and **Apparatus** in accordance with **Good Industry Practice** and to the extent practicable. The Parties acknowledge however that even where planned outages are coordinated and agreed that a Party may need to cancel or change such planned outage.
- 9.9.2 The Parties hereby acknowledge and agree that, where practicable, alternative operating arrangements shall be implemented to minimise the effect of **Outage Conditions**], including, but not limited to [describe potential arrangements]]. In the event that **The Company** and the **User** implement alternative operating arrangements in respect of an **Outage Condition**, the provisions of Clause 9.5 shall not apply to the extent that the alternative operating arrangements mitigate the restrictions (whether in

whole or in part) that would otherwise apply to the User under this Clause 9 for all Settlement Periods or parts thereof falling within the Outage Period.]

## **10. TERM**

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

## **1011. VARIATIONS**

~~1011.1~~ Subject to ~~1011.2~~ and ~~1011.3~~, no variation to this **Bilateral Embedded Generation Agreement** shall be effective unless made in writing and signed by or on behalf of both **The Company** and the **User**.

~~1011.2~~ **The Company** and the **User** shall effect any amendment required to be made to this **Bilateral Embedded Generation Agreement** by the **Authority** as a result of a change in the **CUSC** or the **Transmission Licence**, an order or direction made pursuant to the **Act** or a **Licence**, or as a result of settling any of the terms hereof. The **User** hereby authorises and instructs **The Company** to make any such amendment on its behalf and undertakes not to withdraw, qualify or revoke such authority or instruction at any time.

~~1011.3~~ **The Company** has the right to vary Appendix B in accordance with this **Bilateral Embedded Generation Agreement** and the **CUSC** including any variation necessary to enable **The Company** to charge in accordance with the **Charging Statements** or upon any change to the **Charging Statements**.

## ~~11. RESTRICTIVE TRADE PRACTICES ACT~~

~~Any restriction or information provision (as each of these terms are defined or construed in Section 43(1) of the Restrictive Trade Practices Act 1976) contained in this Bilateral Embedded Generation Agreement shall not take effect or shall cease to have effect:~~

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

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

## **12. GENERAL PROVISIONS**

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

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

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

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

**APPENDIX A**

**THE SITE OF CONNECTION**

**1. SITE[s] OF CONNECTION**

**Company :**

**Site[s] of Connection :**

**Owner[s] / Operator[s] of Distribution System:**

**APPENDIX B**

**CHARGES AND PAYMENT**

Company :

Site of Connection:

1. PART 1: ONE-OFF CHARGES

2. PART 2: MISCELLANEOUS CHARGE(S)



**APPENDIX C**  
**TRANSMISSION ENTRY CAPACITY**

**Part 1 Transmission Entry Capacity**

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

	TEC(MW)
Power Station	[     ]

**Part 2 BM Units comprising Power Station**

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

**APPENDIX D**

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

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**1. DEFINITIONS, INTERPRETATION AND CONSTRUCTION**

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

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

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

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

1.5 References in this Transmission Related Agreement to “this Transmission Related Agreement” include references to the Schedule hereto.

## 2. COMMENCEMENT AND TERM

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

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

## 3. PAYMENTS BY THE USER

3.1 Where in accordance with Clause [10/9] of the Bilateral Agreement the provisions of this Transmission Related Agreement are expressed to apply then the User shall make a payment to The Company determined in accordance with Clause 3.2 hereof.

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

Where in respect of all or part of a Condition Period or a period of reduced circuit capability:-

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

(b) The Company issues in accordance with the Grid Code a Bid-Offer Acceptance requiring the BM Unit to reduce the absolute value of Output or Demand to the figure required under Clause [10/9] of the Bilateral Agreement, then the following formula shall apply:-

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

\_\_\_\_\_  $J \in j$

Where:-

PNGC<sub>i</sub> \_\_\_\_\_ 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<sup>n</sup><sub>ij</sub> \_\_\_\_\_ = Bid Price *n* for **BM Unit i** in **Settlement Period j**

QAB<sup>n</sup><sub>ij</sub> \_\_\_\_\_ = Period **BM Unit Total Accepted Bid Volume**

PO<sup>n</sup><sub>ij</sub> \_\_\_\_\_ = Offer Price *n* for **BM Unit i** in **Settlement Period j**

QAO<sup>n</sup><sub>ij</sub> \_\_\_\_\_ = Period **BM Unit Total Accepted Offer Volume**

*n* \_\_\_\_\_ = Bid-Offer Pair Number

*i* \_\_\_\_\_ = **BM Unit**

*j* \_\_\_\_\_ = **Settlement Period**

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

#### 4. **VARIATIONS**

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

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

#### 5. **GENERAL PROVISIONS**

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

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

## 6. **COUNTERPARTS**

This **Transmission Related Agreement** may be entered into in any number of counterparts and by different parties in separate counterparts, each of which when signed shall constitute an original but all the counterparts shall together constitute but one and the same agreement.

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

SIGNED BY \_\_\_\_\_ )

)

for and on behalf of \_\_\_\_\_ )

**NATIONAL GRID ELECTRICITY TRANSMISSION PLC** )

SIGNED BY \_\_\_\_\_ )

)

for and on behalf of \_\_\_\_\_ )

[ ] \_\_\_\_\_ )

## **SCHEDULE OF PAYMENT PRINCIPLES**

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

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

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

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

- 1.2 If the **User** disagrees with any of the dates, times, facts or calculations as set out in the **Provisional Statement** and/or the **Provisional Adjustments Statement**, it shall produce to **The Company** the evidence which it relies upon in support of such disagreement. The **Parties** shall discuss and endeavour to resolve the matter but if it cannot be resolved the **Parties** may have recourse to an arbitrator appointed pursuant to paragraph 7.4 of the **CUSC**. Where a dispute is resolved, **The Company** shall adjust the account between itself and the **User** accordingly in the **Final Statement** where practicable or otherwise in the next **Provisional Adjustments Statement** which it issues.
- 1.3 Thirteen **Business Days** after the date specified in paragraph 1.1 **The Company** shall send to the **User** a statement (“the **Final Monthly Statement**”) consisting of:-
- (a) a statement (“the **Final Statement**”) incorporating:-
- (i) in the case of an undisputed **Provisional Statement** (or where any dispute has been resolved and no changes have been effected to the calculations contained in the **Provisional Statement**) the calculation made under paragraph 1.1.(a) together with an invoice for the amount shown as being due to or from the **User** (as the case may be) ; or
- (ii) In the case of a disputed **Provisional Statement** where the dispute has been resolved prior to the issue of the **Final Statement** and changes to the calculations contained in the **Provisional Statement** have been agreed, a revised calculation made under paragraph 1.1(a) together with an invoice for the amount shown as being due to or from the **User** (as the case may be) ; and
- (b) if a **Provisional Adjustments Statement** has been issued in accordance with paragraph 1.1(b), a statement (“the **Final Adjustments Statement**”) showing adjustments to be made in relation to any dispute concerning any month prior to the previous month together with interest thereon up to and including the date of payment referred to in paragraph 1.5 such adjustments will be reflected in the invoice referred to at paragraph 1.3 (a) .
- 1.4 Where either **Party** discovers that any previous **Provisional Monthly Statement** or **Final Monthly Statement** contains an arithmetic error or omission **The Company** shall adjust the account between itself and the **User** accordingly in the next **Provisional Adjustments Statement** which it issues, setting out the reason why the adjustment has been made and the provisions of paragraph 1.2 shall apply *mutatis mutandis* to such adjustments.
- 1.5 The due date of payment in respect of any disputed amount subsequently determined or agreed to be payable shall be the date for payment of the relevant **Provisional Statement** from which the dispute arises. The successful **Party** to the dispute shall be entitled to interest at the **Base Rate** on any disputed amount until the date of payment.

- 1.6 Each Party shall pay to the other the net amount shown as due from that Party in the Final Monthly Statement within three Business Days of the date on which such statement is issued.
- 1.7 If either Party ("the Defaulting Party"), in good faith fails to pay under paragraph 1.6 any amount properly due under this Transmission Related Agreement, then such Defaulting Party shall pay to the other Party interest on such overdue amount from and including the due date of such payment to (but excluding) the date of actual payment at the Base Rate. Provided that should the Defaulting Party otherwise fail to pay any amount properly due under this Transmission Related Agreement on the due date then the Defaulting Party shall pay to the other Party interest on such overdue amount at the Enhanced Rate from the due date on which such payment was properly due to (but excluding) the date of actual payment. Any interest shall accrue from day to day.
- 1.8 If following a dispute or by virtue of paragraphs 1.2 or 1.4 it is determined or agreed that a Party was entitled to a further payment from the other Party, that Party shall be entitled to interest at the Base Rate on the amount of such further payment from the due date calculated in accordance with paragraph 1.5 until the date of payment.
- 1.9 If following a dispute or by virtue of the provisions of paragraphs 1.2 or 1.4 it is determined or agreed that a Party was not entitled to any payment it has received, the other Party shall be entitled to interest at the Base Rate on the amount so paid from the date of payment until the date of repayment or the date when the first Party makes a payment to the other Party which takes such payment into account.
- 1.10 Notwithstanding the terms thereof, The Company shall be entitled to set off against any amount falling due and payable by The Company to the User under any Balancing Services Agreement from time to time in force, all or a part of any payment or payments falling due and payable by the User to The Company under this Transmission Related Agreement.
- 1.11 All amounts specified hereunder shall be exclusive of any Value Added Tax or other similar tax and The Company or the User as the case may be shall pay the Value Added Tax at the rate for the time being and from time to time properly chargeable in respect of all payments made under this Transmission Related Agreement.
- 1.12 Save where otherwise stated, references in this Schedule to paragraphs are references to paragraphs of this Schedule.]

#### [APPENDIX E1

#### NOTIFICATION OF CIRCUIT OUTAGE

This notification is made by:

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

to:

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

on:

[time and date].

### **NOTIFICATION**

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

### **ADDITIONAL INFORMATION**

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

[list affected circuits]

These circuits are unavailable as a result of:

[Description of reason for notification; for example

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

**Circuit [ ]** requiring to be **Deenergised** for health and safety reasons to allow for the planned or unplanned availability of a circuit in the immediate vicinity of **Circuit [ ].**

[Other information relevant to the notification as appropriate.]

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

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

**[APPENDIX E2**

**Not Used]**

**[APPENDIX E3**

**NOTIFICATION OF REVOCATION OF CONDITIONS OF CIRCUIT OUTAGE**

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

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

to:

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

on:

[time and date].

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

**APPENDIX F1**

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

**APPENDIX F2**

[NOT USED]

**APPENDIX F2**

**SITE SPECIFIC TECHNICAL CONDITIONS: SPECIAL AUTOMATIC FACILITIES**

**APPENDIX F3**

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

**APPENDIX F4**

**SITE SPECIFIC TECHNICAL CONDITIONS: OTHER**





**CUSC - EXHIBIT C**

**THE CONNECTION AND USE OF SYSTEM CODE**

**CONNECTION OFFER**

**DIRECTLY CONNECTED POWER STATIONS**

**NON EMBEDDED CUSTOMER**

**DISTRIBUTION SYSTEM DIRECTLY**

**CONNECTED TO THE GB TRANSMISSION SYSTEM**

The Company Secretary

Date: [            ]

Dear Sirs

**CONNECTION OFFER - [site] [reference]**

Set out below is our offer for connection [and use of the **GB Transmission System**] at [site/substation]. Please note that certain expressions which are used in this **Offer** are defined in the Interpretation and Definitions (contained in Section 11 of the **CUSC**) and when this occurs the expressions have capital letters at the beginning of each word and are in bold.

1. **The Company** offers to enter into a **Bilateral Connection Agreement** and **Construction Agreement** covering the **Connection Site**, reference number [    ]. If you are not already a **CUSC Party** you are required to enter into the enclosed **CUSC Accession Agreement**.
2. It is a condition of this **Offer** that you also enter into an **Interface Agreement** covering the **Connection Site** in a form to be agreed between the parties but substantially in the form of Exhibit O of the complete **CUSC**.
3. It is a condition of this **Offer** that the **Connection Site** is not a nominated site under the "NAECI" (the National Agreement for the Engineering Construction Industry) conditions and will not become one and any agreement for this site will be conditional upon this. In the event that this condition should not be met, **The Company** will be entitled to revise all the dates and charges contained in the **Bilateral Connection Agreement** and **Construction Agreement**.
4. The technical conditions with which you must comply as a term of this **Offer** are set out in the **Grid Code**. Additional technical conditions are set out in the Appendices to the **Bilateral Connection Agreement**. It is your responsibility to ensure that your equipment complies with the requirements of the relevant conditions.
5. This **Offer** is open for acceptance according to the terms of Paragraph 2.13 of the **CUSC** and the **Transmission Licence**. Please note your right to make an application to the **Authority** to settle the terms of the offer pursuant to Standard Condition C9 of the **Transmission Licence**.

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

- ~~67.~~ Please note the provisions of Paragraph 6.10.4 of the **CUSC** in respect of interactive offers which, inter alia, allows **The Company** to vary the terms of this **Offer** if a **Connection** or **Modification Offer**, which interacts with this **Offer**, is accepted first. In terms of Paragraph 6.10.4 of the **CUSC**, **The Company** will advise you of another offer being made by **The Company**, which may interact with your **Offer**.
- ~~78.~~ Please note that in accordance with the obligation in Paragraph 1.3.3 of the **CUSC** a **Mandatory Services Agreement** must be entered into not later than 6 months (or such lesser time as may be agreed) prior to the expected **Commissioning Programme Commencement Date**.
- ~~89.~~ To accept this **Offer**, please sign and return the originals of the [**CUSC Accession Agreement** and] **Bilateral Connection Agreement** [,**Construction Agreement**] attached to this **Offer** as Sections A. **The Company** will then itself countersign these agreements and one original of each will be returned to you for your retention. The agreements are only effective in accordance with their terms once they have been countersigned by **The Company**.
- ~~910.~~ All communications in relation to this **Offer** must, in the first instance, be directed to [description].

Yours faithfully

.....

for and on behalf of

The National Grid Company plc

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\* Delete if connection only.

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

**END OF EXHIBIT C**

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

**CUSC - EXHIBIT E**

**THE CONNECTION AND USE OF SYSTEM CODE**

**USE OF SYSTEM OFFER**

**EMBEDDED GENERATOR**

**DISTRIBUTION INTERCONNECTOR OWNER**

**SMALL POWER STATION TRADING PARTY**

The Company Secretary

Date: [            ]

Dear Sirs

## USE OF SYSTEM OFFER

### [SITE OF CONNECTION] [REFERENCE]

Set out below is our offer for use of the **GB Transmission System** at [site/substation]. Please note that certain expressions which are used in this **Offer** are defined in the Interpretation and Definitions (contained in Section 11 of the **CUSC**) and when this occurs the expressions have capital letters at the beginning of each word and are in bold.

1        **The Company** offers to enter into a **Bilateral Embedded Generation Agreement** [and **Construction Agreement**] reference number [    ] in the form and terms attached as Section A.

2        It is a condition of this offer that:

- (i)      if not already a **CUSC** Party you enter into a **CUSC Accession Agreement**;
- (ii)     you satisfy **The Company** that you have entered into a **Distribution Agreement** with the owner/operator of the **Distribution System** for the connection of the **User's Plant** to and the use of such **Distribution System**;

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

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

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

56      Please note the provisions of Paragraph 6.10.4 of the **CUSC** in respect of interactive offers which, inter alia, allows **The Company** to vary the terms of this **Offer** if a **Connection** or **Modification Offer**, which interacts with this **Offer**, is accepted first. In

terms of Paragraph 6.10.4 of the **CUSC**, **The Company** will advise you of another offer being made by **The Company**, which may interact with your **Offer**.

67 To accept this offer, please sign and return the originals of the **Bilateral Embedded Generation Agreement** [and **CUSC Accession Agreement**] [and **Construction Agreement**] attached to this offer as Section A. **The Company** will then itself execute the Agreements and one original of each will be returned to you for your retention. The Agreements are only effective in accordance with their terms once they have been countersigned by **The Company**.

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

Yours faithfully

.....

for and on behalf of

National Grid Electricity Transmission plc

**SECTION A**  
**FORM OF BILATERAL EMBEDDED GENERATION AGREEMENT**  
**AND CONSTRUCTION AGREEMENT**  
**AND CUSC ACCESSION AGREEMENT**

**END OF EXHIBIT E**



***PART F – CONNECTION APPLICATION FORM***

**CUSC EXHIBIT B**

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

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

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

1. National Grid Electricity Transmission plc (“**The Company**”) requires the information requested in this application form for the purpose of preparing an **Offer** (the “**Offer**”) to enter into an agreement for connection to [and use of\*] the **GB Transmission System**. It is essential that the **Applicant** supplies all information requested in the application form and that every effort should be made to ensure that such information should be accurate.

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

2. Where **The Company** considers that any information provided by the **Applicant** is incomplete or unclear, or further information is required, the **Applicant** will be requested to provide further information or clarification. The provision/clarification of this information may impact on **The Company’s** ability to commence preparation of an offer.
3. Should there be any change in the information provided by the **Applicant**, the **Applicant** must immediately inform **The Company** of such a change.
4. **The Company** shall charge the **Applicant**, and the **Applicant** shall pay to **The Company**, **The Company’s** Engineering Charges in relation to the Application. A fee will be charged by **The Company** in accordance with the **Charging Statements**. No application will be considered until such payment has been received.
5. The effective date upon which the application is made shall be the later of the date when **The Company** has received the advance application fee pursuant to Paragraph 4 above or the date when **The Company** is reasonably satisfied that the **Applicant** has completed Sections 1-4. **The Company** shall notify the **Applicant** of such date.
6. **The Company** will make the **Offer** in accordance with the terms of Paragraphs 2.13, 6.9 (Modifications) and Paragraph 6.10 (New Connection Sites) of the **CUSC** and the **Transmission Licence**.
7. **The Company** will make the **Offer** as soon as is reasonably practicable and, in any event, within 3 months of the effective date of the application or such later period as the **Authority** may agree. The **Offer** may, where it is necessary to carry out additional extensive system studies to evaluate more fully the impact of the proposed development, indicate the areas that require more detailed analysis. Before such additional studies are required, the **Applicant** shall indicate whether it wishes **The Company** to undertake the work necessary to proceed to make a revised **Offer** within the three (3) month period or, where relevant the timescale consented to by the **Authority**. To enable **The Company** to carry out any of the above mentioned necessary detailed system studies the **Applicant** may, at the request of **The Company**, be required to provide some or all of the **Detailed Planning Data** listed in Part 2 of the Appendix to the **Planning Code** which is part of the **Grid Code**.
8. In the course of processing the application it may be necessary for **The Company** to consult the appropriate **Public Distribution System Operator(s)** on matters of technical compatibility of the **GB Transmission System** with their **Distribution System(s)** or to consult the **Relevant Transmission Licensees** to establish the works required on the **GB Transmission System**. On grounds of commercial confidentiality **The Company** shall need authorisation for the release to the **Public Distribution System Operator(s)** or **Relevant Transmission Licensees** of certain information contained in the Application. Any costs incurred by **The Company** in consulting the **Public Distribution System Operator(s)** or **Relevant Transmission Licensees** would be included in **The Company Charges** for the Application. If it is found by the **Public Distribution System Operator(s)**

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\* 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](http://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.

4015. Applicants have the option to request a **Connection Offer** on the basis of a **Design Variation Non-Firm** . In requesting such an **Offer**, the **Applicant** acknowledges that the connection design (which provides for connection to the **GB Transmission System**) will fail to satisfy the deterministic criteria detailed in paragraphs 2.5 to 2.13 of the **GB SQSS**. In making such an **Offer**, in accordance with its obligations under Paragraphs 2.13.2 and 2.13.7 of **CUSC**, **The Company** may include **Restrictions on Availability**. If **Applicants** require further assistance on this option they are recommended to contact **The Company** before completing this application form.

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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](http://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 but **remains open for acceptance**?

If so, are such applications intended as alternatives to this one i.e. you intend to choose which of this or those other applications to proceed with on the basis of the offer made.

Yes

list the applications .

not sure

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

- 6b. Have you made any applications for connection to the **GB Transmission System** in England and Wales which are being processed **prior to offer** by The Company or where an Offer has been made that Offer has not yet been accepted by you but **remains open for acceptance**?

If so, are such applications intended as alternatives to this one i.e. you intend to choose which of this or those other applications to proceed with on the basis of the offer made.

Yes

list the applications .

not sure

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

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

[ ] Fixed application fee

[ ] Variable application fee

**B. THE PROPOSED POINT OF CONNECTION**

1. Please identify (preferably by reference to an extract from an Ordnance Survey Map) the intended location (the “**Connection Site**”) of the **Plant** and **Apparatus** (the “**User Development**”) which it is desired should be connected to the **GB Transmission System** and where the application is in respect of a proposed **New Connection Site** other than at an existing sub-station. Please specify the proposed location and name of the **New Connection Site** (which name should not be the same as or confusingly similar to the name of any other **Connection Site**) together with details of access to the **Connection Site** including from the nearest main road.

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

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.....  
.....

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

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

4. Who occupies the **Connection Site** in so far as you are aware?

.....

.....  
5. If you believe that a new sub-station will be needed, please indicate by reference to the plan referred to in (7) above the **Applicant's** suggested location for it - giving dimensions of the area.

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

.....  
.....  
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.

.....

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

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C. TECHNICAL INFORMATION

1. Please provide the data listed in Part 1 of the Appendix to the **Planning Code** which are applicable to you. Note: the data concerned form part of the **Planning Code** and **Data Registration Code**. **Applicants** should refer to these sections of the **Grid Code** for an explanation.
2. Please provide a copy of your **Safety Rules** if not already provided to **The Company**.
3. Please indicate any terms which you are prepared to offer for:-

<u>3.13a.</u> <b>Black Start Capability</b>	YES/NO
<u>3.14b.</u> <b>Gas Turbine Unit Fast Start</b>	YES/NO
<u>3.15c.</u> <b>Synchronous Compensation</b>	YES/NO
<u>3.16d.</u> <b>Pumped Storage Unit Spinning-in-Air</b>	YES/NO
<u>3.17e.</u> <b>Pumped Storage</b>	YES/NO
<u>3.18f.</u> <b>Pumped Storage Plant Fast Start from Standstill</b>	YES/NO
<u>3.19g.</u> <b>Demand Reduction</b>	YES/NO
<u>3.20h.</u> <b>Adjustment to Pumped Storage Unit Pumping Programme</b>	YES/NO
<u>3.21i.</u> <b>Hot Standby</b>	YES/NO

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

7. Please confirm if:

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

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

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

.....

.....

.....

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**

## Annex 2 Part C – Text to give effect to the Consultation Alternative Amendment 1

The proposed changes to the legal text are the same as for CAP149 WGAA1<sup>3</sup> 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**.

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<sup>3</sup><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 D - PROPOSED LEGAL TEXT TO MODIFY THE CUSC FOR CONSULTATION ALTERNATIVE AMENDMENT CAA2

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

1. Definitions, Interpretation and Construction
2. Commencement
3. The Connection Site and Transmission Connection Assets
4. Connection Charges
- [5. Use of System] (*power station only*)
6. Credit Requirements
7. Connection Entry Capacity and Transmission Entry Capacity
8. Compliance with Site Specific Technical Conditions
9. Electrical Boundary (*Non Standard Boundary only*)
10. Restrictions on availability (*power station with Design Variation only*)
119. Term
1240. Variations
11. Restrictive Trade Practices Act
1342. General Provisions

- |             |  |
|-------------|--|
| Appendix A  | The Connection Site and Transmission Connection Assets   |
| Appendix B  | Connection Charges   |
| Appendix C  | Connection Entry Capacity and Transmission Entry Capacity (Power Stations and Interconnector Owners) |
| Appendix F1 | Site Specific Technical Conditions - Agreed Balancing Services                                       |
| Appendix F2 | [Not Used]   |
| Appendix F3 | Site Specific Technical Conditions - Special Automatic Facilities                                    |
| Appendix F4 | Site Specific Technical Conditions - Protection and Control Relay Settings - Fault Clearance Times   |
| Appendix F5 | Site Specific Technical Conditions - Load Shedding Frequency Sensitive Relays                        |

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

**BETWEEN**

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

#### WHEREAS

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

#### **4012. VARIATIONS**

**4012.1.1** Subject to Clause **4012.2**, **4012.3** and **4012.4** 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**.

**4012.2** **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.

**4012.3** **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**.

**4012.4** Appendices A and B shall be varied automatically to reflect any change to the **Construction Works** or **Transmission Connection Assets** as provided for in the **Construction Agreement**.

#### **11. RESTRICTIVE TRADE PRACTICES ACT**

~~Any restriction or information provision (as each of those terms are defined or construed in Section 43(1) of the Restrictive Trade Practices Act 1976) contained in this **Bilateral Connection Agreement** shall not take effect or shall cease to have effect;~~

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

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

#### **1213. GENERAL PROVISIONS**

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

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



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

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

**APPENDIX A**

**TRANSMISSION CONNECTION ASSET/CONNECTION SITE**

Company: [ ]  
Connection Site: [ ]  
Type: [ ]

Part 1 - Pre-Vesting Assets

<u>Allocation</u>	<u>Description</u>	<u>Age</u>	<u>Year</u>
		(As at [ ])	

Part 2 - Post-Vesting Assets

<u>Allocation</u>	<u>Description</u>	<u>Age</u>	<u>Year</u>
		(As at [ ])	

Part 3 - Energy Metering Systems (\*)

<u>Allocation</u>	<u>Description</u>	<u>Age</u>	<u>Year</u>
		(As at [ ])	

(\* FMS, Energy Metering Systems - The Electronics components have a 15 year replacement period. The Non-Electronics components have a 40 year replacement period.

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

Diagram Reference: [ ]

Appendix Reference: [ ]

Agreement Reference: [ ]

## **APPENDIX B**

### **CONNECTION CHARGES/PAYMENT**

Company: [ ]

Connection Site: [ ]

Type: [ ]

#### (1) Connection Charges

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

##### **Part 1 - Pre-Vesting Assets**

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

Rate of Return = [ ]%

##### Transmission Costs

Part A Site specific maintenance element = £[ ]

Part B Other transmission costs element = £[ ]

##### **Part 2 - Post-Vesting Assets**

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

Rate of Return = [ ]%

##### Transmission Costs

Part A Site specific maintenance element = £[ ]

Part B Other transmission costs element = £[ ]

**Part 3 - Energy Metering Systems**

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

**Part 4 - Miscellaneous Charges**

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

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

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

(2) Payment

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

Appendix Reference: [ ]

**APPENDIX C (Power Stations)**

**CONNECTION ENTRY CAPACITY AND TRANSMISSION ENTRY CAPACITY**

Company:

Grid Supply Point/Connection Site:

**Part 1 Connection Entry Capacity**

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

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

Genset 2	[ ]
Genset 3	[ ]
Genset 4	[ ]

**Part 2 Transmission Entry Capacity**

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

	TEC(MW)
Power Station	[ ]

**Part 3 BM Units comprising Power Station**

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

**APPENDIX C (Interconnector Owners)**

**CONNECTION ENTRY CAPACITY AND TRANSMISSION ENTRY CAPACITY**

Company:

Connection Site:

**Part 1 Connection Entry Capacity**

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

	CEC(MW)
Interconnector	[ ]

**Part 2 Transmission Entry Capacity**

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

Interconnector [ ]

**Part 3 BM Units comprising Interconnector**

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

**Part 4 Figure for the Purposes of CUSC Paragraph 9.6**

**APPENDIX F1**

**SITE SPECIFIC TECHNICAL CONDITIONS:**

**AGREED BALANCING SERVICES**

**APPENDIX F2**

**[NOT USED]**

**APPENDIX F3**

**SITE SPECIFIC TECHNICAL CONDITIONS:**

**SPECIAL AUTOMATIC FACILITIES**

**APPENDIX F4**

**SITE SPECIFIC TECHNICAL CONDITIONS:**

**PROTECTION AND CONTROL RELAY SETTINGS**

**FAULT CLEARANCE TIMES**

**APPENDIX F5**

**SITE SPECIFIC TECHNICAL CONDITIONS:**

**LOAD SHEDDING FREQUENCY SENSITIVE RELAYS**

**END OF SCHEDULE 2 - EXHIBIT 1**



## CONTENTS

1. Definitions, Interpretation and Construction
  2. Commencement
  3. The Site of Connection to the Distribution System
  4. Charging Date
  5. Use of System
  6. Credit Requirements
  7. Entry Access Capacity
  8. Compliance with Site Specific Technical Conditions
  - ~~9. [Restrictions on Availability] (power stations with *Design Variation* only)~~
  - ~~10.~~ 910. Term
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- Appendix A The Site of Connection
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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 OC2** requirements, as soon as reasonably practicable and **The Company** and the **User** shall agree as soon as practicable after the date hereof the method of such notification.

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

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

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

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

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

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

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

9.6.1 In the event that the **Notification of Circuit Restriction** relates to a **Planned Outage** on the **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 F1**

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

**APPENDIX F2**

**[NOT USED]**

**APPENDIX F2**

**SITE SPECIFIC TECHNICAL CONDITIONS: SPECIAL AUTOMATIC FACILITIES**

**APPENDIX F3**

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

**APPENDIX F4**

**SITE SPECIFIC TECHNICAL CONDITIONS: OTHER**

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

**CUSC - EXHIBIT C**

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

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

The Company Secretary

Date: [            ]

Dear Sirs

**CONNECTION OFFER - [site] [reference]**

Set out below is our offer for connection [and use of the **GB Transmission System**] at [site/substation]. Please note that certain expressions which are used in this **Offer** are defined in the Interpretation and Definitions (contained in Section 11 of the **CUSC**) and when this occurs the expressions have capital letters at the beginning of each word and are in bold.

1. **The Company** offers to enter into a **Bilateral Connection Agreement** and **Construction Agreement** covering the **Connection Site**, reference number [    ]. If you are not already a **CUSC Party** you are required to enter into the enclosed **CUSC Accession Agreement**.
2. It is a condition of this **Offer** that (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

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\* 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 be accurate.

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

2. Where **The Company** considers that any information provided by the **Applicant** is incomplete or unclear, or further information is required, the **Applicant** will be requested to provide further information or clarification. The provision/clarification of this information may impact on **The Company’s** ability to commence preparation of an offer.
3. Should there be any change in the information provided by the **Applicant**, the **Applicant** must immediately inform **The Company** of such a change.
4. **The Company** shall charge the **Applicant**, and the **Applicant** shall pay to **The Company**, **The Company’s** Engineering Charges in relation to the Application. A fee will be charged by **The Company** in accordance with the **Charging Statements**. No application will be considered until such payment has been received.
5. The effective date upon which the application is made shall be the later of the date when **The Company** has received the advance application fee pursuant to Paragraph 4 above or the date when **The Company** is reasonably satisfied that the **Applicant** has completed Sections 1-4. **The Company** shall notify the **Applicant** of such date.
6. **The Company** will make the **Offer** in accordance with the terms of Paragraphs 2.13, 6.9 (Modifications) and Paragraph 6.10 (New Connection Sites) of the **CUSC** and the **Transmission Licence**.
7. **The Company** will make the **Offer** as soon as is reasonably practicable and, in any event, within 3 months of the effective date of the application or such later period as the **Authority** may agree. The **Offer** may, where it is necessary to carry out additional extensive system studies to evaluate more fully the impact of the proposed development, indicate the areas that require more detailed analysis. Before such additional studies are required, the **Applicant** shall indicate whether it wishes **The Company** to undertake the work necessary to proceed to make a revised **Offer** within the three (3) month period or, where relevant the timescale consented to by the **Authority**. To enable **The Company** to carry out any of the above mentioned necessary detailed system studies the **Applicant** may, at the request of **The Company**, be required to provide some or all of the **Detailed Planning Data** listed in Part 2 of the Appendix to the **Planning Code** which is part of the **Grid Code**.
8. In the course of processing the application it may be necessary for **The Company** to consult the appropriate **Public Distribution System Operator(s)** on matters of technical compatibility of the **GB Transmission System** with their **Distribution System(s)** or to consult the **Relevant Transmission Licensees** to establish the works required on the **GB Transmission System**. On grounds of commercial confidentiality **The Company** shall need authorisation for the release to the **Public Distribution**

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\* Delete if applying for connection only

**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)** 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](http://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.

33-15. 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.

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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](http://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 **but remains open for acceptance?**

If so, are such applications intended as alternatives to this one i.e. you intend to choose which of this or those other applications to proceed with on the basis of the offer made.

Yes  
list the applications .

not sure  
(**The Company** will contact you to clarify)

6b. Have you made any applications for connection to the **GB Transmission System** in England and Wales which are being processed **prior to offer** by The Company or where an Offer has been made that Offer has not yet been accepted by you **but remains open for acceptance?**

If so, are such applications intended as alternatives to this one i.e. you intend to choose which of this or those other applications to proceed with on the basis of the offer made.

Yes  
list the applications .

not sure  
(**The Company** will contact you to clarify)

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

Fixed application fee

Variable application fee

**B. THE PROPOSED POINT OF CONNECTION**

1. Please identify (preferably by reference to an extract from an Ordnance Survey Map) the intended location (the "**Connection Site**") of the **Plant** and **Apparatus** (the "**User Development**") which it is desired should be connected to the **GB Transmission System** and where the application is in respect of a proposed **New Connection Site** other than at an existing sub-station. Please specify the proposed location and name of the **New Connection Site** (which name should not be the same as or confusingly similar to the name of any other **Connection Site**) together with details of access to the **Connection Site** including from the nearest main road.

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

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:-
  - j. **Black Start Capability** YES/NO
  - k. **Gas Turbine Unit Fast Start** YES/NO
  - l. **Synchronous Compensation** YES/NO
  - m. **Pumped Storage Unit Spinning-in-Air** YES/NO
  - n. **Pumped Storage** YES/NO
  - o. **Pumped Storage Plant Fast Start from Standstill** YES/NO
  - p. **Demand Reduction** YES/NO
  - q. **Adjustment to Pumped Storage Unit Pumping Programme** YES/NO
  - r. **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**



**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.**

1. **The Company** requires the information requested in this application form for the purposes of preparing an **Offer** (the "**Offer**") to enter into an agreement for use of the **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.
2. Please note that certain expressions which are used in this application form are defined in the Interpretation and Definitions (contained in Section 11 of the **CUSC**) and when this occurs the expressions have capital letters at the beginning of each word and are in bold.
3. Should **The Company** consider that any information provided is incomplete or unclear or should **The Company** require further information in order that it may prepare the **Offer**, the **Applicant** will be requested to provide further information or clarification.
4. Should there be any change in any information provided by the **Applicant** after it has been submitted to **The Company**, the **Applicant** must immediately inform **The Company** of such a change.
5. **The Company** shall charge the **Applicant**, and the **Applicant** shall pay to **The Company**, **The Company's** Engineering Charges in relation to the application. An advance will be charged by **The Company** in accordance with the **Charging Statements**. No application will be considered until such advance has been paid. The balance of **The Company** Engineering Charges shall be notified and invoiced by **The Company** to the **Applicant** together with a breakdown of such charges and the **Applicant** shall pay the same within 28 days of the date of **The Company's** invoice. In the event that the advance and any other payments exceed the appropriate **The Company** Engineering Charges the excess shall be repaid forthwith to the **Applicant**. If **The Company** does not make an **Offer** to the **Applicant** in accordance with 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**.
  - a. 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.
6. The effective date upon which the application is made shall be the later of the date when **The Company** has received the advance application fee pursuant to Paragraph 5 above or the date when **The Company** is reasonably satisfied that the **Applicant** has completed Sections A-D. **The Company** shall notify the **Applicant** of such date.
7. **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**.
8. **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**.

9. In the course of processing your application, it may be necessary for **The Company** to consult the appropriate **Public Distribution System Operator(s)** on matters of technical compatibility of the **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](http://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 or variable application fee basis. Fixed application fee is derived from analysis of historical costs of similar applications. Variable application fee is based on an advance of the Transmission Licensee's Engineering and out of pocket expenses and will vary according to the size of the scheme and the amount of work involved. Applicants are requested to indicate their preferred application fee in question 6. Applicants are advised that further information can be obtained from 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](http://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.

1. We hereby apply to use the **GB Transmission System** from our connection to [                    ] **Distribution System**.
2. We will promptly inform **The Company** of any change in the information given in this application as quickly as practicable after becoming aware of any such change.
3. If we are not already a **CUSC Party** we undertake for the purposes of this application to be bound by the terms of the **Grid Code** from time to time in force and to sign a **CUSC Accession Agreement**.
4. We authorise the release of certain information, on the grounds of commercial confidentiality, to the appropriate **Public Distribution System Operator(s)** or **Relevant Transmission Licensees** should it be considered necessary.
5. We confirm that we do/do not meet the **Approved Credit Rating** [and **The Company Credit Rating\***].
6. We confirm our agreement to the disclosure in the manner set out in Paragraph 6.30.3 of **CUSC** of the information specified in such Paragraph.
7. We confirm that we are applying in the category of [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 Code** have the same meanings, interpretations or constructions in this  
**Transmission Related Agreement**.
- 1.2 "**Base Rate**" shall be defined in respect of any day as the rate per annum which is  
equal to the base lending rate from time to time of Barclays Bank plc as at the close  
of business on the immediately preceding week-day other than a Saturday on which  
banks are open in the City of London (the "**Business Day**").
- 1.3 "**Enhanced Rate**" shall be defined in respect of any day as the rate per annum which  
is 4 % per annum above the base lending rate from time to time of Barclays Bank plc  
at the close of business immediately preceding the **Business Day**.
- 1.4 "**Party**" shall be defined as each party to this **Transmission Related Agreement**  
and any successor(s) in title to, or permitted assign(s) of such person.

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

**2. COMMENCEMENT AND TERM**

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

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

**3. PAYMENTS BY THE USER**

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

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

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

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

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

$$PNGC_i = \sum_{J \in j} \sum_n (\min(0, PB_{ij}^n) \times QAB_{ij}^n + \max(0, PO_{ij}^n) \times QAO_{ij}^n)$$

Where:-

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

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

$\sum$

$J \in j$  represents the summation over all **Settlement Periods j** in the set of **Settlement Periods J** being those **Settlement Periods** in respect of which both the events specified in (a) and (b) above occurred

And:



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

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

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

$QAO_{ij}^n$  = Period BM Unit Total Accepted Offer Volume

$n$  = Bid-Offer Pair Number

$i$  = BM Unit

$j$  = Settlement Period

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

#### 4. VARIATIONS

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

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

#### 5. GENERAL PROVISIONS

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

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

#### 6. COUNTERPARTS

This **Transmission Related Agreement** may be entered into in any number of counterparts and by different parties in separate counterparts, each of which when signed shall constitute an original but all the counterparts shall together constitute but one and the same agreement.

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

SIGNED BY \_\_\_\_\_ )

)  
for and on behalf of \_\_\_\_\_ )  
**NATIONAL GRID ELECTRICITY TRANSMISSION PLC** )  
SIGNED BY \_\_\_\_\_ )  
\_\_\_\_\_) )  
for and on behalf of \_\_\_\_\_ )  
[ ] \_\_\_\_\_ )

### **SCHEDULE OF PAYMENT PRINCIPLES**

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

- (a) a statement (the “**Provisional Statement**”) containing details of the payment calculation(s) made pursuant to Clause 3.2 of this **Transmission Related Agreement** in respect of the previous month; and,
- (b) if relevant, a statement showing adjustments to be made (net of interest) in relation to any dispute regarding the payment calculation(s) in respect of any month prior to the previous month (“the **Provisional Adjustments Statement**”).

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

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

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

- (a) a statement (“the **Final Statement**”) incorporating:-
  - (i) in the case of an undisputed **Provisional Statement** (or where any dispute has been resolved and no changes have been effected to the calculations contained in the **Provisional Statement**) the calculation

made under paragraph 1.1.(a) together with an invoice for the amount shown as being due to or from the **User** (as the case may be) ; or

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

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

1.4 Where either **Party** discovers that any previous **Provisional Monthly Statement** or **Final Monthly Statement** contains an arithmetic error or omission **The 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 Company** to the **User** under any **Balancing Services Agreement** from time to time in force, all or a part of any payment or payments falling due and payable by the **User** to **The Company** under this **Transmission Related Agreement**.

1.11 All amounts specified hereunder shall be exclusive of any Value Added Tax or other similar tax and **The Company** or the **User** as the case may be shall pay the Value Added Tax at the rate for the time being and from time to time properly chargeable in respect of all payments made under this **Transmission Related Agreement**.

1.12 Save where otherwise stated, references in this Schedule to paragraphs are references to paragraphs of this Schedule.

**ANNEX 3 – AMENDMENT PROPOSAL FORM**

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

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

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

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

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

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

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

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

As a minimum, the following changes are expected:

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

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

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

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

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

This is set out in Annex 5.

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

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

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

None.

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

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

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

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

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

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

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

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

- The present arrangements do not offer a choice of enduring access product. For new Users, the lack of choice in access product is potentially resulting in inefficient investment by Transmission Owners and may be contributing to a delay in facilitating new connections. The

potential for inefficient investment and delays during the connection process is likely to be inhibiting the economic and efficient development of the system. A choice of enduring access product would address this issue and hence improve the efficient, economic and co-ordinated operation of the GB Transmission System.

- For existing Users, the present arrangements mean that different Users have different access rights under the same access product. As a consequence, the present arrangements may not be cost-reflective for those Users with restricted access to the GB Transmission System. This implies there may be discrimination between Users. A choice of enduring access product would remove this potential for discrimination.

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

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

**The present arrangements may restrict competition. For example:**

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

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

<b>Details of Proposer:</b>	
Organisation's Name:	SSE Generation Limited
<b>Capacity in which the Amendment is being proposed:</b> (i.e. CUSC Party, BSC Party or "energywatch")	CUSC Party
<b>Details of Proposer's Representative:</b>	
Name:	Campbell McDonald
Organisation:	SSE Generation Limited
Telephone Number:	01738.458.412
Email Address:	campbell.mcdonald@scottish-southern.co.uk



<b>Details of Representative's Alternate:</b>	
Name:	Aileen McLeod
Organisation:	Scottish and Southern Energy plc
Telephone Number:	01738.456.107
Email Address:	aileen.mcleod@scottish-southern.co.uk
Attachments (Yes/ <del>No</del> ):	
If Yes, Title and No. of pages of each Attachment:	
	<ul style="list-style-type: none"><li>• Annex 1 – Proposed Legal Text (8 pages).</li><li>• Annex 2 – Schedule 2 – Exhibit 1 (Bilateral Connection Agreement) (18 pages).</li><li>• Annex 3 – Schedule 2 – Exhibit 2 (Bilateral Embedded Generation Agreement) (16 pages).</li><li>• Annex 4 – Exhibit B (Connection Application) (12 pages).</li><li>• Annex 5 – Schedule 2 – Exhibit 6 (Transmission Related Agreement) (9 pages).</li></ul>

## **ANNEX 4 – REPRESENTATIONS RECEIVED DURING CONSULTATION**

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

<b>Reference</b>	CAP149-CR-01
<b>Company</b>	Centrica



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

Centrica Energy  
Maidenhead Road  
Windsor  
Berkshire SL4 5GD  
Tel. 01753 431000

[www.centrica.com](http://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.

A **centrica** business

Centrica plc - The group includes British Gas Trading, British Gas Services and Accord Energy  
Registered in England No.3038654. Registered Office: Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD

1

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 Kolfshoten  
Centrica Energy

Reference	CAP149-CR-02
Company	E.On UK



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

**E.ON UK plc**  
Westwood Way  
Westwood Business Park  
Coventry  
CV4 8LG  
eon-uk.com  
  
Paul Jones  
024 76 183 383  
  
paul.jones@eon-uk.com

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.

E.ON UK plc  
Registered in  
England and Wales  
No 2366970  
Registered Office:  
Westwood Way  
Westwood Business Park  
Coventry CV4 8LG

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

<b>Reference</b>	CAP149-CR-03
<b>Company</b>	EDF Energy

Beverly 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.

	<b>EDF Energy</b> 40 Grosvenor Place Victoria London SW1X 7EN	<b>Tel +44 (0) 20 7752 2524</b>	<a href="http://edfenergy.com">edfenergy.com</a>
<small>EDF Energy plc. Registered in England and Wales. Registered No. 2366852. Registered Office: 40 Grosvenor Place, Victoria, London, SW1X 7EN</small>			





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 SPIL 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



[edfenergy.com](http://edfenergy.com)

Reference	CAP149-CR-04
Company	Highlands and Islands Enterprise



Beverley Viney  
Amendments Panel Secretary  
Electricity Codes  
National Grid  
National Grid House  
Warwick Technology Park  
Gallows Hill  
Warwick  
CV34 6DA  
[beverley.viney@uk.ngrid.com](mailto: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.

Cowan House, Inverness retail and business park, Inverness, Scotland IV2 7GF  
Tel: +44 (0)1463 234171  
Fax: +44 (0)1463 244469  
[www.hie.co.uk](http://www.hie.co.uk)

Earl Thorfinn House, 6 Drumlchat View  
Dingwall business park, Dingwall, Ross-shire IV15 9XL  
Tel: +44 (0)1349 868900  
Fax: +44 (0)1349 868901

HIE network data centre  
Taigh Cheann a' Lochs,  
Lionadait  
Isle of Benbecula HS7 5PJ  
Tel: +44 (0)1870 604900  
Fax: +44 (0)1870 604901

Community land unit  
Taigh Fèarna,  
Lochalsh business park,  
Auchtertyre, Balmacara,  
Kyle IV40 8EG  
Tel: +44 (0)1520 722988  
Fax: +44 (0)1599 566724



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.

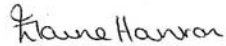
National Grid also raises several other problems. In some cases the justification for the concern is not particularly clear. HIE believes none of these are 'show-stoppers', and acceptable solutions can be found.

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  
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

<b>Reference</b>	CAP149-CR-05
<b>Company</b>	InterGen

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

15<sup>th</sup> 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 than 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  
Electricity Codes  
National Grid  
National Grid House  
Warwick Technology Park  
Gallows Hill  
Warwick  
CV34 6DA

Name Bill Reed  
Phone 01793 893835  
E-Mail bill.reed@rwe.com

15th November 2007

E-mail: [beverley.viney@uk.ngrid.com](mailto: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.

RWE Trading GmbH  
Swindon Branch  
Windmill Hill Business  
Park  
Whitehill Way  
Swindon SN5 6PB  
United Kingdom  
T +44(0)1793/87 77 77  
F +44(0)1793/89 25 25  
I www.rwe.com  
Registered No. BR 7373  
VAT Registration No.  
GB 524 921354  
Advisory Board:  
Dr. Jürgen Großmann  
Management:  
Peter Terium (CEO)  
Dr Peter Kreuzberg  
Head Office:  
Essen, Germany  
Registered at:  
Local District Court,  
Essen  
Registered No.

- 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



<b>Reference</b>	CAP149-CR-07
<b>Company</b>	Scottish and Southern Energy

Page 1 of 3

**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 maintenance 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 Licensees (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 be 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

04/12/2007

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 supercede 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

\*\*\*\*\*  
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Scottish and Southern Energy plc, Inveralmond House, 200 Dunkeld Road Perth, Perthshire, PH1 3AQ  
Registered in Scotland Number. 117119

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04/12/2007

## **ANNEX 5 – REPRESENTATIONS RECEIVED DURING CONSULTATION ON CONSULTATION ALTERNATIVE**

This Annex includes copies of all representations received following circulation of the Consultation Alternative Consultation Document of CAP149 (circulated on 7<sup>th</sup> December 2007, requesting comments by close of business on 21<sup>st</sup> December).

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	RWE group	CAP149-CR-05
6	Scottish and Southern Energy	CAP149-CR-06
7	Scottish Power	CAP149-CR-07

<b>Reference</b>	CAP149-CR-01
<b>Company</b>	Centrica



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

Centrica Energy  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD  
Tel. 01753 431000

[www.centrica.com](http://www.centrica.com)

By e-mail

21 December 2007

Dear Beverley,

**Re: CUSC Amendment Proposal CAP149 – Consultation Alternative  
Amendments 1 & 2**

Centrica welcomes the opportunity to comment on Consultation Alternative Amendment 1 (CAA1) raised by SSE and Consultation Alternative Amendment 2 (CAA2) raised by National Grid.

As mentioned in our previous response, we support CAP149's objectives of increasing transparency and standardisation of transmission agreements for design variation connections. We welcome increased awareness of these connections amongst future users, but we agree that without some form of financial compensation (or alternatively a change to the GB SQSS), the uptake of these design variation connections will be limited.

A TNUoS discount for design variation connections was part of the original proposal, but as this was a charging and not a CUSC matter, this element of the proposal could not be discussed by the CAP149 Working Group and had to be progressed by National Grid.

CAA1

Considering the fact that there has now been a further delay in finding an enduring charging solution for design variation connections, we have some sympathy for CAA1 which introduces in interim solution of compensation for loss of access until a TNUoS discount mechanism is in place.

However, this financial incentive adds a completely new element to the proposal and we believe this should be discussed and the impact on other users fully analysed by a CUSC Working Group rather than it being decided upon via a one-off high-level consultation.

For example, we have argued in our responses to National Grid's consultations on charging arrangements associated with SQSS design variations that the level of TNUoS

**A centrica business**

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discount should be dependent on the type of design variation as there are different costs/savings involved. Therefore our current view is that it would be inappropriate to provide generic compensation for loss of access and not to differentiate between the various design variations. In addition, we would welcome a debate on the criteria in the GB SQSS that allow generators to connect at a lower standard, as these criteria seem to be interpreted differently by different parties. In particular, further clarity may be required on section 2.16.2 on what baseline to use to determine whether a design variation would increase cost to all users or a particular user.

Therefore we do not support CAA1.

#### CAA2

CAA2 differs from Working Group Alternative Amendment 1 (WGAA1) in three main areas: (1) unilateral change to bilateral connection agreement (BCA), (2) event of default, and (3) outage notifications.

##### *Unilateral change to BCA*

We appreciate that the new clause 10.17 in the standard BCA might already be included in some of the existing agreements, but we have serious reservations about giving National Grid the right to unilaterally change BCAs and we are not convinced that there is not already a provision in the CUSC that would allow National Grid to re-open a BCA to re-establish compliance with the GB SQSS.

##### *Event of default*

We support a new clause in the standard BCA that would introduce an intermediary course of action after a user's failure to comply with National Grid's instructions following an outage condition notification. Although strictly speaking this clause is not necessary (the standard BCA provides that National Grid "may" treat such a failure as an event of default and National Grid could therefore introduce an intermediary step outside the standard BCA), incorporating such a clause in the standard BCA would increase transparency of the process.

##### *Outage notifications*

We do not support the removal of the requirement on National Grid to issue the three notifications included in the WGAA1. BCAs for a design variation connection contain specific obligations on users with regards to restricting a user's output. We believe that there should be a mirror obligation on National Grid to issue specific notifications with regards to circuit outages, circuit restrictions and revocation of outage conditions. We are not concerned about whether the obligation to issue these notifications sits within the CUSC or the Grid Code. However, as long as the Grid Code does not contain these notifications, we believe that they should be incorporated in the CUSC.

Although we support some elements of this consultation alternative amendment, including the minor drafting changes, on balance we do not support CAA2.

#### In summary

We continue to support WGAA1 and for the reasons mentioned above, we do not support CAA1 and CAA2.

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

Yours sincerely,

Merel van der Neut Kofschoten  
Centrica Energy

**A *centrica* business**  
Centrica plc - The group includes British Gas Trading, British Gas Services and Accord Energy  
Registered in England No.3033654. Registered Office: Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD

<b>Reference</b>	CAP149-CR-02
<b>Company</b>	E.ON UK



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

**E.ON UK plc**  
Westwood Way  
Westwood Business Park  
Coventry  
CV4 8LG  
eon-uk.com

Paul Jones  
024 76 183 383

paul.jones@eon-uk.com

21 December, 2007

Dear Beverley,

**CAP149 - Transmission Entry Capacity with restricted access rights**

Thank you for the opportunity to respond to the above consultation. On balance, we do not prefer either consultation alternative amendment to the Working Group Amendment.

**CAA1**

We believe that it is important that design variations do not result in increased costs for Users. Therefore, it is unclear as to why interruption payments should be made for the unavailability of assets that are non-compliant as envisaged by CAA1. The argument made is that similar charges for TNUoS should not attract different access rights. However, the TNUoS charge for design variations is a matter for the charging methodology and this issue should be dealt with there, not in the CUSC. It appears that all participants believe that a lower charge should be made for design variation connections, although agreement has not been achieved on the level of any discount that is provided.

It would appear that CAA1 is aiming to act as a type of insurance in case a satisfactory resolution of this charging methodology issue is not resolved. However, even if you agree that such a clause in the CUSC is desirable, it is not clear that the wording that has been drafted is actually workable. How would it be determined that specific charging arrangements were indeed in place to account for lower levels of investment in the

E.ON UK plc  
Registered in  
England and Wales  
No 2366970  
Registered Office:  
Westwood Way  
Westwood Business Park  
Coventry CV4 8LG

system associated with design variations? Would the charging methodology simply be required to specifically refer to design variations or would the level of charges have to be lower too?

We do not believe that CAA1 is workable and therefore we do not feel that it would be better than the present baseline.

#### **CAA2**

Whilst we have sympathy with National Grid regarding some of the issues raised in CAA2, we are not wholly supportive of it. Our main objection is that substantial drafting changes have been proposed that should have been fully assessed at the working group stage.

However, we recognise that many of the clauses proposed have been used in current agreements written to deal with existing design variations. As such these at least seek to formally introduce into the CUSC a standard form of these agreements. Therefore, on balance CAA2 does appear to be better than the baseline in that it provides greater transparency of these arrangements.

Although we believe that CAA2 is marginally better than the present baseline, we believe that the Working Group Alternative Amendment is the option that should be progressed. Should further refinement of these clauses be required, we believe that this should be achieved through the raising of a specific stand alone CUSC amendment that can be fully discussed at working group.

I hope that the above proves helpful.

Yours sincerely

Paul Jones  
Trading Arrangements



<b>Reference</b>	CAP149-CR-03
<b>Company</b>	EDF Energy

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

21 December 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 and its alternatives.

We are supportive of the WGAA1 proposal but not the original, CAA1 and CAA2.

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.

With regard to CAA1 we support the argument that if a generator is paying for financially firm access, it should be eligible for compensation either through the Balancing Mechanism or through an Interruption Payment. Yet we also agree with National Grid's argument that it would mean that some Users, with a non-standard ownership boundary, could receive an Interruption Payment for a fault on assets that would normally be classified as generator assets. We believe the generator (if paying full TNUoS) should be able to claim compensation (be it a Bid or an Interruption Payment) for a fault on any part of the generator circuit, but not a fault on the named circuits/assets in the BCA.

With regard to CAA2 we do not share National Grid's concerns on the Event of Default, the changing of the named circuits or the notifications of outage. The first two can be managed within the existing arrangements and the notification should not be too onerous on the SO.

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

	<b>EDF Energy</b> 40 Grosvenor Place Victoria London SW1X 7EN	<b>Tel +44 (0) 20 7752 2524</b>	<a href="http://edfenergy.com">edfenergy.com</a>
<small>EDF Energy plc. Registered in England and Wales. Registered No. 2366852. Registered Office 40 Grosvenor Place, Victoria, London, SW1X 7EN</small>			

Reference	CAP149-CR-04
Company	Highlands and Islands Enterprise



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

∞ December 2007

[beverley.viney@uk.ngrid.com](mailto:beverley.viney@uk.ngrid.com)

Dear Ms Viney

**Response to National Grid consultation document on Consultation Alternative Amendments for 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.

HIE responded to the previous consultation on CAP149, supporting the option WGAA1. HIE's previous comments are not repeated in full here, but can be summarised as:

- the governance process is far from ideal, as it appears that important factors such as achievement of Government policy aims and reducing risk for potential transmission system users cannot be taken into account;
- the CUSC aim of 'efficiency' is given a high priority, and is taken to mean 'economic efficiency', without any weight being given to speed and simplicity.

□ Cowan House, Inverness retail and business park, Inverness, Scotland IV2 7GF  
Tel: +44 (0)1463 234171  
Fax: +44 (0)1463 244469  
[www.hie.co.uk](http://www.hie.co.uk)

□ Earl Thorfinn House, 6 Drumchat View  
Dingwall business park, Dingwall, Ross-shire IV15 9XL  
Tel: +44 (0)1349 868900  
Fax: +44 (0)1349 868901

□ HIE network data centre  
Taigh Cheann a' Lochs, Lìonaclait  
Isle of Benbecula HS7 5PJ  
Tel: +44 (0)1870 604900  
Fax: +44 (0)1870 604901

□ Community land unit  
Taigh Fèilms, Lechlach business park, Auchtertyre, Balmacara, Kyle IV40 8EG  
Tel: +44 (0)1520 722988  
Fax: +44 (0)1599 566724



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



**CAA1**

HIE supports CAA1, because it makes it easier to achieve the objectives of the original WGAA1, in the presence of the difficulties and uncertainties caused by the need to consider parallel changes to TNUoS charging principles through a different governance process.

**CAA2**

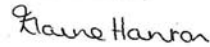
CAA2 contains some changes that appear to be administrative only, and on which HIE has no strong views.

CAA2 also contains a proposal which would effectively restrict the proposed changes to those cases where the non-standard connection will result in reduced cost of transmission system assets (i.e. it would exclude those non-standard connections which do not result in substantial cost savings in the transmission system). Typical generator connections in HIE's area will not be excluded in this way, and so HIE can support this proposal.

Although it is not made clear in the consultation document, HIE believes that the changes proposed in CAA1 and CAA2 do not conflict, and it would be possible to implement both CAA1 and CAA2. If this is not the case, HIE would support CAA1 over CAA2 because of greater clarity of purpose.

We hope you find these comments helpful.

Yours sincerely



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

<b>Reference</b>	CAP149-CR-05
<b>Company</b>	RWE Group

RWE Trading



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

Name Bill Reed  
Phone 01793 893835  
E-Mail bill.reed@rwe.com

20th December 2007

E-mail: [beverley.viney@uk.ngrid.com](mailto:beverley.viney@uk.ngrid.com)

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

Dear Beverley,

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

RWE continues to believe that WGAA1 would better meet the CUSC objectives when compared with the current baseline and WGAA1 should be implemented.

With regard to Consultation Alternative Amendment 1 (CAA1), RWE believe that the proposal may better meet the CUSC objectives when compared with the current baseline. However we do not believe that the proposal better meets the CUSC objectives when compared with WGAA1. We note that CAA1 illustrates the confusion between the CUSC and the charging methodologies with respect to design variation connections. In particular under CAP149 the CUSC will set out an access restriction without any reference to a reduction in TNUoS charges. While we do not believe that the CUSC as it currently stands can set out the basis for charging, it can set out the charging liabilities. In the context of CAP149 this could be reference to a modified liability with respect to a design variation connection. We believe that the charging methodologies should be modified alongside CAP149 to introduce a TNUoS discount that properly reflects the lower costs incurred in providing a design variation connection.

With regard to Consultation Alternative Amendment 2 (CAA2), RWE believes that the proposal may better meet the CUSC objectives when compared with the current baseline. However we do not believe that the proposal better meets the CUSC objectives when compared with WGAA1. In relation to the comparison between CAA2 and WGAA1 our comments are set out on the next page.

RWE Trading GmbH  
Swindon Branch  
Windmill Hill Business  
Park  
Whitehill Way  
Swindon SN5 6PB  
United Kingdom  
T +44(0)1793/87 77 77  
F +44(0)1793/89 25 25  
I www.rwe.com  
Registered No. BR 7373  
VAT Registration No.  
GB 524 921354  
Advisory Board:  
Dr. Jürgen Großmann  
Management:  
Peter Terium (CEO)  
Dr. Peter Kreuzberg  
Head Office:  
Essen, Germany  
Registered at:  
Local District Court,  
Essen  
- - -

1. **Mechanism for changes in the transmission network:** We do not understand the precise circumstances that give rise to the need to vary automatically the bilateral connections agreements of users with design variation connections. We would welcome further clarification from National Grid on the technical conditions that result in a specific impact on users with design variation connections.

We do not support the continuation of the automatic right to vary as envisaged under CAA2. We are particularly concerned about the commercial impact of an automatic right to vary since a change to a bilateral arrangement that *increased* the access curtailment has material implications for users. The SQSS requires that if system conditions change then "*alternative arrangements and/or agreements must be put in place such that this Standard continues to be satisfied*" (Paragraph 3.14). In other words the SQSS does not confer an automatic right to vary. The process envisaged under WGAA1 (i.e. a modification) is the appropriate way to approach this issue. Such modifications can be referred to Ofgem for determination if the parties cannot agree without requiring a specific derogation.

Finally we note that National Grid appear to suggest that a failure to agree a change would automatically require a derogation against the SQSS. However, this only appears to arise if the SQSS requirement cannot be implemented by modifying agreements as envisaged under Paragraph 3.14 and would be subject to Ofgem determination.

2. **Event of default:** We believe that the proposals under WGAA1 represent a robust way forward when compared with CAA2. In particular, WGAA1 envisages that the access rights of users are reduced in prescribed circumstances and that any breach is an event of default. Therefore the reduced access is treated in a way that is similar to the existing treatment of TEC (i.e. as a breach of the agreement, albeit with less onerous conditions). If there are any issues with the process envisaged under WGAA1 then these reflect on the arrangements associated with events of default rather than WGAA1.

We do not believe that we should design a process that allows for multiple breaches as allowed for under CAA2. Furthermore we do not support the introduction of a right to reduce TEC in the event of continuing breach of instructions to reduce MEL as envisaged under CAA2. If a User has a design variation connection then the reduced access should be treated on the same basis as if TEC had been reduced from the time that National Grid indicates that a restriction applies until such time as the restriction is lifted.

3. **Notification for outage of named circuits:** We continue to believe that the notification process under WGAA1 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. We also support a review of the OC2 processes under the Grid Code in relation to the notifications issued to users with connection agreements that incorporate design variations so that the Grid Code can be aligned with CAP149.

National Grid suggest that CAA2 is designed to avoid "cross governance issues". However we do not believe that this is the case. OC2 relates to the provision of information to "harmonise outages" of generating units and transmission outages (OC2.2.1). It does not allow for instructions to generators to reduce exports onto the transmission system when certain named circuits are on outage. Indeed the requirement to reduce MEL is specifically and exclusively set out in a bilateral agreement and not in OC2. Therefore the cross governance issues exist irrespective as to whether notices are issued under WGAA1 or OC2.

Indeed, we believe that CAA2 has the potential to create more confusion for users when compared with WGAA1. For example, while National Grid may notify a User of a circuit outage under OC2 it would be for the user to determine whether this relates to a specific outage condition in its agreement with a consequent requirement to reduce MEL and act accordingly. The process under WGAA1 requires a specific notice under the contract which requires a specific action on behalf of the party also under the contract. Such a CAP149 notice may be reinforced by an OC2 notice.

We note National Grid's concerns over the notice of revocation. However, while we recognise that although there is no specific sanction on National Grid to restore access in a timely manner, the requirement to operate economically and efficiently under its licence provide a sufficient incentive to achieve full output as quickly as possible. This may be an area that requires review under SO and TO licences given the extent to which design variation connections are being used on the transmission system.

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

<b>Reference</b>	CAP149-CR-06
<b>Company</b>	Scottish and Southern Energy



Inveralmond House  
200 Dunkeld Road  
Perth PH1 3AQ

CUSC Panel  
c/o Beverley Viney, Amendments Panel Secretary  
National Grid  
National Grid House  
Warwick Technology Park  
Gallows Hill  
Warwick CV34 6DA

Tel: 01738 456107  
Fax: 01738 456415

21 December 2007

Dear Sirs

**CAP149 Consultation Alternative Consultation Document**

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 Alternative Consultation document concerning CUSC Amendment Proposal 149 "Transmission Entry Capacity with restricted access rights" our views are as follows:

- We believe that, relative to the Baseline, the Original and WGAA1, CAA1 would **BETTER** meet both Applicable CUSC Objectives; and
- We believe that, relative to the Baseline, the Original and WGAA1, CAA2 would **NOT BETTER** meet either of the Applicable CUSC Objectives; and
- We believe that CAA1 is **BEST** when compared to the Baseline, the Original, WGAA1 and CAA2.

As CAA1 is both better and best, **we support the implementation of CAA1.**

Scottish and Southern Energy plc  
Registered Office: Inveralmond House 200 Dunkeld Road Perth PH1 3AQ  
Registered In Scotland No. 117119  
[www.scottish-southern.co.uk](http://www.scottish-southern.co.uk)

**Consultation Alternative Amendment 1 (CAA1)**

We support the implementation of CAA1 and believe that it is both better and best when compared with the other options available.

As we explained when proposing CAA1, we believe that, relative to WGAA1, CAA1 better meets the Applicable CUSC Objectives by addressing the key barrier to a user opting for a Non-Firm Design Variation; that is, although a user would accept restricted access to the GB transmission system by opting for a Non-Firm Design Variation, that user would remain liable for the same use of system charge as a user with unrestricted access. Removing this barrier would result in more users opting for a Non-Firm Design Variation and hence would better meet Applicable CUSC Objective (a). Further, this different treatment of users who have paid for the same access product is, in our view, discriminatory and hence removing this discrimination would better meet Applicable CUSC Objective (b).

Since the first CAP149 Consultation document and the submission of CAA1, the Authority has approved National Grid's proposal to extend into 2008-09 the work to develop an enduring charging solution for users with restricted access to the GB transmission system. In addition, the Authority has accepted National Grid's proposal that an interim solution should not be put in place for the charging year commencing 1 April 2008. This means that, for the foreseeable future, users with a Non-Firm Design Variation will continue to be liable for 'full' use of system charges without 'full' access rights.

Given this charging situation, we believe that CAA1 is necessary, and best meets the Applicable CUSC Objectives, such that users' rights of access to the transmission system are equalised. We have set out in the "CUSC Consultation Alternative Amendment Proposal Form" why we do not believe that CAA1 would result in additional costs for users of the transmission system and is consistent with the GB Security and Quality of Supply Standard (SQSS). Looking forward, the terms of CAA1 are such that, if and when a change to the charging methodology is implemented, the affected users would revert to such restricted access rights as set out in WGAA1.

The consultation document sets out National Grid's initial view that CAA1 should not be implemented because it believes that it would be inappropriate for users with a non-standard ownership boundary to receive interruption payments for assets that a compliant user would own. While we agree that this would be inappropriate, we do not believe that this would be the case under CAA1 as National Grid retains the right under the CUSC to offer different terms for this group of users.



**Consultation Alternative Amendment 2 (CAA2)**

We do not support CAA2. As we describe below, we do not believe that CAA2 would better meet either of the Applicable CUSC Objectives. Furthermore, CAA2 contradicts the unanimous views of the Working Group in relation to notification procedures and what should happen in the event of a breach.

The Consultation Alternative Consultation document explains that CAA2 has been raised by National Grid. However, as there is no corresponding "CUSC Consultation Alternative Amendment Proposal Form" we, and presumably other CUSC Parties and the Authority, are not clear about what, exactly, is:-

- a) the Description of the proposed Consultation Alternative Amendment [CAA2]; or
- b) the Description of the differences between the proposed Consultation Alternative Amendment [CAA2] compared to the Original proposal / Working Group alternatives; or
- c) the Justification of the proposed Consultation Alternative Amendment [CAA2]; or
- d) the Impact [of CAA2] on the CUSC; or
- e) the Impact [of CAA2] on the Core Industry Documentation; or
- f) the Impact [of CAA2] on Computer Systems and Processes used by CUSC Parties; or
- g) the Justification of the proposed Consultation Alternative Amendment [CAA2] with Reference to the Applicable CUSC Objectives.

It is clearly very disappointing that National Grid has chosen not to follow the guidelines for submission of Consultation Alternative Amendments. If this situation were to be allowed to 'stand' it would either mean that, in the future, CUSC Parties would do likewise (and not submit a "CUSC Consultation Alternative Amendment Proposal Form") or a clear case of discrimination within the CUSC would arise, with National Grid doing one thing (i.e. not submitting Consultation Alternative Amendments in accordance with the CUSC guidelines) whilst all other CUSC Parties complied with the requirements of the CUSC. This would set a dangerous precedent.

As an aside, to those that might say the wording in paragraph 3.10-3.21 inclusive (in the Consultation Alternative Consultation document) is sufficient to meet the needs of the "CUSC Consultation Alternative Amendment Proposal Form" we merely note (i) fine, in the future all CUSC Parties only need to do likewise in submitting a Consultation Alternative Amendment, and (ii) where in paragraph 3.10-3.21 inclusive are each of the items in (a) - (g) specifically addressed?

Accordingly, therefore, we question whether this Consultation Alternative Amendment [CAA2] is actual a valid Consultation Alternative Amendment under the CUSC.

We also note that National Grid as participant, secretariat and host of the Working Group had the opportunity to raise a Working Group Alternative Amendment but did not do so. Indeed, National Grid did not raise any of these issues at the Working Group. It is also disappointing that National Grid, in seeking to raise this Consultation Alternative Amendment, chose not to respond to the CAP149 Consultation document.

Notwithstanding these comments, with respect to the Baseline, the Original and CAA1, CAA2 would in our view:

- Make less transparent the access restrictions associated with a Non-Firm Design Variation connection;
- Make less transparent the export and import rights associated with a Non-Firm Design Variation connection;
- Make less transparent the notification procedures associated with restrictions on availability of the GB transmission system;
- Result in more penal default provisions for users with a Non-Firm Design Variation than are defined for other users in the body of the CUSC; and
- Be inconsistent with the deterministic criteria set out in the GB SQSS.

This Consultation Alternative Amendment makes a significant number of changes to the Original and WGAA1; however we restrict our comments to those three aspects of CAA2 that we consider most important. These comments, in part, replicate those we made in response to the CAP149 Consultation document.

With respect to WGAA1, CAA2 removes the notification procedures to be followed in the event of outage or circuit restriction. Firstly, the requirement to issue notification whenever outage or circuit restriction conditions occur is removed. Secondly, the pro-forma notifications are removed and replaced with "The Company and the User shall agree as soon as practicable after the date hereof the method of such notification".

The need for formal notification procedures was 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 supersede 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. However, until such time as this review is complete, we believe the notification procedures set out in WGAA1 and CAA1 are necessary.

With respect to WGAA1, CAA2 adds further actions that National Grid could undertake in the event that a user fails to comply with restrictions on availability. National Grid states that it

needs these additional actions to "avoid the requirement to immediately initiate the Event of Default process". In this regard, we note that WGAA1 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.

However, and more importantly, the additional provisions in CAA2 would be in addition to the many rights and remedies which National Grid has under the CUSC, the Transmission Related Agreement and market remedies under the Balancing and Settlement Code. The implementation of these additional provisions would have a commercially damaging effect on the generator as, first, their generating capacity would be reduced and then the agreement could be terminated earlier than the timescales allowed for under the CUSC. This would result in a clear discrimination between users with this type of Bilateral Agreement and users with a 'standard' agreement, and so would not better meet Applicable CUSC Objective (b).

With respect to WGAA1, CAA2 would allow National Grid to amend a user's connection agreement in response to other changes on the GB transmission system. This removes the user's right to bilateral negotiation. This clause would be unique to this type of Bilateral Agreement although the situation could apply to any user of the GB transmission network. Again, this is clearly discriminatory. Furthermore, National Grid states that "relying on other users to voluntarily accept additional access restriction to allow connection of other generators can not be relied upon". This, in our view, contradicts the GB SQSS whereby a variation to the connection design is at the choice of the customer, not the choice of National Grid. In this regard, we believe this provision to be inconsistent with the deterministic criteria set out in the GB SQSS.

In conclusion, we support the implementation of CAA1; and believe that CAA2 is not better than either the Baseline or the Original or WGAA1 or CAA1.

Yours sincerely

**Aileen McLeod**  
**Regulation Analyst**

<b>Reference</b>	CAP149-CR-07
<b>Company</b>	Scottish Power

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

21 December 2007

0141 568 4469

Dear Beverley,

**CAP149 Consultation Alternative Consultation Document**  
**Transmission Entry Capacity with restricted access rights**

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.

In response to the original Consultation Document, ScottishPower supported Working Group Alternative Amendment 1 (WGAA1). The two Consultation Alternative Amendments (CAA1 & 2) seek to improve the clarity of application of CAP149 and WGAA1 and there are elements to commend in both alternative amendments.

**Consultation Alternative Amendment 1**

ScottishPower supports Consultation Alternative 1 (CAA1).

A key element to the original amendment proposal and WGAA1 is the assumption that Users with a Design Variation Non-Firm Connection (DVNFC) would be entitled to a lower TNUoS charge than that for firm TEC. This ensures that the charge is reflective of the Notifications of Restrictions on Availability and the consequential lesser right of access provided. Further, a lower charge provides an incentive on Users to accept a lower standard of connection which should result in more cost effective connections.

ScottishPower notes National Grid's letter to the Authority of 19<sup>th</sup> December and the decision not to progress Charging Modification GB-ECM 09 at present. The decision to defer this charging modification lends additional weight to the need for CAA1 which provides the correct incentives to willing users, thus helping to accelerate connection of new renewable generators and achieve Government targets for renewable energy.

CAA1 addresses the problem of a delay to the introduction of a DVNFC discount and can operate in parallel with future charging initiatives as it recognises that where

appropriate incentives are provided, compensation should not be payable. CAA1 improves clarity to users and provides an equitable solution. A user that receives no reduction to their charges while suffering the risks from a less secure connection should be entitled to Interruption Payments.

National Grid argue in their Initial View (8.0) that Interruption Payments should not be made to users whose design variation consists solely of a non-standard ownership boundary. However, under the GB ECM-09 proposal, this type of design variation would have been unlikely to qualify for the proposed circuit discount as a double circuit would have been constructed regardless of the ownership boundary. Adoption of project specific circuit and substation discounts for design variations would clarify when a user had been adequately compensated for the reduced level of security and would therefore not be eligible for interruption Payments.

### **Consultation Alternative Amendment 2**

CAA2 provides an alternative, escalating response to a user who does not comply with a Notification of Restriction on Availability under WGAA1. While WGAA1 deals with the commercial consequences of non compliance, the only measure available to prevent repeated non-compliance is the Event of Default Process. The measured response of CAA2 is preferable as it facilitates dialogue between National Grid and the user with the sanction of a proportionate reduction in TEC if required.

The CAP149 Working Group felt it was advantageous to specify a procedure for the communication to users of Notifications of Restriction on Availability in Clause 10 to the BCA and this was included in the legal drafting of WGAA1. ScottishPower continues to believe that the inclusion of this procedure in the same agreement (BCA) that specifies the affected circuits is appropriate and that the issue of CUSC versus Grid Code governance is not significant.

The issue of removal of the discount from a generator where the connection of a second generator results in upgrading to a double circuit is a major risk to the original generator and it is not clear how to manage the issue of the original generator being forced to pay for an upgrade which was not requested. The resultant uncertainty is a major disincentive to electing for a single circuit connection and would be exacerbated if National Grid had the power to make changes to the BCA as proposed in Clause 10.17. A process should be developed for informing an affected design variation user of a potential new connection and preventing the affected user from being exposed to this uncertainty.

Overall, therefore, ScottishPower does not support CAA2 as the demerits of the loss of specific notification procedures and the uncertainty introduced by granting National Grid power to change the BCA outweighs the advantages of a staged response for non-compliance with a Notification of Restriction on Availability.

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**

## ANNEX 6 – REPRESENTATIONS RECEIVED UPON THE DRAFT AMENDMENT REPORT

This Annex includes the copy of the representations received following circulation of the Draft Amendment Report (circulated on 14<sup>th</sup> January 2008 requesting comments by close of business on 18<sup>th</sup> January 2008).

Representations were received from the following parties:

No.	Company	File Number
1	Scottish and Southern Energy Ltd	CAP150-AR-01



Inveralmond House  
200 Dunkeld Road  
Perth PH1 3AQ

CUSC Panel  
c/o Beverley Viney, Amendments Panel Secretary  
National Grid  
National Grid House  
Warwick Technology Park  
Gallows Hill  
Warwick CV34 6DA

Tel: 01738 456107  
Fax: 01738 456415

18 January 2008

**Dear Sirs**

CAP149 Draft Amendment Report

**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 draft Amendment Report concerning CUSC Amendment Proposal 149 "Transmission Entry Capacity with Restricted Access Rights" our views are as follows:**

**In Section 1.0 Summary and Recommendations, as the proposer we believe that the original proposal and Consultation Alternative Amendment 1 (CAA1) are not accurately represented; hence we request the following changes to the text:**

- In paragraph 1.2, the text *“but this falls outside the remit of the CUSC and therefore this amendment proposal”* is deleted.
- In paragraph 1.4, the text *“The Working Group also decided that, as TNUoS charges fall outside the remit of the CUSC, WGAA1 would not include reference to charging”* is added.
- In paragraph 1.5, the 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”* is deleted and replaced with *“requires that, in the event that the TNUoS charging methodology does not include specific charging arrangements for Users with a design variation, those Users would be eligible for Interruption Payments”*.
- Paragraph 1.6 is deleted.

**In Section 3.0 Proposed Amendment, as the proposer we request that to accurately represent the original proposal the following changes are made to the text:**

- In paragraph 3.3, the text *“In order to reflect a lesser right of access, the proposer suggested that the Transmission Network Use of System (TNUoS) charge for the TEC-lite Access Product would be lower than the charge for “full” TEC”* is added at the end.
- Paragraphs 3.4, 3.5, 3.6 and 3.7 are deleted.
- In paragraph 3.9, the text *“Another key aspect of the proposal is to introduce a new process for notifying restrictions on availability”* is deleted.
- Two new paragraphs are added between paragraphs 3.9 and 3.10 as follows:

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

***“3.y The proposer suggests that an enduring access product with restricted access rights, such as the TEC-lite Access Product, would expose Users to the economics of the investment in their connection design. Hence this product may address the potential for inefficient capital expenditure to facilitate new connections.”***

**In Section 4.0 Alternative Amendments, as the proposer we believe that CAA1 is not accurately represented (as above); hence we request the following changes to the text:**



- Paragraphs 4.9 and 4.11 are deleted.
- A new paragraph 4.13 is added: *“The proposer noted that 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 the proposers 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, the proposer put forward CAA1.”*

**In Section 5.0 Assessment against Applicable CUSC Objectives, we note an error and request that:**

- In paragraph 5.5, the text *“Demotes (over and above CUSC baseline): CUSC driven Design Variation outage notification process in parallel to existing processes in OC2 of the Grid Code”* is deleted (as this was not in the Working Group report).

**In Section 8.0 Impact on CUSC Parties, as the proposer we believe that CAA1 is not accurately represented (as above); hence we request the following change to the text:**

- In paragraph 8.2, the text *“via the introduction of Interruption Payments for all design variation Users that do not qualify for specific charging arrangements that lowers TNUoS tariffs below that of a full compliant connection”* is deleted and replaced with *“that, in the event that the TNUoS charging methodology does not include specific charging arrangements for Users with a design variation, those Users would be eligible for Interruption Payments”*.

I would be grateful if you could confirm, before the publication of the final Amendment Report, that these changes (and particularly those that represent the views of SSE Generation as the proposer of the original amendment proposal and CAA1) have been made.

Finally, and on a wider governance related issue, we continue to have serious concerns about the approach taken with regard to Consultation Alternative Amendment 2 (CAA2). We detailed these concerns in our response to the Consultation Alternative Consultation Document, but note that these important matters have not been acknowledged or addressed by National Grid in this ‘draft for comment’ version of the Amendment Report published on 14th January 2007.

Our significant reservations relate to discrimination and can be summarised as: why, as a party to the CUSC, does National Grid (like all other CUSC Parties) formally have to submit its suggested change to the CUSC<sup>4</sup> in the appropriate format, but then (unlike all other CUSC Parties) does not have to do the same when it comes to Consultation Alternative Amendments?

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<sup>4</sup> For example, most recently, for CAP155.

**This appears to be a clear case of discrimination where National Grid is treated in a wholly and materially different way to all other CUSC Parties in relation to the raising and considering of Consultation Alternative Amendments. We are mindful of the comments that have been made by the Authority with regard to discrimination, which were most recently brought to the attention of CUSC Parties in the CAP148 report<sup>5</sup>. For the avoidance of doubt, we do not believe that the differences between National Grid and all other CUSC Parties are sufficiently material to justify any difference in treatment when it comes to submitting Consultation Alternative Amendments (such as has arisen with CAP149).**

This means, therefore, that the approach to CAA2 places those non-National Grid CUSC Parties like ourselves at a clear disadvantage. It also means that the Authority (as well as CUSC Parties) cannot be certain of exactly what National Grid's (Consultation Alternative Amendment) changes are described as or why they are justified in the same way that they can with a Consultation Alternative Amendment proposal that is formally submitted in the appropriate format (such as our CAA1).

Yours sincerely,

Aileen McLeod  
Regulation Analyst

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<sup>5</sup> Paragraph 4.91, page 32, CAP148 Report: "Ofgem had recently, in its discussion of matters of discrimination relating to the (UNC) Mod 116 Appeal to the Competition Commission, stated in its 'Summary of Case' at paragraph 11, that "the fact that two categories of persons are different in some respects cannot make it right to treat them differently in every respect. The question must always be whether the differences between them are sufficiently material to justify the particular difference in treatment".

Also in its Mod 116 Appeal Ofgem referred to the 'Carson v Secretary of State' case (2005) which indicated, at paragraph 61, that were there is a difference in treatment that the Court would need to determine "did the difference in treatment have an objective and reasonable justification: in other words, did it pursue a legitimate aim and did the differential treatment bear a reasonable relationship of proportionality to the aim sought to be achieved?".