

***SUBJECT TO CONTRACT***

**DATED** \_\_\_\_\_ **2021**

**NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED**

and

**[Company name]**

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**SERVICE AGREEMENT  
FOR THE PROVISION  
OF A STABILITY COMPENSATION SERVICE**

at

**[Site name]**

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**Contract Log No: [National Grid to provide]**

**Subject to Contract**

**Draft v.1.3**

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**INDICATIVE DRAFT SUBJECT TO CONTRACT**

**THIS AGREEMENT** is made the [ ] of [ ] 2021

**BETWEEN:-**

- (1) **NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED**, a company registered in England with number 11014226 whose registered office is at 1-3 Strand, London, WC2N 5EH (the “**Company**” which expression shall include its permitted successors and/or assigns);
- (2) [Company name] a company registered in England with number [Company number] whose registered office is at [registered office] (the “**Provider**” which expression shall include its permitted successors and/or assigns),

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

**WHEREAS:-**

- (A) The **Company** issued an Invitation to Tender (“**ITT**”) for the NOA Stability Pathfinder Phase 2 service on [ ] 2021 for the provision of a stability compensation service in Scotland and the **Provider** has submitted a tender for the provision of such service from its **Facility**.
- (B) The **Parties** have entered into this **Agreement** in accordance with the rules of the **ITT**.

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

**1. DEFINITIONS AND INTERPRETATION**

- 1.1. Unless the subject matter or context otherwise requires or is inconsistent therewith, terms and expressions defined in paragraph 11.3 of the **Connection and Use of System Code**, the Glossary and Definitions section of the **Grid Code** or in Schedule A shall have the same meanings where used in this **Agreement**.
- 1.2. In this **Agreement**:-
  - 1.2.1. except where the context otherwise requires, references to a particular Clause, Paragraph, Schedule or Appendix shall be a reference to that Clause, Paragraph, Schedule or Appendix in or to this **Agreement**;
  - 1.2.2. the table of contents and headings are inserted for convenience only and shall be ignored in construing this **Agreement**;
  - 1.2.3. references to the words “include” or “including” are to be construed without limitation;
  - 1.2.4. except where the context otherwise requires, any reference to an Act of Parliament or any Part or Section or other provision of, or Schedule to, an Act of Parliament shall be construed, at the particular time, as including a reference to any amendment, modification, extension or re-enactment thereof then in force and to all instruments,

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orders or regulations then in force and made under or deriving validity from the relevant Act of Parliament;

- 1.2.5. references to the masculine shall include the feminine and references in the singular shall include references in the plural and vice versa;
- 1.2.6. except where the context otherwise requires, any reference to a “person” includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organisation or other entity, in each case whether or not having separate legal personality; and
- 1.2.7. the Schedules form part of and are incorporated in this **Agreement** and references to this **Agreement** shall include references to the Schedules provided always that in the event of inconsistency or conflict between any matters set out in any Schedule and any matter set out in the main body of this **Agreement** the latter shall prevail.

## **2. COMMENCEMENT AND TERM**

- 2.1 The provisions of this **Agreement** shall, subject to Clause 2.2, apply from the date stated on the front page of this **Agreement** and, subject always to earlier termination in accordance with Clause 3 (*Implementation of the Works*) or Clause 10 (*Termination and Suspension*), shall continue in force and effect until the expiry of the **Service Term**.
- 2.2 This **Agreement**, other than this Clause 2 and Clauses [10 (*Termination and Suspension*) to 23 (*Anti-Bribery*)], shall in all respects be conditional on:
  - 2.2.1 [the accession of the **Provider** to the **BSC** and the registration of the **Facility** as a **BM Unit**<sup>1</sup>];
  - 2.2.2 [the **Provider** becoming bound by the relevant **Bilateral Agreement**]<sup>2</sup>;
  - 2.2.3 [the **Provider** acceding to the **CUSC**]<sup>3</sup>; and
  - 2.2.4 [[if so required by the **Credit Policy Statement**,] delivery by the **Provider** to the **Company of Acceptable Security** for an amount equal to the **Secured Amount**]<sup>4</sup>,  
  
(together, the “**Conditions Precedent**”) by the **CP Date**.
- 2.3 The **Provider** shall use all reasonable endeavours to ensure that the **Conditions Precedent** are satisfied as soon as possible after the date hereof and in any event by not later than the **CP Date**.
- 2.4 If any **Condition Precedent** has not been satisfied or waived by the **CP Date** this **Agreement** shall (to the extent in force) cease to apply.

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<sup>1</sup> Existing plant only – for new build this is covered in clause 3.4. If the Provider’s Facility comprises a number of BM Units and the Provider wishes to use more than one unit to provide the service, this contract form will need to be adapted.

<sup>2</sup> Existing plant only – for new build this is covered in PTMs.

<sup>3</sup> Existing plant only – for new build this is covered in clause 3.4.

<sup>4</sup> If required by the tender rules.

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**3. IMPLEMENTATION OF THE WORKS**

3.1. The **Provider** shall (at its own cost) implement and complete the **Works** in accordance with **Good Industry Practice** by the **Scheduled Commercial Operations Date** and, without limiting that obligation, shall satisfy the **Phase 1 Post Tender Milestones** by the **Phase 1 PTM Date** and the **Phase 2 Post Tender Milestones** by the **Phase 2 PTM Date**<sup>5</sup>.

3.2. The **Provider** shall, by not later than **[ ] Business Days** following the end of each calendar month until the **Commercial Operations Date** has occurred (or more frequently on either **Party's** request), provide to the **Company** a progress report in writing setting out details of:

(i) the progress of the **Works** by reference to the **Project Plan** (including, in respect of periods prior to the **Phase 1 PTM Date**, the **Phase 1 Post Tender Milestones** and, in respect of periods after the **Phase 1 PTM Date** and prior to the **Phase 2 PTM Date**, the **Phase 2 Post Tender Milestones**);

(ii) the **Provider's** proposals for remedying any delay or anticipated delay in implementing the **Project Plan**;

(iii) the occurrence of any **Delay Event** and any adjustment (which shall, subject to the **Company's** right to terminate under Clause 17.5, reflect the period of delay) to the **Scheduled Operations Date**; and

(iv) any proposed revisions to the **Project Plan** necessary to reflect the above,

and, subject to the **Company's** approval (not to be unreasonably withheld or delayed) the revised **Project Plan** shall supersede the then current **Project Plan**, provided that any dispute concerning the occurrence or duration of a **Delay Event** and any related change to the **Scheduled Commercial Operations Date** may be referred by either **Party** by notice in writing to the other for determination by the **Expert**.

3.3. The **Provider's** progress shall be assessed by the **Company** by reference to the **Phase 1 Post Tender Milestones** on the **Phase 1 PTM Date** and by reference to the **Phase 2 Post Tender Milestones** on the **Phase 2 PTM Date**, and the **Company** shall notify the **Provider** in writing as soon as reasonably practicable after the relevant **PTM Date** either:

3.3.1. that it considers the **Phase 1 Post Tender Milestones** or the **Phase 2 Post Tender Milestones** (as the context requires) have been satisfied (or, in its absolute discretion, waives any such requirement), in which event the **Provider** shall then continue to implement and complete the **Works** by the **Scheduled Commercial Operations Date**; or

3.3.2. that it considers that the requirements of the **Phase 1 Post Tender Milestones** or the **Phase 2 Post Tender Milestones** (as the context requires) have not been satisfied in

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<sup>5</sup> Post Tender Milestones to be refined and agreed prior to contract award  
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which event, subject to Clause 3.4, this **Agreement** shall terminate on the date of the **Company's** notice and the **Provider** shall pay the **Termination Sum** to the **Company**, provided always that any dispute as to whether the **Post Tender Milestones** have been met may be referred by either **Party** by notice in writing to the other for determination by the **Expert**.

- 3.4. If the **Company** issues a notice under Clause 3.3.2, the **Company** may (in which event this **Agreement** shall not terminate on the date of the **Company's** notice under Clause 3.3.2) request such additional evidence regarding the **Provider's** progress toward satisfaction of the **Phase 1 Post Tender Milestones** or the **Phase 2 Post Tender Milestones** (as the context requires) as it may reasonably require and the **Parties** shall meet to consider in good faith whether there are reasonable prospects that the **Post Tender Milestones** will be satisfied within two (2) months after the relevant **PTM Date**. Once the **Company** considers that it is in possession of sufficient evidence, it shall, save to the extent that the provisions of Clause 17 (*Force Majeure*) apply and acting reasonably, make a determination and notify the **Provider** in writing either:
- 3.4.1. that it (in its absolute discretion) considers there to be a reasonable prospect that the relevant **Post Tender Milestones** will be satisfied within two (2) months after the applicable **PTM Date**, in which event this **Agreement** shall continue in full force and effect and the **Provider** shall continue to implement and complete the **Works** by the **Scheduled Commercial Operations Date**; or
- 3.4.2. that it (in its absolute discretion) considers there is no reasonable prospect that the relevant **Post Tender Milestones** will be satisfied within two (2) months after the applicable **PTM Date**, in which event this **Agreement** shall terminate on the date of the **Company's** notice under this Clause 3.4 and the **Provider** shall pay the **Termination Sum** to the **Company**, provided always that any dispute as to whether the **Post Tender Milestones** have been met may be referred by either **Party** by notice in writing to the other for determination by the **Expert**.
- 3.5. The **Provider** shall notify the **Company** in writing, when the **Works** are substantially completed and the **Facility** is capable in the **Provider's** opinion of providing the **Stability Compensation Service**, of the dates on which the **Facility** will be available for a **Proving Test** over the following period of [ ] days. [The **Provider's** confirmation must be accompanied by evidence to the **Company's** reasonable satisfaction that the **Provider** has: (i) acceded to the **BSC** and registered the **Facility** as a **BM Unit**; (ii) become bound by the relevant **Bilateral Agreement**; and (iii) acceded to the **CUSC**.]<sup>6</sup> The **Parties** shall use reasonable endeavours to ensure that a **Proving Test** of the **Facility** is conducted as soon as possible and shall agree the date and time of the **Proving Test**, provided always that, although the **Company** shall not unreasonably refuse to carry out a **Proving Test** at any time and date that may be requested by the **Provider**, having regard to the cost implications, the **Company** reserves the right to cancel any **Proving Test** previously agreed to be carried out. In such a case the **Parties** shall agree an alternative time and date when the **Proving Test** shall be carried out which shall be as soon as possible thereafter. The **Company** shall be entitled to

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<sup>6</sup> Delete in the case of existing plant as the Conditions Precedent will cover these requirements.  
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attend a **Proving Test** and either **Party** may request the **Expert** to be present at a **Proving Test**.

- 3.6. As soon as possible after the date on which the **Proving Test** has been completed and in any event within five (5) **Business Days**, the **Company** shall notify the **Provider** whether the **Facility** has passed or failed the **Proving Test**. Any dispute as to whether the **Proving Test** has been passed or failed may be referred by either **Party** to the **Expert** for determination.
- 3.7. If the **Facility** has not successfully passed the **Proving Test** by the **Scheduled Commercial Operations Date** then, save to the extent due to a **Delay Event**, the **Provider** shall pay to the **Company**, without deduction or set off, liquidated damages at the **LAD Rate** with effect from the **Scheduled Commercial Operations Date** until the date on which the **Facility** successfully passes the **Proving Test**, provided always that such liquidated damages shall not in any event exceed the **LAD Cap**.
- 3.8. If at any time the aggregate amount of liquidated damages paid or payable under Clause 3.7 is equal to the **LAD Cap** then, the **Company** shall have the right to terminate this **Agreement** by written notice to the **Provider**.
- 3.9. For the purposes of Clause 3.7, liquidated damages shall be payable by the **Provider** to the **Company** on a monthly basis in accordance with Clause 9 (*Payment*) and the due date shall be ascertained accordingly.

## **4. SERVICE PROVISION**

### *Provision of Stability Compensation Service*

- 4.1. The **Provider** agrees with effect from the **Commercial Operations Date** and throughout the **Service Term** to power, operate, maintain and repair the **Facility** and associated **Plant and Apparatus** in accordance with **Good Industry Practice** with a view to making the **Facility Available** in accordance with the **Technical Performance Requirements**, subject to planned maintenance and inspection periods agreed pursuant to Clause 4.10 (*Maintenance of the Facility*) and to deliver the **Stability Compensation Service** at the **Point of Stability** in accordance with the **Company's Instructions**.
- 4.2. The **Provider** agrees at all times:
  - 4.2.1. by the issue of **Redeclarations** and **Restoration Notices** to keep the **Company** informed as to any inability of the **Facility** to provide the **Contracted Inertia Capability**, **Contracted Reactive Capability** and/or **Contracted SCL Capability**; and
  - 4.2.2. to maintain a single point of remote control in respect of the **Connection Site** of the **Facility** to facilitate the issue of **Instructions** and **Instructions to End** by the **Company**.

### *Stability Compensation Service Unavailability*

- 4.3. The **Provider** shall, without delay on becoming aware that the **Facility** is no longer, or will no longer be, capable of providing to the full extent the **Contracted Inertia Capability**, **Contracted Reactive Capability** and the **Contracted SCL Capability**

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promptly notify the **Company** [by facsimile]<sup>7</sup> in the form set out in Forms A - C (as applicable) in Schedule H ( "**Redeclaration**" ). Each **Redeclaration** shall specify:

- 4.3.1. the level of **Inertia Capability**, **Reactive Capability** and **SCL Capability** which the **Facility** will be capable of providing (if any);
- 4.3.2. the reasons for the reduction in the **Inertia Capability**, the **Reactive Capability** and the **SCL Capability**, which must be explained in reasonable detail and relate only to technical issues concerning the **Facility**; and
- 4.3.3. the steps that the **Provider** will take in order to restore the **Contracted Inertia Capability**, the **Contracted Reactive Capability** and the **Contracted SCL Capability**.
- 4.4. Following a **Redeclaration**, the **Provider** shall take all reasonable steps to restore the **Contracted Inertia Capability**, **Contracted Reactive Capability** and/or the **Contracted SCL Capability** (as the context requires) and keep the **Company** reasonably informed of progress in restoring such capability. The **Provider** shall, in the case of **Contracted Inertia Capability** and **Contracted SCL Capability**, notify the **Company** by facsimile in the form set out in Form D in Schedule H or, in the case of **Contracted Reactive Capability**, notify the **Company** by facsimile in the form set out in Form C in Schedule H ("**Restoration Notice**") when that capability has been restored. The **Provider** shall, if so required by the **Company** by notice in writing, undertake a **Reproving Test** in accordance with Clause 6 (*Reproving Tests*) following the date of the **Restoration Notice** or if (in the absence of a **Restoration Notice**) the **Company** considers at any time that the **Provider** is not implementing the steps referred to in Clause 4.3.3.

*Instruction of the Stability Compensation Service*

- 4.5. It is acknowledged by the **Provider** that, in relation to any **Settlement Period** in which the **Facility** is **Available**, the **Company** shall have the right (but not any obligation) to issue an instruction ("**Instruction**") to provide the **Stability Compensation Service** (including the required **Reactive Power Mode** and the required level of **Reactive Power**, being within the **Contracted Reactive Capability** or any reduced **Reactive Capability** specified in a **Redeclaration**) from the **Facility**, and subsequently notify the **Provider** when it no longer requires the provision of the **Stability Compensation Service** from the **Facility** ("**Instruction to End**").
- 4.6. Following receipt of an **Instruction**, the **Provider** shall acknowledge receipt as soon as possible (but in any case by no later than [ ]<sup>8</sup> minutes from receipt of an **Instruction**) and shall take all necessary steps to ensure that the **Facility** is **Synchronised** to the **Total System** and, thereafter, operates throughout each **Instructed Settlement Period** in accordance with the **Technical Performance Requirements** until the time notified in the relevant **Instruction to End**.

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<sup>7</sup> NGESO is working on an alternative to fax for notices.

<sup>8</sup> This will be agreed during the Tender process depending on the Facility and technology type  
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*Failure to comply with Instruction*

- 4.7. If an **Instruction** is issued by the **Company** and:
- 4.7.1. the **Facility** fails to **Synchronise** (if not already **Synchronised**) within [ 1 ]<sup>9</sup> minutes of the time instructed by the **Company** then the **Facility** shall be treated as **Unavailable** in the **Settlement Period** in which the failure occurred and each subsequent **Settlement Period** until the **Facility** does **Synchronise**; and/or
  - 4.7.2. in the absence of a **Redeclaration** stating that the **Inertia Capability** is 0, the **Facility** fails to provide **Inertia Capability**, then the **Facility** shall be treated as incapable of providing **Inertia Capability** in the **Settlement Period** in which the failure occurred and each subsequent **Settlement Period** until the **Facility** has been demonstrated to the **Company's** satisfaction to have **Inertia Capability** which may, at the **Company's** discretion, be by the **Facility** successfully passing a **Reproving Test**; and/or
  - 4.7.3. in the absence of a **Redeclaration** stating that the **SCL Capability** is 0, the **Facility** fails to provide **SCL Capability**, then the **Facility** shall be treated as incapable of providing **SCL Capability** in the **Settlement Period** in which the failure occurred and each subsequent **Settlement Period** until the **Facility** has been demonstrated to the **Company's** satisfaction to have **SCL Capability** which may, at the **Company's** discretion, be by the **Facility** successfully passing a **Reproving Test**.
  - 4.8. Promptly following each failure under Clause 4.7 the **Provider** shall notify the **Company** of the causes of the failure.
  - 4.9. The **Parties** agree and acknowledge that **Instructions, Instructions to End** and also confirmations by the **Provider** of **Instructions** and **Instructions to End** transmitted and stored on **EDL** (or such alternative electronic despatch system as the **Parties** may agree to use) shall (except during periods when **EDL** (or any alternative system) is unavailable for whatever reason in which case communication shall be made by telephone, e-mail or facsimile (whichever is appropriate)) be conclusive evidence of the giving and/or receipt of any communication required to be given pursuant to the terms of Clauses 4.5 and 4.6.

*Maintenance of the Facility*

- 4.10. The **Provider** shall, prior to the commencement of each **Contract Year**, notify the **Company** in writing by such means as the **Company** may reasonably require of the dates and times of all planned maintenance and inspection periods applicable to the **Facility** ("**Maintenance Plan**") for the forthcoming **Contract Year** (except that for the first **Contract Year**, the **Maintenance Plan** shall be applicable for the purposes of this **Agreement** only for that part of the **Contract Year** commencing on the **Service Commencement Date**). The **Provider** may propose modifications to the **Maintenance Plan** from time to time during the **Contract Year** on no less than twenty-eight (28) days notice. The **Maintenance Plan** may include up to a maximum of fifteen (15) days of planned outages in any **Contract Year** (to be reduced on a pro rata basis if the **Maintenance Plan** covers a period of less than twelve (12) calendar months).

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<sup>9</sup> This will be agreed during the Tender process depending on the Facility and technology type  
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- 4.11. Within fourteen (14) days of the **Provider's** notification of the **Maintenance Plan** or any modification thereto under Clause 4.10, the **Company** shall notify the **Provider** of its agreement with or objections to the **Maintenance Plan** or any modification thereto and, if the **Company** shall make no notification within such time, it shall become binding on the **Parties**. The **Parties** shall act in good faith and use reasonable endeavours to resolve any objections notified by the **Company** taking into account maintenance practices consistent with **Good Industry Practice** and the **Maintenance Plan** shall be amended accordingly.

*Substitution of the Facility*

- 4.12. If at any time the **Provider** notifies the **Company** that it wishes to substitute the **Facility** (the "**Retired Facility**") with any other facility at the same **Point of Stability** which has a **Response Time** equal to or better than the **Retired Facility** and can achieve not less than the **Contracted SCL Capability** and **Contracted Inertia Capability** (the "**Substitute Facility**") it shall take such steps as the **Company** may reasonably require, including:
- 4.12.1. submission to the **Company** of a **Maintenance Plan** in respect of the **Substitute Facility** and approval of that **Maintenance Plan** by the **Company** on the basis set out in Clause 4.10 which shall apply in respect of the **Substitute Facility** mutatis mutandis; and
- 4.12.2. the successful completion of a **Proving Test** of the **Substitute Facility** pursuant to the principles set out in Schedule D, Part A to verify that the **Substitute Facility** is capable of providing the **Stability Compensation Service** in accordance with the **Technical Performance Requirements**.
- 4.13. If the **Company** confirms that it is satisfied with the steps taken by the **Provider** in accordance with Clause 4.12 (but not otherwise), the **Parties** shall, with effect from the date of such confirmation, treat the **Substitute Facility** as the **Facility** for all purposes of this **Agreement**.

**5. SERVICE FEES**

- 5.1. The **Company** shall pay to the **Provider** in respect of each month in the **Service Term**:
- 5.1.1. a sum calculated in accordance with Schedule F, Part A, paragraph A.1 ("**Availability Payment**") by reference to each **Settlement Period** in which the **Facility** is either: (i) **Available** and capable of providing **Inertia Capability** and/or **SCL Capability**, in which case the **Availability Payment** will be calculated by reference to the **Contracted Inertia Capability** and **Contracted SCL Capability** or, in each case, any lower values specified in a **Redeclaration**; or (ii) on an **Approved Outage**, in which case the **Availability Payment** will be calculated by reference to the **Contracted Inertia Capability** and **Contracted SCL Capability**; and
- 5.1.2. [a sum calculated in accordance with Schedule F, Part B ("**Reactive Power Payment**") by reference to each **Instructed Settlement Period**]<sup>10</sup>.
- 5.2. The **Provider** shall pay to the **Company**:
- 5.2.1. in respect of each month (when applicable), a sum calculated in accordance with

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<sup>10</sup> This payment will not apply to the extent that the Provider is entitled to payment for OPRPS  
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Schedule F, Part A, paragraph A.2 (“**Availability Rebate**”), which shall not exceed the amount of the **Availability Payment** for that month; and

- 5.2.2. in respect of each **Contract Year**, if any amount in respect of the monthly **Availability Rebates** for the **Contract Year** has not been off-set against monthly **Availability Payments** and remains due and payable by the **Provider**, a sum calculated following the end of that **Contract Year** or on earlier termination under Clause 10 (*Termination*) in accordance with Schedule F, Part A, paragraph A.3 (“**Annual Reconciliation Payment**”), which shall not exceed the aggregate amount of **Availability Payments** for that **Contract Year**.
- 5.3. No payment shall be made by the **Company** pursuant to Clause 5.1 in relation to any **Settlement Period** in respect of which the **Provider** fails to comply with any of its obligations under Clause 4 (*Service Provision*) of this **Agreement**.

## **6. REPROVING TESTS**

- 6.1. Without prejudice to the **Company’s** right to conduct a test in accordance with **Grid Code** OC5.5.1, the **Company** shall have the right: (i) pursuant to Clause 4.4, Clause 4.7.2 or Clause 4.7.3; or (ii) otherwise not more than twice in any twelve (12) month period, by notice in writing (“**Test Notice**”) to require the **Provider** (at the **Provider’s** cost) to carry out a **Reproving Test** at a time no sooner than seven (7) **Business Days** after the time of issue of the **Test Notice** to determine whether the **Facility** is capable of operating in accordance with the **Technical Performance Requirements**, including providing the **Contracted Inertia Capability**, the **Contracted Reactive Capability** and the **Contracted SCL Capability**.
- 6.2. Upon receipt of a **Test Notice**, the **Provider** shall not issue a **Redeclaration** in respect of the time and the duration that the **Reproving Test** is instructed to be carried out (unless the **Facility** would be **Unavailable** by reason of a forced outage or maintenance specified in the **Maintenance Plan** or by reason of an event or circumstance of **Force Majeure**).
- 6.3. To commence a **Reproving Test**, the **Company** shall give the **Provider** an **Instruction**. The performance of the **Facility** in response to that **Instruction** shall be assessed by the **Company** by reference to metering referred to in Clause 12 (*Metering*) and/or any **Monitoring Equipment** and at the option of the **Provider** shall be carried out in the presence of a reasonable number of representatives of the **Provider** and, if so requested, its lenders. If such metering and/or **Monitoring Equipment** is functioning accurately and indicates that the **Provider** is unable to comply with such **Instruction** then the **Company** shall notify the **Provider** that the **Facility** has failed the **Reproving Test**.
- 6.4. If the **Facility** fails a **Reproving Test** the values established by that test for **Inertia Capability**, **Reactive Capability** and/or **SCL Capability** shall become the values for **Contracted Inertia Capability**, **Contracted Reactive Capability** and/or **Contracted SCL Capability**. For the purposes of this Clause 6 the **Provider** may require the **Company** to carry out one or more further **Reproving Tests**, on any **Business Day** on not less than forty eight (48) hours’ notice, which shall be carried out in accordance with the provisions of this Clause 6 as if the **Company** had issued an instruction at the

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time of notice from the **Provider**, and the values for **Contracted Inertia Capability**, **Contracted Reactive Capability** and/or **Contracted SCL Capability** shall be determined by the latest of such tests.

- 6.5. If a dispute arises relating to the performance of the **Facility** during a **Reproving Test**, the **Company** and the **Provider** shall attempt to resolve the dispute by discussion, and if they fail to reach agreement the **Company** shall carry out a further **Reproving Test** on any **Business Day** on not less than forty eight (48) hours' notice which shall be carried out in accordance with the provisions of this Clause 6. If the **Company** notifies the **Provider** that the **Facility** has passed such further **Reproving Test**, it shall be deemed to have passed the first **Reproving Test**. If the **Company** notifies the **Provider** that the **Facility** has failed such further **Reproving Test** and a dispute arises on that further **Reproving Test**, the dispute may be referred by either **Party** by notice to the other for determination by the **Expert**.
- 6.6. An instruction issued by the **Company** as part of a test in accordance or a **Reproving Test** carried out pursuant to this Clause 6 shall constitute an **Instruction**.

## **7. MONITORING<sup>11</sup>**

- 7.1. The **Provider** shall at all times after the **Commercial Operations Date** comply with the requirements of ECC6.6 of the **Grid Code** as if the same was set out in this **Agreement** and, without limitation thereto, shall ensure that all **Monitoring Equipment** is operation and that all required signals are provided at all times and that the **Monitoring Equipment** is maintained in accordance with **Good Industry Practice**.
- 7.2. If any part of the **Monitoring Equipment** fails to deliver the information required at the [ ]kV substation (including the communications routes) under ECC6.6 of the **Grid Code**, then the **Provider** shall repair the **Monitoring Equipment** within five (5) **Business Days** of being notified of the fault by the **Company** or as otherwise agreed. The **Provider** shall also provide electronic signals to allow the **Company** to monitor the status of the **Monitoring Equipment** as at the **Grid Entry Point**.
- 7.3. For the purposes of this **Agreement**, the accuracy of the **Monitoring Equipment** shall be maintained in accordance with the **Company's** requirements for **Dynamic System Monitoring** as published on the **Company's** website from time to time.

## **8. GRID CODE**

It is acknowledged by both **Parties** that the provision of the **Stability Compensation Service** in accordance with the terms hereof shall not relieve the **Provider** of any of its obligations set out in the **Grid Code** including without limitation its obligations (where applicable to the **Provider**) set out in **Grid Code** CC8.1 to provide **Reactive Power** (supplied otherwise than by means of the **Stability Compensation Service**) in accordance with **Grid Code** CC6.3.2 and CC6.3.4.

## **9. PAYMENT**

- 9.1. As soon as reasonably practicable and no later than eight (8) **Business Days** following

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<sup>11</sup> Note: this clause will be updated once further NGENSO requirements have been identified.  
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the end of each calendar month in respect of which either **Party** is obliged to pay any sum to the other (including liquidated damages payable under Clause 3 (*Implementation of the Works*)), the **Company** shall send to the **Provider** a statement (the "**Monthly Statement**") setting out the amounts payable. In respect of each calendar month after the **Commercial Operations Date**, the **Company** shall include in that statement:-

- 9.1.1. its calculation of the **Availability Payment** due to the **Provider** and any **Availability Rebate** due to the **Company** in respect of the previous calendar month;
- 9.1.2. in relation to the last calendar month in the **Contract Year**, its calculation of the **Annual Availability Reconciliation Payment** due from the **Provider**;
- 9.1.3. [its calculation of the **Reactive Power Payment** due to the **Provider** in respect of the previous calendar month]<sup>12</sup>;
- 9.1.4. if relevant, adjustments to be made (net of interest) in relation to disputes concerning **Availability Payments** or **Reactive Power Payments** any month prior to the previous month; and
- 9.1.5. the net sum due to or from the **Provider** as a result thereof, provided that any sum payable by the **Provider** in respect of liquidated damages under Clause 3 shall not be set-off against sums payable by the **Company**.
- 9.2. If the **Provider** disagrees with any dates times facts or calculations set out in the **Monthly Statement**, it may notify the **Company** in writing, with evidence on which it relies upon in support of such disagreement, no later than the date falling ten (10) Business Days after receipt thereof, but in the absence of any such notification by such date, the **Monthly Statement** shall be final and binding on the **Parties** subject only to Clause 9.3. The **Parties** shall discuss and endeavour to resolve the matter in good faith and any adjustments agreed shall be included in the **Monthly Statement** next following the date of resolution of the dispute. The dates, times, facts and calculations set out in the **Monthly Statement** shall be binding upon the **Parties** until such time as they are reversed or revised by agreement between the **Parties** or otherwise determined pursuant to Clause 15 (*Dispute Resolution*).
- 9.3. Where, having regard to any **Settlement Run** or to the results of any other monitoring by the **Company** of service delivery, the **Company** or the **Provider** discovers that some or all of any calculations and/or amounts falling due shown in any **Monthly Statement** are incorrect, then it shall promptly notify the other in writing whereupon the **Company** shall, subject to verification by **NGESO**, revise the **Monthly Statement** and re-issue the same to the **Provider**, and the provisions of Clause 9.2 shall apply mutatis mutandis to such revised **Monthly Statement**. In the absence of fraud, neither the **Company** nor the **Provider** may invoke the provisions of this Clause with respect to the contents of any **Monthly Statement** after the period of twelve (12) months has elapsed following submission of that **Monthly Statement** in which the calculations and/or amounts in question were first stated, after which date such calculations and/or amounts shown in the last **Monthly Statement** issued by the **Company** shall be final and conclusive.

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<sup>12</sup> This payment will not apply to the extent that the Provider is entitled to payment for OPRPS  
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- 9.4. No later than the eighteenth (18<sup>th</sup>) **Business Day** of each month, the **Company** will issue a self-billing invoice (or credit note) reflecting the **Monthly Statement** issued pursuant to Clause 9.2, and no later than five (5) **Business Days** after such date of issue the **Company** shall pay to the **Provider** (or the **Provider** shall pay to the **Company**, as the case may be) the net amount shown as due from the **Company** to the **Provider** (or from the **Provider** to the **Company**, as the case may be) in that **Monthly Statement**.
- 9.5. If either **Party** (the “**Defaulting Party**”) fails to pay any amount properly due under this **Agreement** on the due date, then the **Defaulting Party** shall pay to the other **Party** interest on such overdue amount at the **Base Rate** plus three per cent (3%) 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.
- 9.6. If it is agreed or otherwise determined under Clause 9.2 that the **Provider** was entitled to a further payment from the **Company**, the **Provider** shall be entitled to interest at the **Base Rate** on the amount of such further payment from the date on which that sum would have been payable had it been included in the **Monthly Statement** for each **Relevant Settlement Period** until the date of payment.
- 9.7. If it is agreed or otherwise determined under Clause 9.2 that the **Provider** was not entitled to any payment it has received, the **Company** shall be entitled to interest at the **Base Rate** on the amount so paid from the date of payment until the date of repayment or the date when the **Company** makes a payment to the **Provider** which takes such payment into account.
- 9.8. Notwithstanding any other provision of this **Agreement**, the **Parties** shall not be limited in any way as to the evidence they may rely upon in any proceedings arising out of or in connection with payment for the **Stability Compensation Service** under this **Agreement** and the **Parties** agree that in the event and to the extent that either **Party** succeeds in proving in any such proceedings that the **Stability Compensation Service** was or was not provided, the successful **Party** shall (without prejudice to any liquidated damages provision of this **Agreement**) be entitled to repayment of the sums already paid or payment of sums not paid as the case may be in respect of the **Stability Compensation Service**.
- 9.9. Save as otherwise expressly provided in this **Agreement**, sums payable by one **Party** to the other pursuant to this **Agreement** whether by way of charges, interest or otherwise shall (except to the extent otherwise required by law) be paid in full, free and clear of and without deduction, set-off or deferment in respect of any disputes or claims whatsoever save for sums the subject of a final award or judgement (after exhaustion of all appeals if this opportunity is taken) or which by agreement between the **Company** and the **Provider** may be so deducted or set off.
- 9.10. All amounts specified hereunder shall be exclusive of any Value Added Tax or other similar tax and the **Company** shall pay to the **Provider** Value Added Tax at the rate for the time being and from time to time properly chargeable in respect of the making available and/or supply of the **Stability Compensation Service** under this **Agreement**.
- 9.11. All payments by the **Company** to the **Provider** under this **Agreement** will be made by payment to the bank account details of which are notified to the **Company** by the

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**Provider** from time to time.

- 9.12. The submission of all **Monthly Statements** and facts and other evidence in support thereof and any questions in connection therewith from the **Company** to the **Provider** and vice versa in accordance with this Clause 9 must be made, in the absence of agreement to the contrary between the **Parties**, by 19.00 hours on the **Business Day** concerned.
- 9.13. The **Provider** hereby irrevocably consents to the operation of a self-billing system by the **Company** with regard to the payment for the **Stability Compensation Service** and will at all times throughout the **Term** maintain such consent. The **Provider** hereby undertakes to do (at the **Company's** cost) all acts and things reasonably necessary to enable the **Company** to comply with the regulations of HM Revenue & Customs as regards the self-billing of the **Stability Compensation Service**.
- 9.14. The provisions of this Clause 9 shall survive termination of this **Agreement**.

**10. TERMINATION AND SUSPENSION**

*Automatic Termination*

- 10.1. This **Agreement** shall terminate automatically upon:-
- 10.1.1. the **Provider** ceasing to be a **BSC Party** solely as a result of the **Provider's** election or a material breach by the **Provider** of its obligations under such agreement; or
- 10.1.2. the **Provider** ceasing to be a party to the **CUSC Framework Agreement** solely as a result of the **Provider's** election or a material breach by the **Provider** of its obligations under such agreement; or
- 10.1.3. [the revocation or withdrawal of the **Generation Licence** solely as a result of the **Provider's** election or a material breach by the **Provider** of its obligations under such licence]<sup>13</sup>; or
- 10.1.4. termination of the applicable **Bilateral Agreement** solely as a result of the **Provider's** election or a material breach by the **Provider** of its obligations under such agreement, and the **Provider** cannot comply in all material respects with its obligations under this **Agreement**.

*Termination by the Provider*

- 10.2. The **Provider** may, by notice in writing to the **Company**, terminate this **Agreement** in the event that:
- 10.2.1. the **Company** shall fail to pay (other than by inadvertent error in funds transmission which is discovered by the **Provider**, notified to the **Company** and corrected within five (5) **Business Days** following such notification) any material sum properly due or owing from it pursuant to this **Agreement** according to its terms and such non-payment remains unremedied and not disputed in good faith and upon reasonable grounds at

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<sup>13</sup> Delete where not applicable and replace with "not used"  
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the expiry of fifteen (15) **Business Days** immediately following receipt by the **Company** of written notice from the **Provider** of such non-payment; or

10.2.2. without prejudice to Clause 10.1, the **Company** shall commit any material breach (other than a breach under Clause 10.2.1) of this **Agreement** (or persistent breaches of this **Agreement** which taken as a whole are material), or shall commit a breach of any of the material obligations on its part to be observed under this **Agreement**, and the **Provider** shall have served written notice on the **Company** requiring it to remedy such default (if it is capable of remedy) within thirty (30) days or such longer period as may be reasonably necessary to remedy the default and the **Company** shall have failed to remedy such default to the reasonable satisfaction of the **Provider** within the specified period; or

10.2.3. in respect of the **Company**:-

- (a) an order of the High Court is made or an effective resolution passed for its winding-up or dissolution; or
- (b) a receiver (which expression shall include an administrative receiver within the meaning of Section 29 of the Insolvency Act 1986) of the whole or any material part of its assets or undertaking is appointed; or
- (c) an administration order under Section 8 of the Insolvency Act 1986 is made or an administrator has been appointed (whether out of court or otherwise) or if a voluntary arrangement is proposed by the **Company** under Section 1 of that Act; or
- (d) it enters into any scheme of arrangement (other than for the purpose of reconstruction or amalgamation upon terms and within such period as may previously have been approved in writing by the **Authority**); or
- (e) any of the events referred to in (a) to (d) above has occurred and is continuing and the **Company** is unable to pay its debts within the meaning of Section 123 (1) or (2) of the Insolvency Act 1986 save that such section shall have effect as if for £750 there was inserted £250,000 (and the **Company** shall not be deemed to be unable to pay its debts if any demand for payment is being contested in good faith by it with recourse to all appropriate measures and procedures);

and in any such case within twenty eight (28) days of appointment of the liquidator, receiver, administrative receiver, administrator, nominee or other similar officer, such person has not provided to the **Provider** a guarantee of future performance by the **Company** of this **Agreement** in such form and amount as the **Provider** may reasonably require.

**Termination by the Company**

10.3. The **Company** may, by notice in writing to the **Provider**, terminate this **Agreement** in the event that:-

10.3.1. without prejudice to Clause 10.1, the **Provider** shall commit any material breach (other

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than a breach under Clause 10.3.2) of this **Agreement** (or persistent breaches of this **Agreement** which taken as a whole are material), or shall commit a breach of any of the material obligations on its part to be observed under this **Agreement**, and the **Company** shall have served written notice on the **Provider** requiring it to remedy such default (if it is capable of remedy) within thirty (30) days or such longer period as may be reasonably necessary to remedy the default and the **Provider** shall have failed to remedy such default to the reasonable satisfaction of the **Company** within the specified period; or

10.3.2. the **Provider** shall fail to pay (other than by inadvertent error in funds transmission which is discovered by the **Company**, notified to the **Provider** and corrected within five (5) **Business Days** following such notification) any material sum properly due or owing from it pursuant to this **Agreement** according to its terms and such non-payment remains unremedied and not disputed in good faith and upon reasonable grounds at the expiry of fifteen (15) **Business Days** immediately following receipt by the **Provider** of written notice from the **Company** of such non-payment; or

10.3.3. the **Facility** remains **Unavailable** for more than ninety (90) consecutive days; or

10.3.4. in respect of the **Provider**:-

- (a) an order of the High Court is made or an effective resolution passed for its winding-up or dissolution; or
- (b) a receiver (which expression shall include an administrative receiver within the meaning of Section 29 Insolvency Act 1986) of the whole or any material part of its assets or undertaking is appointed; or
- (c) an administration order under Section 8 of the Insolvency Act 1986 is made or an administrator has been appointed (whether out of court or otherwise) or if a voluntary arrangement is proposed by the **Provider** under Section 1 of that Act; or
- (d) it enters into any scheme of arrangement (other than for the purpose of reconstruction or amalgamation upon terms and within such period as may previously have been approved in writing by the **Authority**); or
- (e) any of the events referred to in (a) to (d) above has occurred and is continuing and the **Provider** is unable to pay its debts within the meaning of Section 123 (1) or (2) of the Insolvency Act 1986 save that such section shall have effect as if for £750 there was inserted £250,000 (and the **Provider** shall not be deemed to be unable to pay its debts if any demand for payment is being contested in good faith by it with recourse to all appropriate measures and procedures)

and in any such case within twenty eight (28) days (or such longer period as the **Company** may in its absolute discretion permit) of appointment of the liquidator, receiver, administrative receiver, administrator, nominee or other similar officer, such person has not provided to the **Company** a guarantee of future performance by the **Provider** of this **Agreement** in such form and amount as the **Company** may reasonably require.

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### Other termination rights

- 10.4. The provisions of this Clause 10 are additional to any other rights of termination expressly provided. Termination of this **Agreement** under this Clause 10 or any other provision of this **Agreement** shall be without prejudice to the rights and remedies to which a **Party** may be entitled hereunder and shall not affect any accrued rights obligations or liabilities of either **Party** nor the coming into or continuance in force of any provision hereof which is expressly or by implication intended to come into or continue in force on or after such termination.
- 10.5. For the avoidance of doubt, unless otherwise expressly provided herein, references in this **Agreement** to termination of this **Agreement** shall mean termination of all of the provisions of this **Agreement** and not otherwise.

### Suspension

- 10.6. If at any time the operation of the **Facility** is subject to restrictions imposed by the **Local TO** that, in the **Company's** reasonable opinion, have a material and continuing adverse effect on the provision of the **Stability Compensation Service** from the **Facility**, the **Company** may, by notice in writing to the **Provider**, suspend all rights and obligations of the **Parties** in relation to the **Stability Compensation Service** until the earlier of: (i) the date falling fourteen (14) days after the date on which the restrictions came into effect; and (ii) the date from which the **Company** is reasonably satisfied that such restrictions are no longer being applied by the **Local TO** whereupon the **Company** shall by further notice ("**Notice of Resumption**") in writing to the **Provider** end the suspension of the **Parties'** respective rights and obligations. The **Provider** shall resume performance of the **Stability Compensation Service** and its entitlement to **Availability Payments** shall resume with effect from the time and date specified in the **Notice of Resumption**. The **Service Term** shall not be extended by reason of any period of suspension.
- 10.7. The **Company** acknowledges that the **Provider** may need to arrange funding to develop the **Facility** and that the funder may require as a condition of the availability of that finance to enter into a direct agreement with the **Company**. The **Company** shall act in good faith (at the cost and expense of the **Provider**) to negotiate such a direct agreement where reasonably required by the **Provider**, on terms to be agreed by the **Company** (acting reasonably) but not so as to impose any financial obligation on the **Company**.

## **11. LIMITATION OF LIABILITY**

- 11.1. Subject to Clause 11.2 and save and to the extent that any provision of this **Agreement** provides for an indemnity or the payment of liquidated damages, the **Parties** agree and acknowledge that neither **Party** (the "**Party Liable**") nor any of its officers, employees or agents shall be liable to the other **Party** for loss arising from any breach of this **Agreement** other than for loss directly resulting from such breach and which at the date of this **Agreement** was reasonably foreseeable as not unlikely to occur in the ordinary course of events from such breach, provided that the liability of any **Party** in respect of all claims for such loss shall not exceed five million pounds sterling (£5 million) per incident or series of incidents.

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- 11.2. Nothing in this **Agreement** shall exclude or limit the liability of the **Party Liable** for death or personal injury resulting from the negligence of the **Party Liable** or any of its officers, employees or agents and the **Party Liable** shall indemnify and keep indemnified the other **Party**, its officers, employees or agents, from and against all such and any loss or liability which such other **Party** may suffer or incur by reason of any claim on account of death or personal injury resulting from the negligence of the **Party Liable** or any of its officers, employees or agents.
- 11.3. Subject to Clause 11.2 and save where any provision of this **Agreement** provides for an indemnity or the payment of liquidated damages neither the **Party Liable** nor any of its officers, employees or agents shall in any circumstances whatsoever be liable to the other **Party** for:-
- 11.3.1. any loss of profit, loss of revenue, loss of use, loss of contract or loss of goodwill; or
- 11.3.2. any indirect or consequential loss.
- 11.4. Each **Party** acknowledges and agrees that the other **Party** holds the benefit of Clauses 11.1 and 11.2 and 11.3 for itself and as trustee and agent for its officers, employees and agents. In exercising any right or power as trustee hereunder neither **Party** shall be restricted by any provision of this **Agreement** as to the manner in which it exercises its discretion (if any).
- 11.5. The rights and remedies provided by this **Agreement** to the **Parties** are exclusive and not cumulative and exclude and are in place of all substantive (but not procedural) rights or remedies express or implied and provided by common law or statute in respect of the subject matter of this **Agreement**, including any rights either **Party** may possess in tort which shall include actions brought in negligence and/or nuisance. Accordingly, each of the **Parties** hereby waives to the fullest extent possible such rights and remedies provided by common law or statute and releases the other **Party**, its officers, employees and agents to the same extent from all duties, liabilities, responsibilities or obligations provided by common law or statute in respect of the matters dealt with in this **Agreement** and undertakes not to enforce any of the same except as expressly provided herein. For the avoidance of doubt nothing in this Clause 11.5 shall prevent or restrict any **Party** enforcing or claiming damages in respect of breach of any payment obligation (including the right for either **Party** to sue for direct damages to enforce any payment obligation or any future payment obligations under this **Agreement**) owed to it under or pursuant to this **Agreement**.
- 11.6. For the avoidance of doubt, the **Parties** acknowledge and agree that nothing in this **Agreement** shall exclude or restrict or otherwise prejudice or affect any of the rights, powers, privileges, remedies, duties and obligations of the **Secretary of State** or the **Authority** under the **Act**, any **Licence** or otherwise howsoever.
- 11.7. Each of Clauses 11.1, 11.2, 11.3 and 11.4 shall:-
- 11.7.1. be construed as a separate and severable contract term, and if one or more of such Clauses is held to be invalid, unlawful or otherwise unenforceable the other or others

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of such Clauses shall remain in full force and effect and shall continue to bind the **Parties**; and

- 11.7.2. survive termination of this **Agreement**.
- 11.8. For the avoidance of doubt, nothing in this Clause 11 shall prevent or restrict any **Party** enforcing or claiming damages in respect of breach of any payment obligation (including the right for either **Party** to sue for direct damages to enforce any payment obligation or any future payment obligation under this **Agreement**) owed to it under or pursuant to this **Agreement**.
- 11.9. Each **Party** acknowledges and agrees that the provisions of this Clause 11 have been the subject of discussion and negotiation and are fair and reasonable having regard to the circumstances as at the date of this **Agreement**.
- 11.10. For the avoidance of doubt none of the officers, employees, agents, shareholders or **Affiliates** of either **Party** shall have any liability to the other **Party** hereunder.

### 12. **METERING**<sup>14</sup>

- 12.1. The relationship between the **Parties** with respect to **Energy Metering Equipment** shall be regulated in accordance with Sections K and L of the **Balancing and Settlement Code**.
- 12.2. The relationship between the **Parties** with respect to **Operational Metering Equipment** shall be regulated by section 6 of the **Connection and Use of System Code**.
- 12.3. The **Provider** hereby consents (and where required pursuant to the **Balancing and Settlement Code** agrees to give its consent) to the disclosure to and use by the **Company** for the purposes of this **Agreement** of all and any generation, demand and other operating data relating to the **Facility**.

### 13. **CONFIDENTIALITY AND ANNOUNCEMENTS**

- 13.1. Subject to the exceptions provided in Clause 13.3, Clause 14 (*Disclosure of Information*) (and to the extent otherwise expressly permitted by this **Agreement**), neither **Party** shall, at any time, whether before or after the expiry or sooner termination of this **Agreement**, without the prior consent of the other **Party** in writing (such consent not to be unreasonably withheld or delayed), divulge or suffer or permit its officers, employees, agents or contractors to divulge to any person or permit use by any person (other than disclosure to or use by any of its or their respective officers or employees to the extent that such disclosure and use is required to enable such persons properly to carry out their duties in connection with this **Agreement**):-

13.1.1. any of the contents of this **Agreement**;

13.1.2. any commercially confidential information relating to the negotiations concerning the entering into of this **Agreement**;

13.1.3. any commercially confidential information which may come to a **Party's** knowledge in

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<sup>14</sup> Note: this clause will be updated once further requirements have been identified.  
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the course of such negotiations; or

- 13.1.4. any commercially confidential information concerning the operations, contracts, commercial or financial arrangements or affairs of the other **Party**.
- 13.2. Each **Party** undertakes to use information referred to in Clause 13.1 and disclosed to it by the other **Party** solely for the purposes of this **Agreement** and shall not use it for any other purpose or for the purposes of any third party.
- 13.3. The restrictions imposed by Clause 13.1 shall not apply to the disclosure of any information:
- 13.3.1. which now or hereafter comes into the public domain otherwise than as a result of a breach of a confidentiality obligation or which either **Party** can show was in its written records prior to the date of disclosure of the same by the other **Party**, under this **Agreement** or which it receives from a third party independently entitled to disclose it;
- 13.3.2. which is required by law or pursuant to the rules of the Electricity Arbitration Association in England and Wales or pursuant to the rules or regulations of the Financial Services Authority to be disclosed to any person who is authorised by law or pursuant to the rules of the Electricity Arbitration Association in England and Wales or pursuant to the rules or regulations of the Financial Services Authority to receive the same;
- 13.3.3. which is required to be disclosed by the regulations of any recognised exchange upon which the share capital of the **Party** making the disclosure (or its parent undertaking) is or is proposed to be from time to time listed or dealt in, or is required to be disclosed by the Panel on Takeovers and Mergers;
- 13.3.4. to a court, arbitrator or administrative tribunal in the course of proceedings before it to which the disclosing **Party** is a party;
- 13.3.5. pursuant to any **Licence** of the **Party** concerned;
- 13.3.6. to any consultants, banks, financiers, insurers or professional advisers retained by the disclosing **Party**;
- 13.3.7. by the **Provider** to a third party who is a party to a power purchase agreement in respect of the electricity generated by the **Facility** and with whom all (or some of) the risks and benefits arising from the **Agreement** will be shared provided such party is subject to confidentiality undertakings which are no less onerous than those to which the **Provider** is subject to under this **Agreement**;
- 13.3.8. by either **Party** to any parent, subsidiary or fellow subsidiary undertaking on a “need to know” basis only; or
- 13.3.9. required or expressly permitted to be disclosed under the terms of any agreement or arrangement to which both the **Parties** have agreed to be bound.

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- 13.4. In this Clause 13, the words “parent undertaking”, “subsidiary undertaking” and “fellow subsidiary undertaking” shall have the meanings as provided in sections 1161 and 1162 of the Companies Act 2006.
- 13.5. Before either **Party** discloses any information in any of the circumstances described in Clauses 13.3.6 to 13.3.8 (other than to its authorised professional advisers), it shall notify the other **Party** of its intention to make such disclosure and (in the case where the disclosing **Party** is the **Provider**) procure the execution and delivery to that **Party** of an undertaking executed by the person to whom the disclosure is proposed to be made being in the same terms mutatis mutandis as the undertakings contained in this Clause 13.
- 13.6. No public announcement or statement regarding the signature, performance or termination of this **Agreement** shall be issued or made by either **Party** unless:
- 13.6.1. to the extent legally possible, before it is issued or made, both the **Parties** have been furnished with a copy of it and have approved it (such approval not to be unreasonably withheld or delayed); or
- 13.6.2. it is necessary to do so in order to comply with any applicable law or the regulations of any recognised stock exchange upon which the share capital of such **Party** is from time to time listed or dealt in.
- 13.7. With respect to the information referred to in Clause 13.1 both **Parties** shall ensure, to the extent reasonably practicable, that:-
- 13.7.1. such information is disseminated within their respective organisations on a “need to know” basis only;
- 13.7.2. employees, directors, agents, consultants and professional advisers who are in receipt of such information are made fully aware of the **Party’s** obligations of confidence in relation thereto; and
- 13.7.3. any copies of such information, whether in hard copy or computerised form, will clearly identify the information as confidential.
- 13.8. Notwithstanding any other provision of this **Agreement**, the provisions of this Clause 13 shall continue to bind a person after termination of this **Agreement**, in whole or in part, for whatever reason.

**14. DISCLOSURE OF INFORMATION**

- 14.1. The **Provider** hereby consents to the disclosure and use by the **Company** in such manner or form and at such times as it thinks fit of:
- 14.1.1. the **Contract Rate, Technical Performance Requirements** and any other information submitted by the **Provider** in its **Tender Submission**;
- 14.1.2. the aggregate cost of **Availability Payments** and the aggregate amount of **Availability Rebates** made by the **Company** to the **Provider** and all other providers of the **Stability Compensation Service**;

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- 14.1.3. such data in relation to the provision of the **Reactive Capability** as the **Company** publishes from time to time in respect of the **Obligatory Reactive Power Service**; and
- 14.1.4. any other data and other information relating to this **Agreement** and the provision of the **Stability Compensation Service** for the purposes of any or all of the statements published from time to time pursuant to Standard Condition C16 of the **Transmission Licence**.
- 14.2. Where the **Company** intends disclosing and using any data or other information relating to this **Agreement** other than that specified in Clause 14.1 it shall first consult with the **Provider** regarding the form and scope of the intended disclosure documentation and, acting reasonably and in good faith, make such adjustments to the disclosure documentation as the **Provider** may reasonably request in order to protect its business interests.

**15. DISPUTE RESOLUTION**

- 15.1. Save where expressly stated in this **Agreement** to the contrary and subject to any contrary provision of the **Act** or any **Licence** or the rights, powers, duties and obligations of the **Authority** or the **Secretary of State** under the **Act**, any **Licence** or otherwise howsoever, either **Party** may refer any dispute or difference of whatever nature howsoever arising under out of or in connection with this **Agreement** between the **Parties** to arbitration pursuant to the arbitration rules of the **Electricity Arbitration Association** in force from time to time. Provided always that prior to any such referral to arbitration:
- 15.1.1. the **Party** seeking to refer the matter to arbitration shall first serve on the other **Party** a "**Dispute Notice**" describing in reasonable detail the nature of the dispute;
- 15.1.2. the **Parties** shall thereafter without delay commence and continue to use all reasonable endeavours to resolve the dispute in question promptly, equitably and in a good faith manner and (where commensurate with the nature and extent of the dispute) at a senior officer level; and
- 15.1.3. any referral to arbitration may only be made by a **Party** where the dispute remains unresolved upon expiry of a period of twenty eight (28) days following delivery of the relevant **Dispute Notice**.
- 15.2. Where any provision in this **Agreement** provides, or the **Parties** have agreed, for a dispute or difference between the **Parties** to be referred to an independent expert ("**Expert**") the following provisions shall apply, and neither **Party** shall commence proceedings in any court in respect of or otherwise in connection with such dispute:
- 15.2.1. the **Expert** shall be jointly appointed by the **Parties** and shall be a person of good repute with the relevant skills and technical experience to be able to make a fair and reasoned determination having regard to the nature of the dispute or difference;
- 15.2.2. the **Parties** agree that the **Expert** shall act as an expert and not as an arbitrator and shall decide those matters referred to him using his skill, experience and knowledge and with regard to all such other matters as he in his sole discretion considers

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appropriate;

- 15.2.3. if the Parties cannot agree upon the selection of an **Expert**, the **Expert** shall be selected on the application of either **Party** by the President for the Law Society of England and Wales;
- 15.2.4. all references to the **Expert** shall be made in writing by either **Party** with notice to the other being given contemporaneously, and the **Parties** shall promptly supply the **Expert** with such documents and information as he may request when considering any referral;
- 15.2.5. the **Expert** shall be requested to use his best endeavours to give his decision upon the question before him as soon as possible in writing following its referral to him, his decision shall, in the absence of fraud or manifest error, be final and binding upon the **Parties**;
- 15.2.6. the **Parties** shall equally share the **Expert's** fees and expenses unless the **Expert** determines otherwise; and
- 15.2.7. save to the extent otherwise expressly provided herein or in the determination by the **Expert**, this Clause shall, to the extent necessary for the **Parties** to perform their obligations under this **Agreement**, continue to bind the **Parties** after termination.

### **16. ENTIRE AGREEMENT**

This **Agreement** contains or expressly refers to the entire agreement between the **Parties** with respect to the subject matter of this **Agreement**, and expressly excludes any warranty, condition or other undertaking implied at law or by custom, and supersedes all previous agreements and understandings between the **Parties** with respect thereto and each of the **Parties** acknowledges and confirms that it is not aware of any representation, warranty or other undertaking not fully reflected in the terms of this **Agreement** upon which it has relied upon entering into this **Agreement**. To the extent that any such representation, warranty or other undertaking exists, each **Party** irrevocably and unconditionally waives any right it may have to claim damages for breach of warranty and/or to rescind this **Agreement**, unless such warranty or misrepresentation was made or given fraudulently.

### **17. FORCE MAJEURE**

- 17.1. In so far as either **Party** is prevented from performing any of its obligations under this **Agreement** due to an event or circumstance of **Force Majeure**, then the rights and obligations of the **Parties** shall be suspended for as long as and to the extent that the circumstance of **Force Majeure** prevents such performance. For the avoidance of doubt:
- 17.1.1. the **Provider** shall not be entitled to any **Availability Payment** and the **Company** shall not be entitled to any **Availability Rebate** to the extent that the **Facility** is **Unavailable** by reason of **Force Majeure**;
- 17.1.2. the **Parties** agree that they shall not be relieved from their obligations under this **Agreement** by reason of events or circumstances commencing prior to the last date specified in the **Tender** for **Tender Submissions** and continuing as at that date

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- including restrictions introduced by any **Competent Authority** in relation to **Coronavirus** and the **Coronavirus Disease**; and
- 17.1.3. the **Parties** further agree that they shall be relieved from their obligations under this **Agreement** to the extent that they are unable to perform them by reason of any further restrictions or guidance introduced by any **Competent Authority** in relation to **Coronavirus** and the **Coronavirus Disease** on or after the date on which the **Provider** submitted its **Tender Submission**.
- 17.2. The **Party** affected by the **Force Majeure** shall give to the other **Party** immediately upon becoming aware of an event or circumstance of **Force Majeure**, a written communication describing the **Force Majeure** (including, without limitation, the nature of the occurrence and its expected duration) and the obligations which it is prevented from performing and shall continue to furnish regular reports with respect thereto to the other **Party** during the period of **Force Majeure**.
- 17.3. As soon as is reasonably practicable, following an event or circumstance of **Force Majeure**, the **Parties** shall discuss how best to continue their respective obligations as set out in this **Agreement**.
- 17.4. For the avoidance of doubt the non-performance of either **Party's** obligations pursuant to this **Agreement** arising prior to the event or circumstance of **Force Majeure**, shall not be excused as a result of the event or circumstance of **Force Majeure**.
- 17.5. Either **Party** shall have a right to terminate this **Agreement** by notice in writing to the other if that other **Party** has been prevented from performing its obligations due to an event of **Force Majeure** for a continuous period of six (6) calendar months or more or for an aggregate period of nine (9) calendar months or more.

## **18. VARIATIONS**

No variation to the terms of this **Agreement** shall be effective unless made in writing and signed by duly authorised representatives on behalf of both the **Company** and the **Provider**.

## **19. NO PARTNERSHIP**

The **Parties** are independent contractors. Nothing contained herein shall be deemed to create an association, joint venture, partnership or principal/agent relationship between the **Parties** or to impose any partnership obligation or liability on either **Party**. Neither **Party** shall have any right, power or authority to enter into any agreement or commitment, act on behalf of, or otherwise bind the other **Party** in any way.

## **20. WARRANTIES AND INDEMNITY**

20.1. Each **Party** warrants and represents to the other that it has full power and authority to enter into this **Agreement** and perform its obligations hereunder.

20.2. The **Provider** hereby warrants and represents to the **Company** that:

20.2.1. the availability and delivery of the **Stability Compensation Service** from the **Facility** pursuant to and in accordance with this **Agreement** does not cause it to be in breach

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of, or to otherwise be non-compliant with, any **Legal Requirement** and/or any agreement with any person;

20.2.2. it will not do anything in connection with this **Agreement** that will cause it to be in breach of, or to otherwise be non-compliant with, any **Legal Requirement** and/or any agreement with any person; and

20.2.3. save where the **Provider** has sought and been granted written consent by the **Company** (such consent to be at the **Company's** sole discretion) and **[save in relation to a Permitted Service]**<sup>15</sup>, it is not a party to an agreement or arrangement with the **Company** or any **DNO** or electricity supplier or other person to provide any service from the **Facility** which may impair the **Provider** being **Available** and/or its ability to provide the **Stability Compensation Service** and/or perform its obligations under this **Agreement**. The **Provider** repeats this warranty and representation on acknowledgement of each **Instruction**.

20.3. In the event that any warranty or representation made under Clause 20.2 is breached, the **Provider** shall indemnify the **Company** against all and any losses, liabilities, claims and expenses that may be suffered or incurred by the **Company** as a direct result of that breach and all and any claims and demands which may be brought against the **Company** by any other person connected to or using the **User System** of a **DNO** or any other **User System** or the owner or operator of any **User System** or any other person whatever arising out of or resulting from such breach. Any legal costs and expenses reasonably incurred in the contesting of such claims, including the court costs and the reasonable fees of lawyers and other professional advisers, shall be treated as direct losses.

## **21. CHANGE IN LAW**

21.1. If a **Relevant Change in Law** occurs that:

21.1.1 requires a change in the **Provider's** policies or practices in operating the **Facility**; or

21.1.2. materially increases or decreases the **Provider's** costs of performing this **Agreement**, either **Party** may by not less than ten (10) **Business Days** notice to the other require the other **Party** to meet and the **Parties** shall in good faith seek to agree any changes in operating practice and/or any changes which should be made to this **Agreement** as are necessary to achieve (insofar as possible) the same balance of benefits, liabilities, risk and reward between the **Parties** in respect of the subject matter of this **Agreement** as applied immediately prior to the **Relevant Change in Law** ("**Required Changes**").

21.2 Neither **Party** shall be liable to the other **Party** for a failure to perform any obligation under this **Agreement** which becomes prohibited or otherwise impossible to perform by reason of a **Change in Law**.

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<sup>15</sup> This will require further consideration in light of the requirement for additionality  
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**22. CUSC**

The provisions of Paragraphs 6.14 (*Transfer and Sub-contracting*), 6.20 (*Waiver*), 6.21 (*Notices*), 6.22 (*Third Party Rights*), 6.23 (*Jurisdiction*), 6.24 (*Counterparts*), 6.25 (*Governing Law*) and 6.26 (*Severance of Terms*) of the **CUSC** shall apply to this **Agreement** as if set out in full herein

**23. ANTI-BRIBERY**

23.1. Each **Party** shall:

23.1.2. comply with all **Anti-Bribery Laws**;

23.1.3. not engage in any activity, practice or conduct which would constitute an offence under sections 1, 2 or 6 of the **Bribery Act** if such activity, practice or conduct had been carried out in the UK;

23.1.4. have and shall maintain in place throughout the term of this **Agreement** its own policies and procedures, including **Adequate Procedures** to ensure compliance with the **Anti-Bribery Laws**, and this Clause 23.1, and will enforce them where appropriate; and

23.1.5. procure and ensure that all of its **Associated Persons** and/or other persons who are performing services and/or providing goods in connection with this **Agreement** comply with this Clause 23.

23.2. Without prejudice to any other rights or remedies either **Party** may terminate this **Agreement** on written notice to the other **Party** specifying the date on which this **Agreement** will terminate in the event of a breach of this Clause 23.

**24. EMR**

24.1. Notwithstanding any confidentiality obligations and any restriction on the use or disclosure of information set out in this **Agreement**, the **Provider** consents to the **Company** and each of its subsidiaries using all and any information or data supplied to or acquired by it in any year under or in connection with this **Agreement** for the purpose of carrying out its **EMR Functions**.

24.2. The provisions relating to the resolution of disputes set out in this **Agreement** (if any) are subject to any contrary provision of an **EMR Document**.

24.3. Where for the purposes of this provision only:

“**AF Rules**” has the meaning given to “allocation framework” in section 13(2) of the Energy Act 2013;

“**Capacity Market Rules**” means the rules made under section 34 of the Energy Act 2013 as modified from time to time in accordance with that section and The Electricity Capacity Regulations 2014;

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**“EMR Document”** means The Energy Act 2013, The Electricity Capacity Regulations 2014, the Capacity Market Rules, The Contracts for Difference (Allocation) Regulations 2014, The Contracts for Difference (Definition of Eligible Provider) Regulations 2014, The Contracts for Difference (Electricity Supplier Obligations) Regulations 2014, The Electricity Market Reform (General) Regulations 2014, the AF Rules and any other regulations or instruments made under Chapter 2 (contracts for difference), Chapter 3 (capacity market) or Chapter 4 (investment contracts) of Part 2 of the Energy Act 2013 which are in force from time to time; and

**“EMR Functions”** has the meaning given to “EMR functions” in Chapter 5 of Part 2 of the Energy Act 2013.

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

**SIGNED on behalf of** )  
**NATIONAL GRID ELECTRICITY** )  
**SYSTEM OPERATOR LIMITED** )

**SIGNED on behalf of** )  
**[Provider name]** )

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**SCHEDULE A – Definitions**

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<b>“Acceptable Security”</b>	<p>(i) an on-demand without proof or conditions irrevocable performance bond or guarantee in a form reasonably satisfactory to the <b>Company</b> issued by a <b>Rated Bank</b> payable in Sterling in London; or</p> <p>(ii) an irrevocable standby letter of credit in a form reasonably satisfactory to the <b>Company</b> issued by a <b>Rated Bank</b> payable in Sterling in London; or</p> <p>(iii) a cash deposit in Sterling in an <b>Escrow Account</b>;</p> <p>(iv) a parent company guarantee in terms and from an issuer satisfactory to the <b>Company</b>; or</p> <p>(v) such other form of security acceptable to the <b>Company</b> which shall be in such form as is included in the <b>Company’s [Credit Policy Statement]</b>,</p> <p>in each case, for an amount equal to the <b>Secured Amount</b> from time to time;</p>
<b>“Adequate Procedures”</b>	shall be determined in accordance with section 7(2) of the <b>Bribery Act</b> (and any guidance issued under section 8 of that Act);
<b>“Agreement”</b>	this agreement (including the Schedules and the Appendices thereto) as amended, extended, supplemented, novated or modified from time to time;
<b>“Annual Reconciliation Payment”</b>	has the meaning given to that term in Clause 5.2.2 ( <i>Service Fees</i> );
<b>“Anti-Bribery Laws”</b>	shall mean all applicable laws, statutes, regulations, and codes of mandatory application relating to anti-bribery and anti-corruption including but not limited to the <b>Bribery Act</b> ;
<b>“Associated Person”</b>	shall have the meaning ascribed to it in section 8 of the <b>Bribery Act</b> and shall include but is not limited to any employees, agents and/or subcontractors of the <b>Provider</b> or the <b>Company</b> as applicable in relation to the provision of the <b>Stability Compensation Service</b> ;
<b>“Approved Outage”</b>	means a planned outage of the <b>Facility</b> the times and dates for which are specified in the <b>Maintenance Plan</b> ;
<b>“Authority”</b>	means the Gas and Electricity Markets Authority;
<b>“Available”</b>	means the <b>Facility</b> is capable of <b>Energising</b> and <b>Synchronising</b> in response to an <b>Instruction</b> and providing either <b>SCL Capability</b> or <b>Inertia Capability</b> (or both) at the

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	<p><b>Point of Stability</b> (excluding any period in which the <b>Facility</b> is expressly treated as not available for the <b>Stability Compensation Service</b>) and the terms “<b>Availability</b>”, “<b>Unavailable</b>” and “<b>Unavailability</b>” shall be construed accordingly;</p>
“ <b>Availability Payment</b> ”	has the meaning given to it in Clause 5.1.1 ( <i>Service Fees</i> );
“ <b>Availability Rebate</b> ”	has the meaning given to that term in Clause 5.2.1 ( <i>Service Fees</i> );
“ <b>Balancing and Settlement Code</b> ” or “ <b>BSC</b> ”	as defined in the <b>Company’s Licence</b> ;
“ <b>Base Rate</b> ”	means the Bank of England Official Rate from time to time provided that, if at any time the Bank of England Official Rate is a negative rate, then 0%;
“ <b>BM Unit</b> ”	has the meaning set out in the <b>BSC</b> , except for the purposes of this <b>Agreement</b> the reference to “a Party” in the <b>BSC</b> shall be a reference to the <b>Provider</b> ;
“ <b>Bribery Act</b> ”	the Bribery Act 2010;
“ <b>Business Day</b> ”	a week-day (other than a Saturday or a Sunday) on which banks are open for domestic business in the City of London;
“ <b>Change in Law</b> ”	means the occurrence of any of the following events after the date of this <b>Agreement</b> :  (a) the coming into effect of any <b>Law or Directive</b> that is not in effect as at the date of this <b>Agreement</b> ;  (b) the repeal, replacement or amendment of any <b>Law or Directive</b> ; or  (c) a change in the interpretation of any <b>Competent Authority</b> of any <b>Law or Directive</b> ;
“ <b>Commercial Operations Date</b> ”	means the day after the date on which the <b>Company</b> notifies the <b>Provider</b> that the <b>Facility</b> has passed the <b>Proving Test</b> ;
“ <b>Competent Authority</b> ”	means the <b>Authority</b> or any local, national or supra-national agency, authority, department, inspectorate, minister, official, court, tribunal or public or statutory person (whether autonomous or not) of the United Kingdom (or the government thereof) which have jurisdiction over the <b>Company</b> or the subject matter of this <b>Agreement</b> ;

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<b>“Conditions Precedent”</b>		has the meaning given to it in Clause 2.2 ( <i>Commencement and Term</i> );
<b>“Connection Site”</b>		the location more particularly described in the <b>Bilateral Agreement</b> ;
<b>“Connection and Use of System Code” or “CUSC”</b>		the connection and use of system code drawn up pursuant to the <b>Transmission Licence</b> as from time to time revised in accordance with the <b>Transmission Licence</b> ; references in this <b>Agreement</b> to any specific provision or part of the Connection and Use of System Code shall be construed as references to such provision or part as from time to time amended;
<b>“Contract Rate”</b>		means the rate (expressed in £/ <b>Settlement Period</b> ) to be used for the calculation of <b>Availability Payments</b> specified by the <b>Provider</b> in its <b>Tender Submission</b> and set out in Schedule B, Part B;
<b>“Contract Year”</b>		means each period of twelve (12) calendar months commencing on 1 April in each year of the <b>Service Term</b> save that the first such year (“ <b>Contract Year 1</b> ”) shall commence on the <b>Commercial Operations Date</b> and end on the next following March 31. The expression “ <b>Contract Year 4</b> ” and similar expressions shall be construed accordingly;
<b>“Contracted Capability”</b>	<b>Inertia</b>	the <b>Tendered Inertia Capability</b> of the <b>Facility</b> as the same may be amended from time to time in accordance with Clause 6.4;
<b>“Contracted Capability”</b>	<b>Reactive</b>	the <b>Tendered Reactive Capability</b> of the <b>Facility</b> as the same may be amended from time to time in accordance with Clause 6.4;
<b>“Contracted Capability”</b>	<b>SCL</b>	the <b>Tendered SCL Capability</b> of the <b>Facility</b> as the same may be amended from time to time in accordance with Clause 6.4;
<b>“Coronavirus”</b>		has the meaning given to it in the Coronavirus Act 2020, as at the date hereof;
<b>“Coronavirus Disease”</b>		has the meaning given to it in the Coronavirus Act 2020, as at the date hereof;
<b>“CP Date”</b>		the date falling thirty (30) <b>Business Days</b> after the date of this <b>Agreement</b> ;
<b>[“Credit Statement”</b>	<b>Policy</b>	the policy statement setting out the <b>Company’s</b> credit requirements for <b>[Balancing Services counterparties]</b> as published from time to time on the <b>Company’s</b> web site;]

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- “Delay Event”** means: (i) any event of **Force Majeure** that delays the implementation of the **Works**; (ii) any failure to schedule a **Proving Test** within [ ] days of the **Provider’s** notice under Clause 3.5 that is due to any act or omission of the **Company**; or (iii) [any change required by the **Company** to the **Works** or the **Project Plan**];
- “Distribution Licence”** means a licence issued under section 6(1)(c) of the Electricity Act 1989;
- “Distribution Network Operator” or “DNO”** a holder of a **Distribution Licence** relating to distribution activities in Great Britain, who was the holder of, or is a successor to a company which was the holder of a licence under section 6(1)(c) of the **Act** prior to the coming into force of section 30 of the Utilities Act 2000;
- “EDL”** means the electronic despatch logging mechanism by which the **Company** communicates with the **Provider** and the **Provider** communicates with **Company** in respect of the **Facility** for the purposes of sending and acknowledging **Instructions** and **Instructions to End**;
- “Escrow Account”** means a separately designated interest-bearing bank account in the name of the **Company** established by a mandate in such terms as the **Company** may require and signed by both the **Company** and the **Provider** at a branch of Barclays Bank PLC or another bank in the City of London as notified by the **Company** to the **Provider**;
- “Expert”** has the meaning given to that term in Clause 15.2;
- “Facility”** means the facility described in Schedule B, Part A;
- “Force Majeure”** in relation to either **Party** any event, circumstance or condition which is beyond the reasonable control of such **Party** (not being, without limitation an event or circumstance caused by the negligence or lack of care and attention of that **Party** or its officers or employees, agents, contractors and sub-contractors) which, despite the reasonable endeavours of the **Party** claiming **Force Majeure** to prevent it or mitigate its effects, causes delay or disruption in the performance of any obligation imposed hereunder, but subject thereto including act of God, epidemic or pandemic, strike, lockout or other industrial disturbance, act of the public enemy, war declared or undeclared, threat of war, terrorist act, blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, lightening, fire, storm, flood, earthquake, accumulation of snow or ice, lack of water arising from weather or environmental problems, explosion, governmental restraint, **Act** of Parliament, other legislation,

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by law and Directive (not being any order, regulation or direction under Section 32, 33, 34 and 35 of the Act) provided always that neither: (i) lack of funds, or (ii) restrictions imposed on the operation of the **Facility** by the **Local TO**, shall not be interpreted as a cause beyond the reasonable control of that **Party**;

**“Good Industry Practice”** in relation to any undertaking and any circumstances the exercise of that degree of skill, care and diligence which would reasonably and ordinarily be expected from an experienced operator engaged in the same or similar type of undertaking under the same or similar circumstances;

**“Grid Code”** has the meaning given to it in the **Company’s Licence**;

**“Grid Entry Point”** has the meaning given to it in the **Grid Code**;

**“Grid Forming Capability”** means in relation to a **Power Generating Module, HVDC System, Generating Unit, Power Park Module, DC Converter, OTSDUW Plant and Apparatus, Electricity Storage Module or Dynamic Reactive Compensation Equipment**, its **Active Power** output is directly proportional to the magnitude and phase of its **Internal Voltage Source**, the magnitude and phase of the voltage at the **Grid Entry Point** or **User System Entry Point** and the sine of the **Load Angle** without any control actions occurring in the associated control system. As a consequence, a **Plant** which has a **Grid Forming Capability** is one where the frequency of rotation of the **Internal Voltage Source** is the same as the **System Frequency** for normal operation, with only the **Load Angle** defining the relative position between the two.

The associated control system can vary the magnitude of the **Control Based Real Power** and **Control Based Reactive Power** supplied at the **Grid Entry Point** or **User System Entry Point** either to add damping or to respond to defined external control requirements, however these **Control Based** changes can only happen slowly with a bandwidth below 5 Hz<sup>16</sup>;

**“Grid Forming Plant”** a **Power Generating Module, HVDC System, Generating Unit, Power Park Module, DC Converter, OTSDUW Plant and Apparatus, Electricity Storage Module or Dynamic Reactive Compensation Equipment** which has a **Grid Forming Capability**<sup>17</sup>;

**“Inertia Capability”** in relation to the **Facility**, its ability to provide **Inertia Power**,

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<sup>16</sup> Based on a draft Grid Code definition which might need to be updated.

<sup>17</sup> Based on a draft Grid Code definition which might need to be updated.

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stated as at the **Point of Stability**;

- “Inertia Power”** has the meaning given to it in Part A of Schedule E;
- “Indicative Post Tender Milestones”** means those indicative milestones, and requisite evidence, set out in Schedule C;
- “Industry Document”** the **Licences**, the **BSC**, the **CUSC**, the **Grid Code** and all other agreements, documents or codes with which the **Provider** is obliged to comply under the **Act** or its **Licence**;
- “Instructed Settlement Period”** means a **Settlement Period** that is subject to an **Instruction**;
- “Instruction”** has the meaning given to it in Clause 4.5;
- “Instruction to End”** has the meaning given to it in Clause 4.5;
- “Internal Voltage Source”** means:
- (a) in relation to a **Grid Forming Synchronous Generating Unit** a real magnetic field, that rotates synchronously with the **System Frequency** under normal operating conditions, which induces an **Internal Voltage Source** in the stationary generator winding that has a real impedance; or
  - (b) for a **Grid Forming Electronic Power Converter** it uses switched power electronic devices to produce a real voltage waveform, with harmonics, that has a fundamental component that rotates synchronously with the **System Frequency** under normal operating conditions to produce the real **Internal Voltage Source** that is connected to a one or more real impedances;<sup>18</sup>
- “ITT”** has the meaning given to it in recital A;
- “LAD Cap”** means a sum equal to the **LAD Rate** multiplied by 180 days;
- “LAD Rate”** means a daily rate equal to the **Contract Rate** multiplied by the number of **Settlement Periods** in the day;
- “Law or Directive”**
- (a) any law (including the common law);
  - (b) any statute, statutory instrument, regulation, instruction, direction, rule or requirement of any **Competent Authority**;
  - (c) any condition or other requirement of any **Licence** or other

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<sup>18</sup> Based on a draft Grid Code definition which might need to be updated.  
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required authorisation, licence, consent, permit or approval (or of any exemption from the requirement to have the same); and

(d) any provision of any **Industry Document**;

<b>“Legal Requirement”</b>	has the meaning given to it in the BSC;
<b>“Licence”</b>	means a licence issued under section 6(1) of the Electricity Act 1989;
<b>“Local TO”</b>	means the owner of that part of the <b>NETS</b> to which the <b>Facility</b> is connected or (in the case of an embedded <b>Facility</b> ) the owner of that part of the <b>NETS</b> in which the associated <b>Grid Supply Point</b> is located;
<b>“Maintenance Plan”</b>	has the meaning given to it in Clause 4.10;
<b>“Monitoring Equipment”</b>	all monitoring equipment required under ECC6.6 of the <b>Grid Code</b> ;
<b>“National Electricity Transmission System” or “NETS”</b>	has the meaning given to that term in the <b>Company’s Licence</b> ;
<b>“Party Liable”</b>	has the meaning given to it in Clause 11.1 ( <i>Limitation of Liability</i> );
<b>“Permitted Service”</b>	[participation in the Balancing Mechanism, Response, Reserve, Constraint Management, Enhanced Reactive, wholesale electricity market, Capacity Market and Black Start and such other services as the <b>Company</b> may from time to time notify to all providers of the <b>Stability Compensation Service</b> <sup>19</sup> ];
<b>“Phase 1 Post Tender Milestones”</b>	means the milestones, and requisite evidence, agreed by the <b>Company</b> and the <b>Provider</b> as part of the <b>Provider’s Tender Submission</b> to be achieved by the <b>Phase 1 PTM Date</b> , set out in Part A of Schedule C;
<b>“Phase 2 Post Tender Milestones”</b>	means the milestones, and requisite evidence, agreed by the <b>Company</b> and the <b>Provider</b> as part of the <b>Provider’s Tender Submission</b> to be achieved by the <b>Phase 2 PTM Date</b> , set out in Part B of Schedule C;
<b>“Phase 1 PTM Date”</b>	means the date on which the <b>Provider’s</b> achievement of the <b>Phase 1 Post Tender Milestones</b> is to be assessed, being the date falling twelve (12) months prior to the <b>Scheduled</b>

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<sup>19</sup> Note: this list of services is indicative only and may need to be revised in the light of the additionality requirements.

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**Commercial Operations Date;**

- “Phase 2 PTM Date”** means the date on which the **Provider’s** achievement of the **Phase 2 Post Tender Milestones** is to be assessed, being the date falling six (6) months prior to the **Scheduled Commercial Operations Date**;
- “Point of Stability”** the point on the **NETS** (at 132kV or higher) where the **Facility** is directly or radially connected, being the point where, unless otherwise stated, the **Stability Compensation Service** must be delivered;
- “Post Tender Milestones”** means either the **Phase 1 Post Tender Milestones** or the **Phase 2 Post Tender Milestones** (as the context so requires);
- “Power System Stabiliser” or “PSS”** has the meaning given to it in the **Grid Code**;
- “Project Plan”** the plan setting out the **Scheduled Operations Date** and the associated milestones submitted by the **Provider** in its **Tender Submission** as the same may be varied from time to time in accordance with Clause 3.2;
- “Proving Test”** a proving test of the **Facility** undertaken in accordance with Clause 3.5 or a proving test of a **Substitute Facility** undertaken in accordance with Clause 4.12, in either case, in compliance with the principles set out in Schedule D Part A to verify that the **Facility** is capable of providing the **Stability Compensation Service** in accordance with the **Technical Performance Requirements**, including the **Contracted Inertia Capability, Contracted Reactive Capability** and **Contracted SCL Capability**;
- “Post Tender Milestones”** means either the **Phase 1 Post Tender Milestones** or the **Phase 2 Post Tender Milestones** (as the context so requires);
- “PTM Date”** means either the **Phase 1 PTM Date** or the **Phase 2 PTM Date** (as the context so requires);
- “Rated Bank”** means a City of London branch of a bank with a rating of at least A- (Standard and Poor’s long term rating) or A3 (Moody’s long term rating);
- “Reactive Capability”** the ability of the **Facility** to absorb or produce **Reactive Power** being the **Contracted Reactive Capability** stated as at the **Point of Stability**;

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- “**Reactive Power**” has the meaning given to it in the **Grid Code**;
- “**Reactive Power Fee**” means the amount (expressed in £/Mvarh) specified for the relevant month in the column headed “X=1” in the document titled, “Obligatory Reactive Power Service Default Payment Rates” published each month on the National Grid web site;
- “**Reactive Power Mode**” means ‘target voltage mode’ or ‘constant Mvar mode’ as described in the **Technical Performance Requirements**;
- “**Reactive Power Payment**” has the meaning attributed to it in Clause 5.1.2.;
- “**Redeclaration**” has the meaning attributed to it in Clause 4.3;
- “**Relevant Change in Law**” means a **Change in Law** that:
- a) was not, acting in accordance with **Good Industry Practice**, reasonably foreseeable by the **Provider** as at the date of this **Agreement**; and
  - b) affects the provision of the **Stability Compensation Service** or other similar services but not one which affects the operation of the **Facility** in general;
- “**Reproving Test**” in relation to the **Facility**, a test undertaken in accordance with Clause 6 in compliance with the principles set out in Schedule D Part B to verify that the **Facility** is capable of providing the **Stability Compensation Service** in accordance with the **Technical Performance Requirements**, including the **Contracted Inertia Capability**, **Contracted Reactive Capability** and **Contracted SCL Capability**;
- “**Restoration Notice**” has the meaning attributed to it in Clause 4.4;
- “**Retired Facility**” has the meaning attributed to it in Clause 4.12;
- “**Scheduled Commercial Operations Date**” [ ]<sup>20</sup>, being the date specified by the **Provider** in the **Project Plan** by which it expects to have completed the **Works** and the **Facility** to have passed the **Proving Test**;
- “**SCL Capability**” in relation to the **Facility**, its short circuit level contribution;
- “**Secured Amount**” an amount equal to the **Provider’s** maximum potential liability outstanding from time to time in respect of liquidated damages payable in accordance with Clause 3.7;

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<sup>20</sup> To be taken from the relevant Provider’s Tender Submission and will need to be inserted following the award a contract.

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“Service Term”		means the period commencing at 00:00:00 hours on the <b>Commercial Operations Date</b> and ending at 23:59:59 on 31 <sup>st</sup> March 2030;
“Settlement Run”		has the meaning attributed to it in the <b>BSC</b> ;
“Stability Compensation Service”		means the service of making the <b>Facility Available</b> and responding to the <b>Company’s Instructions</b> in accordance with this <b>Agreement</b> ;
“Substitute Facility”		has the meaning attributed to it in Clause 4.12;
“Synchronised”		the condition where the <b>Facility</b> is connected to the busbars of the <b>Total System</b> so that the frequencies and phase relationships of the <b>Facility</b> and the <b>Total System</b> are identical, like terms shall be construed accordingly e.g. “ <b>Synchronism</b> ”;
“Synchronous Compensation”		means the operation of rotating synchronous apparatus for the specific purpose of providing this <b>Stability Compensation Service</b> ;
“Technical Performance Requirements”		those technical, performance and other requirements set out or referred to in Schedule E, including the <b>Contracted Inertia Capability</b> , the <b>Contracted Reactive Capability</b> and the <b>Contracted SCL Capability</b> ;
“Tender”		means the procurement process for the provision of the <b>Stability Compensation Service</b> undertaken pursuant to the <b>ITT</b> ;
“Tendered Inertia Capability”	<b>Inertia</b>	the level of <b>Inertia Capability</b> specified in the <b>Provider’s Tender Submission</b> ;
“Tendered Reactive Capability”	<b>Reactive</b>	the level of <b>Reactive Capability</b> specified in the <b>Provider’s Tender Submission</b> ;
“Tendered SCL Capability”	<b>SCL</b>	the level of <b>SCL Capability</b> specified in the <b>Provider’s Tender Submission</b> ;
“Tender Submission”		a submission made in response to the <b>ITT</b> ;
“Termination Sum”		means an amount equal to [seventy-five per cent (75%)] of the <b>LAD Cap</b> ;
“Transmission Interface Point”		has the meaning given to it in the <b>Grid Code</b>
“User System Entry Point”		has the meaning given to it in the <b>Grid Code</b> ;

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**“Works”**

means [the design, construction, commissioning and testing of the **Facility**] [the modification, commissioning and testing of the **Facility**], including the **Monitoring Equipment**<sup>21</sup>.

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<sup>21</sup> Delete whichever option does not apply. It is assumed that, in the case of existing plant, some Works will be required to modify the Facility.

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**SCHEDULE B – Provider Details<sup>22</sup>**

**Part A – Facility**

[REDACTED]

**Part B – Contract Rate**

(in £/Settlement Period) [£ [REDACTED] ]

**Part C – Reactive Meter Details**

<u>BM Unit No</u>	<u>Metering Subsystem ID</u>	<u>Outstation ID</u>	<u>Channel Number</u>	<u>Meter Register ID</u>	<u>Measurement Quantity ID (RI or RE)</u>	<u>Loss Adjustment Factor</u>

<sup>22</sup> This schedule sets out the specific details – namely the Facility in Part A and the Contract Rate in Part B  
11535416.1

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**SCHEDULE C – Post Tender Milestones<sup>23</sup>**

**Part A – Phase 1 Post Tender Milestones**

	<b>Milestone</b>	<b>Evidence Required</b>
1.	Agreed financing in place sufficient to fund completion of the <b>Works</b> .	Evidence should include internal governance sign-off and, where third party funding is required, a Letter of Intent from the funding party (subject to that party's due diligence process), confirming that there are no conditions of that financing that may negatively impact on the provision of the <b>Stability Compensation Service</b> . The documentation must be specific to the <b>Provider</b> and the <b>Facility</b> .
2.	The grant by the relevant local planning authority (on terms and conditions reasonably acceptable to the <b>Company</b> ) of permission for the proposed erection, construction operation and/or site clearance required (including all and any ancillary erections, structures and equipment, plant and apparatus) and use of the <b>Facility</b> for the provision of the <b>Stability Compensation Service</b> in accordance with the terms of the <b>Agreement</b> .	Copy of all relevant consents or (at the <b>Company's</b> sole discretion) a declaration by the <b>Provider</b> that it has obtained the necessary planning permission) that may be required to enable the <b>Provider</b> to deliver its project for the purposes of providing the <b>Stability Compensation Service</b> in accordance with the terms of the <b>Agreement</b>
3.	The <b>Provider</b> has either a leasehold or freehold interest in land upon which the <b>Facility</b> is (or is to be) situated	Evidence to the <b>Company's</b> reasonable satisfaction which may (at the <b>Company's</b> sole discretion) be by way of a declaration by the <b>Provider</b> that it has met these obligations.
4.	The <b>Provider</b> has commenced development and construction operations at the site.	Evidence (to the <b>Company's</b> reasonable satisfaction) or (at the <b>Company's</b> sole discretion) a declaration by the <b>Provider</b> that it has met these obligations.
5.	The <b>Provider</b> has in place (as can reasonably be expected to be in place by the <b>PTM Date</b> ), without limitation, those consents, permissions, approvals, licences, exemptions and other permits (in	Evidence to the <b>Company's</b> reasonable satisfaction which may (at the <b>Company's</b> sole discretion) be by delivering certified copies of licences, exemptions and other permits and consents (in legally effectual

<sup>23</sup> The **Indicative Post Tender Milestones** set out above will be discussed with the **Company** during the **Tender** process and the **Provider** may (acting in good faith) indicate any other milestones (and the suggested evidence) which it considers appropriate to its proposed solution. This schedule shall then be amended accordingly

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	<p>legally effectual form) as may be necessary to commence, carry out, maintain and ensure the provision of the <b>Stability Compensation Service</b> in accordance with the terms of the <b>Agreement</b>.</p>	<p>form) or by a certificate from an independent consultant (based in the United Kingdom and who has sufficient experience and expertise in assessing the consenting requirements for the construction and operation of facilities similar to the <b>Provider's</b> system) that the <b>Provider</b> has, or can reasonably be expected to have, the necessary consents, permissions, approvals, licences, exemptions and other permits in place to enable the <b>Provider</b> to perform the <b>Stability Compensation Service</b> in accordance with the terms of the <b>Agreement</b> by no later than the <b>Commercial Operations Date</b>.</p>
6.	<p>Entry by the <b>Provider</b> into a binding agreement (on terms acceptable to the <b>Company</b>) for the connection of the <b>Facility</b> to the public electricity supplier distribution system or to the <b>National Electricity Transmission System</b> to receive a supply or electricity from and export electricity into the <b>Distribution System</b> or the <b>National Electricity Transmission System</b>.</p>	<p>Unless evidence was fully provided at the <b>Tender</b> stage, evidence to the <b>Company's</b> reasonable satisfaction or (at the <b>Company's</b> sole discretion) a declaration by the <b>Provider</b> that it has entered into a suitable grid connection agreement that will enable the <b>Provider</b> to deliver the <b>Stability Compensation Service</b> in accordance with the terms of the <b>Agreement</b>.</p>
7.	<p>The <b>Provider</b> has put in place the necessary orders for all necessary plant, equipment, apparatus, machinery and other materials with long procurement and/or delivery periods.</p>	<p>Evidence to the <b>Company's</b> reasonable satisfaction.</p>
8.	<p>Entry by the <b>Provider</b> into a binding engineering procurement and construction contract and/or a supply agreement with an original equipment manufacturer (as applicable) for the provision of relevant equipment and services in developing the <b>Facility</b> (including all ancillary and associated works in relation thereto) on terms and conditions reasonably acceptable to the <b>Company</b>.</p>	<p>Unless a contract was entered into at the <b>Tender</b> stage, evidence to the <b>Company's</b> reasonable satisfaction which may be by way of a certificate from an independent consultant who has sufficient experience and expertise in assessing the necessary requirements for the construction and operation of facilities similar to the <b>Provider's</b> system in the United Kingdom that, given the terms of such agreements, there is a reasonable prospect of the <b>Facility</b> being <b>Commissioned</b> in time to deliver the <b>Stability Compensation Service</b> by no later than the <b>Scheduled Operations Date</b>.</p>

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**Part B – Phase 2 Post Tender Milestones**<sup>24</sup>

1.	All plant and equipment required for the operation of the <b>Facility</b> has been delivered to site and is ready for installation.	Evidence to the <b>Company's</b> reasonable satisfaction.
2.	The <b>Provider</b> has in place all remaining (not covered by the <b>Phase 1 Post Tender Milestones</b> ) consents, permissions, approvals, licences, exemptions and other permits (in legally effectual form) as may be necessary to complete, maintain and ensure the provision of the <b>Stability Compensation Service</b> in accordance with the terms of the <b>Agreement</b> .	Evidence to the <b>Company's</b> reasonable satisfaction which may (at the <b>Company's</b> sole discretion) be by way of a certificate from an independent consultant (based in the United Kingdom and who has sufficient experience and expertise in assessing the consenting requirements for the construction and operation of facilities similar to the <b>Provider's</b> system) that the <b>Provider</b> has (in the opinion of the independent consultant), all the necessary consents, permissions, approvals, licences, exemptions and other permits in place to enable the <b>Provider</b> to provide the <b>Stability Compensation Service</b> in accordance with the terms of the <b>Agreement</b> by no later than the <b>Scheduled Operations Date</b> .

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<sup>24</sup> These Milestones are indicative and should be refined in the Tender Submission 11535416.1

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**SCHEDULE D – Proving Tests and Repeating Tests**<sup>25</sup>

**Part A – Proving Test**

The **Provider** agrees that it or its agent shall undertake a **Proving Test** ahead of the **Commercial Operations Date** to ensure operability of the **Stability Compensation Service** and to test whether the **Facility** is capable of providing the **Reactive Capability**, the **Inertia Capability** and the **SCL Capability**, specified in the **Provider's Tender Submission**.

The level and scope of tests required will depend on the solution and build programme, but will include (without limitation) the following tests:

- Open circuit test
- On load Voltage steps
- Transforming tapping
- Under-excitation limiter
- Over-excitation limiter
- Physical testing to demonstrate that the performance of the **Facility** matches the performance submitted in the feasibility study. including (without limitation):
  - demonstration of the value and behaviour of inertia meeting those set out in schedule E
  - demonstration of the value and behaviour of Short Circuit Level meeting those set out in schedule E

The **Company** shall provide a full set of test requirements no less than 1 year before the **Scheduled Operations Date**.

**Part B – Repeating Test**

The **Provider** agrees that it or its agent shall undertake **Repeating Tests** (including any re-tests), if required, during the **Service Term**, where requested by the **Company** in accordance with the provisions of Clause 6 (*Repeating Test*) of this **Agreement** to test whether the **Facility** is capable of providing the **Stability Compensation Service**, including the **Contracted Reactive Capability**, **Contracted SCL Capability** and **Contracted Inertia Capability**.

The level and scope of tests required will depend on the technology of the **Facility** and will include those tests specified in Part A. The **Company** may require the **Provider** to undertake any additional tests it considers necessary to identify the cause of any suspected non-compliance with the requirements of this **Agreement**.

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<sup>25</sup> This schedule is subject to review and updating  
11535416.1

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**SCHEDULE E - Technical Performance Requirements**

**Definitions**

**Part A - Stability Requirements**

1. The **Facility** must be able to:

1.1.1 ensure that during a fault, the short circuit level contribution from the **Facility** will be **XX** MVA at the point of stability. Short circuit level defined as in Equation 1

**Short circuit level (MVA) =  $\sqrt{3}$  \* Rated voltage (kV) \* Fault current(kA)**

Equation 1

Where:

the fault current is defined as the instantaneous positive sequence RMS fault current seen at 100ms after a 3-phase symmetrical fault at the **Point of Stability**;

and rated voltage is defined as the voltage of first busbar at the **Point of Stability**.

1.1.2 Provide an inertia response with an inertia of **XX** MW.s or MJ.

Inertia shall be defined as in Equations 2 and 3:

$$\text{Inertia} = H \times S_{\text{rating}} \quad \text{Equation 2}$$

$$H = \frac{\Delta P f_0}{2 S_{\text{rating}} \text{RoCoF}} \quad \text{Equation 3}$$

Where:

H is the inertia constant (s) defined in Equation 3

$S_{\text{rating}}$  is the solution rating (MVA)

$\Delta P$  is the solution active power output for a frequency event (MW)

$f_0$  is the pre-fault system frequency (Hz)

RoCoF is the rate of change of frequency of the system. (Hz/s).

For a GFC, H must be set such that inertia power is provided without hitting converter's overload or rated capability for a RoCoF of less than 1Hz/s.

***Fault ride-through and transient stabilisation requirement***

1.2 The **Facility** must be able to:

1.2.1 operate across a range of transmission short circuit levels between **[x]** and **[y]**<sup>26</sup>

1.2.2 fully comply with the applicable requirements of the **Grid Code** including but not limited to the Planning Code (PC), Connection Condition (CC's) or European Connection Condition (ECC's), Compliance Processes (CP's) or European Compliance Processes (ECP's), Operating Codes, Balancing Codes and Data Registration Code (DRC).

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<sup>26</sup> Values will be site specific and to be provided by the ESO at the feasibility stage (expected to within the range of 3-13 kA)

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For the avoidance of doubt where this contract refers to a specific section of **Grid Code** the **Facility** is expected to comply with the referred section in addition to its normal **Grid Code** obligations.

1.2.3 during a fault or voltage depression which falls below 0.9 pu at the point of stability, keep the phase, magnitude and frequency of the **Internal Voltage Source** fixed at its pre-fault value during and immediately after the fault. In the event that the resulting fault current would have exceeded its maximum overload capability or rated capability, a limited fault current can be supplied up to its maximum overload capability providing this value is reflected in Part A 1.1.1.

1.2.4 following an instantaneous vector shift/phase angle change at the **Point of Stability** provide an instantaneous response (starting within 5ms) in active and/ or reactive current proportional to the angle change up to the values in Part A 1.1.1 and Part A 1.1.2.

In the event that the resulting current would exceed the maximum overload capability or rated capability, a limited current can be supplied up to its maximum overload capability providing this value is reflected in Part A 1.1.1 and Part A 1.1.2.

1.2.5 inherently respond to a change in the system frequency by importing or exporting **Inertia Power** at the **Point of Stability** proportional to the rate of change of frequency of the system.

In the event that the resulting **Inertia Power** would have exceeded its maximum overload capability or rated capability, a limited **Inertia Power** can be supplied up to its maximum overload capability providing this value is reflected in Part A 1.1.1.

For the purposes of this Schedule E, "**Inertia Power**" means the (start of an) instantaneous short-term transfer of active power from the **Facility** to or from the system following a system frequency change as a result of an instantaneous change in generation or demand on the system. This should occur without the need for any change in the **Internal Voltage Source** of the **Facility**.

1.2.6 start importing or exporting **Inertia Power** to respond to a change in the system frequency within 5ms.

1.2.7 provide reactive current and **Inertia Power** response to the system consistent with the performance of a voltage source behind an effective impedance. For frequencies below 5Hz additional power transfer can occur due to control based real power requirements. The control system can respond to changes in external signals but with a bandwidth below 5 Hz to avoid AC system resonance problems.

1.2.8 provide continuous voltage support through the injection of reactive current during a fault condition as defined in ECC.6.3.15. During a fault or voltage disturbance, priority should be given to the injection of reactive current whilst ensuring that active power recovery satisfies the requirements of ECC.6.3.15 (as applicable), though equally the performance expected from a synchronous machine would also be considered appropriate for this requirement.

1.2.9 start responding within 5ms of fault clearance during an over-voltage condition at the point of stability, as described in paragraph 1.2.18, with reactive current absorption.

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- 1.2.10 in the event where the voltage at the **Grid Entry Point** or **User System Entry Point** falls below the voltage level specified in ECC.6.1.4, be capable of reactive current injection at the **Grid Entry Point** or **User System Entry Point** as soon as possible and starting within at least within 5ms of the voltage disturbance using the whole machine rating and proportional to the size of the voltage dip.
- In the event that the resulting reactive current injection current would have exceeded its maximum overload capability or rated capability, a limited current can be supplied up to its maximum overload capability.
- 1.2.11 ensure continuous and controllable operation shall be possible at all system voltages specified in ECC6.1.4.1 of the **Grid Code**.
- 1.2.12 ensure continuous and controllable operation shall be possible at all system frequencies specified in ECC6.1.2.1.2 of the **Grid Code**.
- 1.2.13 ensure continuous and controllable operation shall be possible at all system rate of change of frequencies up to 1Hz/s.
- 1.2.14 ride through voltage depressions at the **Grid Entry Point** or **User System Entry Point** or **Transmission Interface Point** of down to 0pu for up to 140ms.
- 1.2.15 ride through the family of voltage depressions curves defined in ECC.6.3.15.
- 1.2.16 withstand, and ride through, any rate of change of frequency occurring  $\leq 1\text{Hz/s}$  (for GFC  $\leq 2\text{ Hz/s}$ ) on average or in absolute change across a sampled window of 500ms.
- 1.2.17 withstand, and ride through, any rate of change of frequency instantaneously measured exceeding 1Hz/s within the sampled window period.
- 1.2.18 withstand an initial RMS over-voltage at the **Grid Entry Point** or **User System Entry Point** or **Transmission Interface Point**, of up to 1.4p.u. for 100ms after fault clearance followed by a reduction in over-voltage towards no more than 1.05pu as per the requirements of TGN(E)288.
- 1.2.19 confirm the ability of the facility to operate repeatedly through balanced and unbalanced faults and System disturbances each time the voltage at the **Grid Entry Point** or **User System Entry Point** or **Transmission Interface Point** falls outside the limits specified in ECC.6.1.4. Demonstration of this capability would be satisfied by **EU Generators** and **HVDC System Owners** and non-**CUSC Parties** supplying the protection settings of their **Grid Forming Plant**, informing the **Company** of the maximum number of repeated operations that can be performed under such conditions and any limiting factors to repeated operation such as protection or thermal rating.

### ***Power Oscillation Damping***

- 1.2.20 The **Facility** shall be capable of active and/or reactive power oscillation damping achieved over a duration of 20s. The power oscillation damping shall:
- 1.2.20.1 inherently or through a control system contribute to damping sub-synchronous frequency oscillations in the system's active or reactive power range over a frequency bandwidth of 0.3-2 Hz;

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- 1.2.20.2 inject active or reactive current <sup>27</sup>adequately in antiphase to achieve a reduction in oscillations (as described in 1.2.20.1) at the **Point of Stability**.
  - 1.2.20.3 change the amount of active or reactive current injection proportional to the amplitude of the oscillations;
  - 1.2.20.4 ensure the influence of any subsidiary control functions be no more than 10% of the machine rating.
- 1.2.21 If the **Facility** is to operate with a **Power System Stabilizers (PSS)** capability as specified through its **Bilateral Agreement** and the **Grid Code** then this PSS mode shall be used instead of the power oscillation damping specified in 1.2.20. If at any time during the length of the **Stability Compensation Service**, the **Facility** is not operating with a PSS then, the **Facility** will need to meet requirements set out in 1.1.20.

**Part B - Continuous Voltage Requirements**

**General requirement**

- 1. The **Facility** shall, following an **Instruction**, provide **Reactive Power** within the range set out in the following table<sup>28</sup>:

	MW	Minimum Mvar (+ve for lag, -ve for lead)	Maximum Mvar (+ve for lag, -ve for lead)
AT RATED MW			
AT FULL OUTPUT(MW)			
MINIMUM OUTPUT (MW)			

The reactive range values must be achievable at the **Grid Entry Point** or **User System Entry Point** or **Transmission Interface Point** as applicable. Operating at any point within this reactive range should not limit the ability to provide the stability requirements set out in Part A.

- 2. The **Facility's** excitation and voltage control shall be,
  - 2.1. In accordance with paragraph 3 if the facility is connecting as a generator or interconnector under the **Grid Code**, OR
  - 2.2. In accordance with paragraphs 4 if the facility is connecting as demand and/or is a OMW connection under the **Grid Code**.

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<sup>27</sup> If a solution has a source of active power, it is expected to inject active and reactive power as needed. For solutions without a source of active power, only reactive power injection is required.

<sup>28</sup> Reactive generation and absorption values to be as specified by the provider in its Tender Submission.

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### 3. Generation or interconnector connection

3.1. The **Facility's** excitation and voltage control shall be in accordance with the relevant section of the **Grid Code** as specified in the **Facility's Bilateral Agreement**.

### 4. Demand and/or 0 MW connection

#### 4.1. Control Modes: General

4.1.1. The **Facility** must be able to operate in either 'Target Voltage' or 'Constant MVAR' mode.

4.1.2. In 'Target Voltage' mode, the unit reactive power injected or absorbed shall be directly proportional to the deviation of the system (HV) voltage from the preselected 'Target Voltage'. In this mode, the **Facility** must also provide the stability requirements set out in Part A.

4.1.3. In 'Constant MVAR' mode, the MVAR output of the **Facility** equals the 'Target MVAR' setting. The **Facility** must still respond rapidly to sudden changes in system voltage, its output returning steadily to the target value over a definable subsequent period. In this mode, the **Facility** must also provide the stability requirements set out in Part A.

4.1.4. The **Facility** must be able to switch between 'Target Voltage' mode and 'Constant MVAR' mode on instruction from the company within an agreed time scale of no longer than 30 minutes.

#### 4.2. Target Voltage Mode

##### Slope Characteristic:

4.2.1. A change in voltage (at the point of connection to the **NETS**) shall cause a change in reactive current according to a linear slope characteristic, defined as the change in system voltage to cause the reactive power output of the **Facility** to move from zero to full capacitive (over-excited). Control according to the slope characteristic shall be achievable over the full range of reactive outputs and system voltages. Different slopes may be requested in the capacitive and inductive direction.

4.2.2. The slope shall be adjustable over the reactive range 2% to 7%. The setting tolerance shall be better than  $\pm 0.5\%$  of system voltage. The slope shall be adjustable remotely and following an instruction by the **Company**. The **Provider** must provide such data from the **Facility** as the **Company** reasonably requires for system modelling studies.

##### Float Condition:

4.2.3. The float condition, at which reactive power is zero, shall be changed by adjustment of target voltage (at the point of connection to the **NETS**) over the range 0.95 to 1.05 pu.

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4.2.4. The range of slope adjustments is to be available over the full range of target voltage adjustments.

### Response Time:

4.2.5. For a sustained change in the **NETS** voltage, the change in the sustained reactive power will be determined by the slope.

4.2.6. For a step change in the system voltage, the change in sustained reactive current will be achieved as follows;

4.2.6.1. 95% of the total change to be achieved within 1 second; and

4.2.6.2. all oscillations greater than 5% of full load current to have ceased within 5 seconds.

### 4.3. Constant MVAR Mode

4.3.1. The control system shall adjust the target voltage so that the MVAR output of the **Facility** equals the 'Constant MVAR' setting. The **Facility** will thus still respond rapidly to sudden changes in system voltage, its output returning steadily to within (+/- 2% of unit MVAR rating) of the target value over the subsequent 5 minute period.

4.3.2. Should the voltage on the **NETS** vary outside adjustable preset limits, the **Facility** must automatically be switched to Target Voltage Mode to control the abnormal system voltage. This change of operating mode shall be alarmed to alert the **Company** operator to a possible abnormal system condition. The preset limits shall be adjustable between 0.93 and 1.07 pu, with a resolution of 0.005 pu<sup>29</sup>.

4.3.3. The requirements of the 'Constant MVAR' mode must be achievable for all system short circuit levels specified in Part A 1.2.1. Constant MVAR control must be achievable at any MVAR output and at any system voltage within the limits defined in paragraph 1 of Part B and at any system voltage and frequencies as defined in 1.2.11 to 1.2.12 of Part A.

## **Part C - Control and Indication Facilities**

1. Where applicable, the transformer tap position shall be provided for by the **Provider** at the **Company's** operational metering system control and data acquisition (SCADA) outstation interface, as specified in the **Provider's Bilateral Agreement**.
2. Where applicable, the following facilities for voltage/reactive power control to the **Company's** instructions shall be provided by the **Provider** at a manned control point:
  - 2.1. Start-up of machine and transition to Stability Compensation mode.
  - 2.2. Shut-down of Stability Compensation mode.
  - 2.3. Target voltage setting (resolution 1kV) (for *Target Voltage* control mode).

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<sup>29</sup> Guidance on the behaviour of the target voltage mode outside of preset limit will be provided by the Company upon contract signature.

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- 2.4. Target MVAR setting (resolution 1MVAR) (for *Constant MVAR* control mode).
  - 2.5. Control mode selection (Target Voltage or Constant MVAR).
  - 2.6. Slope setting (range 2% to 7%, resolution 0.5%).
3. The following additional facilities for voltage/reactive power control shall be provided by the **Provider**. The **Provider** shall use all reasonable endeavours to adjust any of the following specified quantities on the **Company's** instruction within 24 hours' notice. Adjustments including 3.1 and 3.2 shall not be made unless instructed by the **Company**.
- 3.1. Change the time for switching between Target Voltage mode and Constant MVAR mode (The value shall be within the range 5 minutes to 30 minutes, with a resolution of 5 minutes).
  - 3.2. Change the voltage limits for transition to Target Voltage mode (The setting shall be within range 0.93 to 1.07 pu. with a resolution of 0.005 pu).

### **Part D - Model Provision**

The **Provider** will prior to commissioning the **Facility**, submit a steady state and transient model in accordance with Grid Code PC.A.5.3.2 c option 2 or PC.A.5.4.2 as appropriate. The **Company** may accept an open model (i.e. Transfer functions visible with no encryption on any block diagrams, equations or macros and not contain DLL code or requiring set up script to function) produced in DlgSILENT PowerFactory in a software version that is agreeable between the **Company** and the **Provider**.

The **Provider** must submit an EMT model in a software that is acceptable to the **Company** if the **Company** so requests before or after commissioning of the **Facility**.

The **Provider** will submit a performance chart in accordance with **Grid Code** OC2.4.2.1

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**SCHEDULE F - Payments**

**Part A – Availability Payment**

This Part A sets out the calculation of the payments in respect of **Availability** and comprises the following elements:

- A.1 the monthly **Availability Payment**;
- A.2 the monthly **Availability Rebate**;
- A.3 the **Annual Reconciliation Payment**; and
- A.4 the indexation of the **Contract Rate**.

**A.1 – Monthly Availability Payment**

A.1 The **Availability Payment**  $AP_m$  for each calendar month  $m$  in the **Contract Year** is calculated as:

$$AP_m = \sum_{jm} \left[ \frac{\{(AC_{ij} * \text{Max}(ASC_{ij}, FMA_j) * TA_i)\} + \{(AC_{sj} * \text{Max}(ASC_{sj}, FMA_j) * TA_s)\}}{CR_j} \right] / AP_d *$$

Where:

$\sum_{jm}$	is the summation for all <b>Settlement Periods</b> $j$ in calendar month $m$ ;
$AC_{ij}$	is the <b>Contracted Inertia Capability</b> of the <b>Facility</b> in <b>Settlement Period</b> $j$ or any lower value notified in a <b>Redeclaration</b> , divided by the <b>Tendered Inertia Capability</b> (expressed as a decimal fraction);
$ASC_{ij}$	is 1 where the <b>Facility</b> is <b>Available</b> and capable of providing <b>Inertia Capability</b> in <b>Settlement Period</b> $j$ , otherwise 0;
$FMA_j$	is 1 where the <b>Facility</b> is on an <b>Approved Outage</b> in <b>Settlement Period</b> $j$ , otherwise 0;
$TA_i$	is a factor: (i) if the value of $AC_{ij}$ is less than 0.9, equal to 0.7; or (ii) otherwise, equal to 1;
$AC_{sj}$	is the <b>Contracted SCL Capability</b> of the <b>Facility</b> in <b>Settlement Period</b> $j$ or any lower value notified in a <b>Redeclaration</b> , divided by the <b>Tendered SCL Capability</b> (expressed as a decimal fraction);
$ASC_{sj}$	is 1 where the <b>Facility</b> is <b>Available</b> and capable of providing <b>SCL Capability</b> in <b>Settlement Period</b> $j$ , otherwise 0;
$TA_s$	is a factor: (i) if the value of $AC_{sj}$ is less than 0.9, equal to 0.7; or (ii) otherwise, equal to 1;
$Ap_d$	has a value of 2 if the <b>Tendered Inertia Capability</b> is greater

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CR<sub>j</sub> is the **Contract Rate** applicable in **Settlement Period j** (expressed in £/**Settlement Period**);

**A.2 – Monthly Availability Rebate**

A.2.1 The **Availability Rebate** (AR<sub>m</sub>) for each calendar month in the **Contract Year** is calculated as follows

$$AR_m = \text{Max}((AC_m + UL_m), -AP_m)$$

Where:

AC<sub>m</sub> is the sum (if any) calculated in accordance with paragraph A.2.2 below (being a negative value); and

UL<sub>m</sub> is the unrecovered **Availability Rebate** (if any) as at month m, calculated in accordance with paragraph A.2.3 below (being a negative value).

A.2.2 The charge for **Unavailability** (AC<sub>m</sub>) in calendar month m of the **Contract Year** is calculated as:

$$AC_m = [\{\min(AA_{im} - TA_{im}), 0\} * CR * 1,000] + [\{\min(AA_{sm} - TA_{sm}), 0\} * CR * 1,000]$$

Where:

AA<sub>im</sub> is a fraction (expressed as a percentage) the numerator of which is the aggregate number of **Settlement Periods** in month m in which the **Facility** was either: (i) **Available** to provide **Contracted Inertia Capability**; or (ii) on an **Approved Outage**, and the denominator of which is the aggregate number of **Settlement Periods** in month m;

TA<sub>im</sub> is the **Target Availability** (expressed as a percentage) for **Contracted Inertia Capability** for month m, being [ ]%;

AA<sub>sm</sub> is a fraction (expressed as a percentage) the numerator of which is the aggregate number of **Settlement Periods** in month m in which the **Facility** was either: (i) **Available** to provide **Contracted SCL Capability**; or (ii) on an **Approved Outage**, and the denominator of which is the aggregate number of **Settlement Periods** in month m;

TA<sub>sm</sub> is the **Target Availability** (expressed as a percentage) for **Contracted SCL Capability** for month m, being [ ]%;

CR is the **Contract Rate**, indexed in accordance with paragraph A.4 below.

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A.2.3 The unrecovered **Availability Rebate** ( $UL_m$ ) for each calendar month  $m$  in the Contract Year is:

Where  $m = 1$ , the monthly unrecovered **Availability Rebate** ( $UL_m$ ) will be 0;

Where  $m > 1$ , the monthly unrecovered **Availability Rebate** ( $UL_m$ ) will be calculated as:

$$UL_m = \sum_1^{m-1} AC_m - \sum_1^{m-1} AR_m$$

Where:

$\sum$  is the summation of the monthly values for  $AC_m$  and  $AR_m$  in all calendar months up to and including the previous month in the **Contract Year**.

**A.3 – Annual Reconciliation Payment**

The **Annual Reconciliation Payment** ( $ARL_{final}$ ) is calculated for a **Contract Year** as follows:

$$ARL_{final} = \text{Min} (UL_{m12} + AP_{m12} + AC_{m12}), 0)$$

Where:

$UL_{m12}$  is the unrecovered **Availability Rebate** in the final month of the **Contract Year** calculated in accordance with paragraph A2.3;

$AP_{m12}$  is the **Availability Payment** in respect of the final month of the **Contract Year**;

$AC_{m12}$  is the **Availability Rebate** in respect of the final month of the **Contract Year** calculated in accordance with paragraph A2.2.

**A.4 – Indexation of Contract Rate**

The **Availability Payment** will be calculated by reference to the **Contract Rate**, subject to indexation as follows:

A.4.1 The **Contract Rate** will be adjusted annually (commencing with Contract **Year 2**) to take account of general price inflation. The index used will be the Consumer Prices

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Index (“**CPI**”) with 2015 = 100 base. The source of the CPI index is the monthly Office for National Statistics Statistical bulletin.

- A.4.2 The **Contract Rate** will therefore be increased (or reduced as appropriate) for **Contract Year 2** by the following factor:-

$$\frac{CPI_2}{CPI_1}$$

Where:

$CPI_2$  is the CPI for the month of March immediately preceding Contract Year 2; and

$CPI_1$  is the CPI for the month of March immediately preceding Contract Year 1.

- A.4.3 The relevant price will then be increased (or reduced as appropriate) for **Contract Year 3** by the following factor:-

$$\frac{CPI_3}{CPI_1}$$

Where:

$CPI_3$  is the CPI for the month of March immediately preceding Contract Year 3; and

$CPI_1$  is the CPI for the month of March immediately preceding Contract Year 1.

- A.4.4 In subsequent **Contract Years**, indexation will continue in accordance with the above, with always the numerator of the factor representing the CPI for the month of March immediately preceding the **Contract Year** under consideration and the denominator of the factor being CPI for the month of March immediately preceding Contract Year 1.

- A.4.5 In the event that CPI ceases to be published or is not published in respect of any relevant month or it is not practicable to use CPI because of a change in the method of compilation or some other reason, indexation for the purpose of this paragraph A.4 shall be calculated by the **Company** using an index agreed by the **Parties** with a view to determining the relevant price after indexation that would be closest to the relevant price after indexation if CPI had continued to be available.

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**Part B- Reactive Power Payment<sup>30</sup>**

The **Reactive Power Payment** in respect of calendar month m (" $RP_m$ ") is calculated as follows:

$$RP_m = \sum_{j=1}^{month} RF * (U_{lead} + U_{lag})$$

Where:

$$\sum_{j=1}^{month}$$

is the summation over all **Instructed Settlement Periods** j in calendar month;

RF is the **Reactive Power Fee** (expressed in £/MVAh);

$U_{lag}$  is the metered quantity of **Reactive Power** (expressed in MVAh) produced by the **Facility**; and

$U_{lead}$  is the metered quantity of **Reactive Power** (expressed in MVAh) absorbed by **Facility**.

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<sup>30</sup> This payment will not apply to the extent that the Provider is entitled to payment for OPRPS  
11535416.1

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**SCHEDULE G – Notices**

The **Company**'s address for service of Notices:

National Grid Electricity System Operator Limited

Faraday House

Warwick Technology Park

Gallows Hill

Warwick CV34 6DA

Facsimile number: 01926 656613

For the attention of: the Company Secretary

Copy to: Head of Commercial

The **Provider**'s address for service of Notices:

[*Company name*]

[*Company Address*]

Facsimile number: [ ]

For the attention of: [ ]

Operational telephone contact number [ ]

Operational contact [ ]

*INDICATIVE DRAFT SUBJECT TO CONTRACT*

**SCHEDULE H – Redeclaration Forms/ Restoration Notice<sup>31</sup>**

**FORM A**

**STABILITY COMPENSATION SERVICE FAX FORM <sup>32</sup>FOR  
REDECLARATION OF INERTIA CAPABILITY**

<b>Facility:</b>	
<b>Contract Number:</b>	
<b>Company Name:</b>	
<b>Company Address:</b>	

<b>Tel:</b>	
<b>Standby Tel:</b>	
<b>Fax:</b>	
<b>Standby Fax:</b>	

We hereby notify you that the Contracted Inertia Capability of the above Facility will be reduced to [ ]<sup>33</sup> as follows:

Period commencing:

Unavailability Period		Estimated Restoration of Availability	
Date	Time	Date	Time

<b>Reasons for the Contracted Inertia Capability being reduced and the steps being taken to restore Contracted Inertia Capability:</b>

**Fax Sent By (Print name):** ..... **Date:** ..... **Time:** .....

**Signature:** .....

**Acknowledged by National Grid Electricity System Operator Limited**  
**(Print name):** .....

**Signature:** ..... **Date:** ..... **Time:** .....

**National Grid Electricity System Operator Control**

**Fax number:** [                    ]                    **Standby Fax:** [                    ]  
**Telephone:** [                    ]                    **Standby Phone:** [                    ]

<sup>31</sup> This form will be updated to include separate values for Inertia and SCL.  
<sup>32</sup> NGENSO is considering alternatives to fax including the possible use of EDL/API  
<sup>33</sup> If Inertia Capability is unavailable, insert 0  
11535416.1



*INDICATIVE DRAFT SUBJECT TO CONTRACT*

**FORM C**

**STABILITY COMPENSATION SERVICE FAX FORM FOR  
REDECLARATION OR RESTORATION OF REACTIVE CAPABILITY**

**To:** National Electricity Transmission System Control Centre

**From:** [Enter Company Name & Location]

**REVISED REACTIVE POWER CAPABILITY DATA – GENERATING UNITS  
EXCLUDING POWER PARK MODULES AND DC CONVERTERS**

Notification Time/Date:

HRS MINS DD MM YY . / /
----------------------------

Start Time/Date:

HRS MINS DD MM YY . / /
----------------------------

GENERATING UNIT * id [for BM Units quote the NG BM Unit id, for other units quote the Genset id used for OC2 Output Usable submissions]	
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**REVISION TO THE CONTRACTED REACTIVE CAPABILITY):**

	MW	Minimum Mvar (+ve for lag, -ve for lead)	Maximum Mvar (+ve for lag, -ve for lead)
AT RATED MW			
AT FULL OUTPUT(MW)			
MINIMUM OUTPUT (MW)			

**COMMENTS** *e.g. generator transformer tap restrictions, predicted end time if known*

**Steps being taken to restore Contracted Reactive Capability:**

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Redeclaration made by (Name & Signature)

Receipt Acknowledgement from **National Grid ESO**

Legible (tick box)

Illegible (tick box)

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Explanation:	
Time:	
Date:	
Signature	

\*For a CCGT Module or a Cascade Hydro Scheme, the redeclaration is for a Generating Unit within a CCGT or Cascade Hydro Scheme.

**FORM D**  
**STABILITY COMPENSATION SERVICE FAX FORM FOR**  
**RESTORATION NOTICE**

Facility:	
Contract Number:	
Company Name:	
Company Address:	

Tel:	
Standby Tel:	
Fax:	
Standby Fax:	

We hereby notify you that the [Contracted Inertia Capability] [Contracted SCL Capability] of the Facility will be restored with effect from the period commencing:

<b>Date</b>	<b>Time</b>

Reason for Restoration of [Contracted Inertia Capability] [Contracted SCL Capability]
:

Fax Sent By (Print name): ..... Date: ..... Time: .....

Signature: .....

**Acknowledged by National Grid Electricity System Operator**  
 (Print name): .....

Signature: ..... Date: ..... Time: .....

**National Grid Electricity System Operator Control**

