

Stage 05: Draft CUSC Modification Report Volume 2

Connection and Use of System Code
(CUSC)

CMP192 – Enduring User Commitment

This document contains the legal text for CMP192

What stage is this document at?

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

Version	Published on	Author	Change Reference
1.0	26 October 2011	National Grid	Publication to Industry

CMP 192 (Arrangements for Enduring Generation User Commitment) (Original): Summary Sheet of Proposed Amendments

1. Overview of Changes

1.1 The changes in the legal drafting that are being proposed to implement CMP 192 consist in introducing the concepts of liability for a “Cancellation Charge” on (a) termination or reduction in Transmission Entry Capacity by Users prior to the Commissioning of their Power Station; or (b) on Disconnection or a reduction in Transmission Entry Capacity post the Commissioning of their Power Station. The pre commissioning arrangements also apply to Distribution Network Operators where they are associated with Distributed Generation. It also amends the security requirements that apply pre Commissioning and although it does not alter the security arrangements from those that currently apply for Final Sums or Interim Generic User Commitment Methodology these have been moved from App M and Clauses 9/10 of the Construction Agreement into the CUSC.

1.2 In summary the drafting consists of changes to:

1. CUSC Section 1 (by summary - edits to 1.2.4 to include reference to Section 15 for categories 1, 3 and 5)
2. CUSC Section 5 (by summary) - edits to refer to Cancellation Charge
3. CUSC Section 6 (by summary) - edits to refer to Cancellation Charge
4. CUSC Section 10 (houses the transitional provisions that apply to those Users or prospective Users with Construction Agreements but where the Power Stations to which they relate are not yet Commissioned)
5. CUSC Section 11 (by summary)
6. introduces a new CUSC Section 15 (User Commitment Methodology). This section sets out how the Calculation Charge is calculated through the various stages (signature to Trigger Date, Trigger Date to Charging Date and Charging Date to Reduction/Disconnection). Pre Trigger Date it is based on £1000/2000/3000 per MW (in same manner as IGUCM). Post trigger Date until the Charging Date, it is made up of the Attributable Works Cancellation Charge (which a User can choose to be fixed or based on actual costs) and Wider Cancellation Charge. On and after the Charging Date it is made up of the Wider Cancellation Charge. The Section also sets out the security requirements and, through the calculation of the Cancellation Charge, also addresses transition arrangements for those Users whose Power Stations are already Commissioned.

7. introduces a new part to Schedule 2 Exhibit 3 (Construction Agreement) which houses a form of Construction Agreement specifically for Users in the categories referred to at 1.1 above. This agreement replaces the obligations re Final Sums and associated security arrangements for Users under the existing proforma Construction Agreement with the arrangements for Cancellation Charge and security as set out in Section 15.
8. amends Schedule 2 Exhibit 3A (Offshore Construction Agreement) in same manner as described at paragraph 7 above.
9. introduces an Exhibit MM1 (Cancellation Charge Statement). This statement, which will be issued to pre commissioning Users in line with the process in Section 15, shows the amount of liability for the Cancellation Charge.
10. introduces an Exhibit MM2 (Cancellation Charge Secured Amount Statement), for pre commissioning Users, showing the amount of liability to be secured
11. introduces an Exhibit MM3 (Notification of Fixed Attributable Works Cancellation Charge). This notice, which will be issued to Users in line with the process in Section 15, sets out the “fixed” Attributable Works Cancellation Charge.

**Proposed Amendments to CUSC Section 1 under
CMP 192 (Arrangements for Enduring Generation User Commitment) (Original)**

1. **CUSC** Paragraph 1.2.4 shall be amended as follows.

1.2.4 In relation to Sections 2, 3 ~~and 9~~, and 15 the following table sets out the applicability of those Sections in addition to those Sections referred to in Paragraph 1.2.3:

	Categories	Applicable Sections
1.	Power Station directly connected to the GB Transmission System	2 and 3 and 15
2.	Non-Embedded Customer Site	2 only
3.	Distribution System directly connected to the GB Transmission System	2 only and , where a Construction Agreement is associated with Distributed Generation , 15
4.	Suppliers	3 only
5.	Embedded Power Station except those which are the subject of a BELLA	3 only and , where the subject of a BEGA , 15
6.	Small Power Station Trading Parties	3 only
7.	Interconnector User	9 Part II only
8.	Interconnector Error Administrator	9 Part II only
9.	Interconnector Owner	9 Part I only
10.	Distribution Interconnector Owner	3 Only
11.	Embedded Exemptable Large Power Stations whose Boundary Point Metering System is either SMRS registered or is registered in CMRS by a User who is responsible for the Use of System Charges associated with the BM Unit registered in CMRS	None

Users, when making a **Connection Application** or **Use of System Application** (in each case in the form of the relevant exhibit), should identify the category for which they are applying

**Proposed Amendments to CUSC Section 5 under
CMP 192 (Arrangements for Enduring Generation User Commitment) (Original)**

1. The reference to “**TEC Reduction Charge**” at **CUSC** Paragraphs 5.3.4(c), 5.4.7(a) and (b), 5.5.5.1 shall be deleted and replaced with reference to “**Cancellation Charge**”.
2. After the reference to “Paragraph 5.4.6.2(c)” at **CUSC** Paragraphs 5.4.6.2(a) and (b) add “ or Section 14”.
3. **CUSC** Paragraphs 5.6 shall be amended as follows.

5.6 NOTICE TO DISCONNECT

Without prejudice to Paragraph 5.2.2, each **User** shall, as between **The Company** and that **User**, give to **The Company** not less than 6 months written notice of any intention of the **User** to **Disconnect** the **User’s Equipment**. In the absence of any specific notice to the contrary, any notice of **Disconnection** shall also be treated as a notice under **CUSC** Paragraph 6.30.1 decreasing **Transmission Entry Capacity** to zero with effect from the expiry of the period specified in the notice of **Disconnection**.

4. **CUSC** Paragraphs 5.7.2(c) shall be amended as follows.
 - (c) ~~(i) where the **Disconnection** is to take effect on or after 1 April 2012; (ii) the notice period given in the notice to **Disconnect** is less than the **Full TEC Reduction Notice Period**; and (iii) the **User** is in the category of a **Power Station** directly connected to the **National Electricity Transmission System** or with a **Bilateral Embedded Generation Agreement** then, unless such **User** has already given notice of a reduction in **Transmission Entry Capacity** to zero under **CUSC** Paragraph 6.3.1.1, the **TEC Reduction Cancellation Charge**,~~

**Proposed Amendments to CUSC Section 6 under
CMP 192 (Arrangements for Enduring Generation User Commitment) (Original)**

1. **CUSC** Paragraph 6.30.1 shall be amended as follows.

Transmission Entry Capacity

6.30.1 Decrease in **Transmission Entry Capacity**

- 6.30.1.1 Subject to payment of the ~~TEC Reduction Charge Cancellation Charge where less than the Full TEC Reduction Notice Period is given in accordance with 6.30.1.4 below~~, each **User** shall be entitled to decrease the **Transmission Entry Capacity** for the **Connection Site** or site of **Connection** once the **Power Station** to which it relates has been **Commissioned** upon giving **The Company** not less than **five Business Days** notice in writing the ~~Minimum TEC Reduction Notice Period~~.
- 6.30.1.2 **The Company** shall as soon as practicable after receipt of such notice issue a revised Appendix C for the purposes of the relevant **Bilateral Agreement** reflecting the decrease in the **Transmission Entry Capacity**.
- 6.30.1.3 The decrease in the **Transmission Entry Capacity** shall take effect on the first of April following the expiry of the notice period stated in the notice from the **User**.
- 6.30.1.4 ~~Where a reduction in Transmission Entry Capacity is to take effect on or after 1 April 2012 and the period of notice given is less than the Full TEC Reduction Notice Period, in~~ In addition to its obligation to pay the **Use of System Charges** until the reduction in **Transmission Entry Capacity** takes effect, the **User** shall ~~be liable, depending on the length of notice given, to pay to The Company~~ the ~~TEC Reduction Cancellation Charge~~. **The Company** shall calculate any ~~TEC Reduction Cancellation Charge~~ due from the **User** on receipt of the notice of reduction of **Transmission Entry Capacity** from the **User** and advise the **User** accordingly. Unless a **User** wishes to make alternative arrangements regarding earlier payment, ~~The Company~~ and shall invoice the **User** ~~as soon as possible thereafter for the~~ **Cancellation Charge** by (but no earlier than) 28 days prior to the end of the **Financial Year** in which the decrease in **Transmission Entry Capacity** is to take effect. The ~~TEC Reduction Cancellation Charge~~ shall be payable within 28 days of the date of **The Company's** invoice in respect thereof.

**Proposed Amendments to CUSC Section 10 under CMP 192
(Arrangements for Enduring Generation User Commitment) (Original)**

CUSC - SECTION 10

TRANSITION ISSUES

~~**Not used, removed on 15th February 2007, dedicated to Transitional Issues**~~

CONTENTS

Part 1 **CUSC MODIFICATION PROPOSAL 192 TRANSITION**

Part 1

10.1 INTRODUCTION

- 10.1.1 This Section 10 deals with issues arising out of the transition associated with the approval and implementation of **CUSC Modification Proposal 192** (Arrangements for Enduring Generation User Commitment) which introduces new arrangements for liability in the event of termination and/or reduction in **Transmission Entry Capacity** and **Developer Capacity** prior to the **Charging Date** and for the security associated with this and new arrangements for liability in the event of **Disconnection** or reduction in **Transmission Entry Capacity** on or after the **Charging Date**. For the purposes of this Section 10 the version of the **CUSC** as amended by **CMP 192** shall be referred to as the “**Post CMP 192 CUSC**” and the version of the **CUSC** prior to amendment by **CMP 192** shall be referred to as the “**Pre CMP 192 CUSC**”.
- 10.1.2 **CMP 192** affects **User’s** in the categories of **Power Stations** directly connected (or to be directly connected) to the **National Electricity Transmission System, Embedded Power Stations** with a **Bilateral Embedded Generation Agreement** and a **Distribution System** directly connected to the **National Electricity Transmission System** where a **Construction Agreement** is associated with **Distributed Generation**.
- 10.1.3 The arrangements for transition of **Users** who are **Transitional CMP 192 Commissioned User’s** is addressed through the calculation of the **Cancellation Charge**. This section 10 sets out the arrangements for transition of **User’s** who are **Transitional CMP 192 Non - Commissioned User’s** and references to **User** in this Section 10 shall be construed accordingly.
- 10.1.4 The Section sets out the arrangements such that by the **CMP 192 Transition Period End Date**:
- (a) **The Company** has provided each **User** with the necessary information in respect of the **Cancellation Charge** and the **Cancellation Charge Secured Amount**;
 - (b) **User’s** have **Construction Agreements** that provide for liability and security for the **Cancellation Charge** in accordance with **CMP 192**; and

- (c) the security arrangements in respect of the **Cancellation Charge Secured Amount** are in place as required under **CUSC** Section 15.

10.1.5 This Section 10 comprises:

- (a) this Introduction; and
- (b) **CMP 192** transition issues.

10.1.6 The provisions of the **Post CMP 192 CUSC** introduced by **CMP 192** shall be suspended (except as specifically provided for in this Section 10 and for enabling the doing of anything which may require to be done in relation to but in advance of the **CMP 192 Transition Period End Date** to achieve the objectives at 10.1.4) in respect of the **Users** until the **CMP 192 Transition Period End Date**. Any termination of an **Existing Construction Agreement** or reduction in **Transmission Entry Capacity** or **Developer Capacity** which takes effect prior to the **CMP 192 Transition Period End Date** shall therefore be dealt, and the rights and obligations of **The Company** and the **User** to each other, shall be as provided for in the **Existing Construction Agreement**.

10.1.7 In this Section 10:

- (a) the term "**Applicants**"; shall mean **Users** (or prospective **Users**) who apply during the **CMP 192 Transition Period** for connection to and/or use of the **National Electricity Transmission System**;
- (b) the terms "**Cancellation Charge Statement**" and "**Cancellation Charge Secured Amount Statement**" shall mean as defined in the **Post CMP 192 CUSC**;
- (c) the term "**CMP 192**", shall mean **CUSC Modification Proposal 192** (Arrangements for Enduring Generation User Commitment);
- (d) the term "**CMP 192 Implementation Date**" shall mean the **Implementation Date** for **CMP192**;
- (e) the term "**CMP 192 Transition Period End Date**" shall mean the 31 March which is not less than 12 months from the **CMP 192 Implementation Date**;

- (f) the term “**CMP 192 Transition Period**” means the period from the **CMP 192 Implementation Date** ending on and including the **CMP 192 Transition Period End Date** and is the period with which this Section 10 deals;
- (g) the term “**CMP 192 Transition Process Plan**” shall mean the detailed process and plan to be published by **The Company** setting out the timeline and processes to prepare the necessary amendments to or preparation of new **Construction Agreements** such that these are agreed prior to prior to **CMP 192 Transition Period End Date** and such that any security arrangements in respect of the **Cancellation Charge Secured Amount** are in place not less than 45 days prior to the **CMP 192 Transition Period End Date**.
- (h) the term “**Existing Construction Agreement**”, shall mean a **Construction Agreement** associated with a **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** or any agreement to vary the same but pursuant to which the **User** is not yet connected to and/or using the **National Electricity Transmission System** at the **CMP 192 Implementation Date** or entered into between **The Company** and the **User** prior to the **CMP 192 Implementation Date** or following acceptance of an **Outstanding Offer** after the **CMP 192 Implementation Date**;
- (i) the term “**New Applications**”, shall mean a **Connection Application** or **Use of System Application** by a **User** or prospective **User** for connection to and/or use of the **National Electricity Transmission System** or a **Modification Application** to vary any agreements in respect of connection and/or use made during the **CMP 192 Transition Period**;
- (j) the term “**Outstanding Applications**”, shall mean an offer yet to be made to a **User** or prospective **User** of a **Construction Agreement** and the associated **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** or any agreement to vary the same at the **CMP 192**

Implementation Date but where the application was made prior to the **CMP 192 Implementation Date**;

- (k) the term “**Outstanding Offers**”, shall mean an offer to a **User** or prospective **User** of a **Construction Agreement** and the associated **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** or any agreement to vary the same which has not been accepted at the **CMP 192 Implementation Date** but is still capable of being accepted;
- (l) the term “**Transitional CMP 192 Non – Commissioned User**” shall mean a **User** with an **Existing Construction Agreement** or **User** or a prospective **User** who has an **Outstanding Application** or makes a **New Application**.

10.1.8 Without prejudice to any specific provision under this Section 10 as to the time within which or the manner in which **The Company** or a **User** should perform its obligations under this Section 10, where **The Company** or a **User** is required to take any step or measure under this Section 10, such requirement shall be construed as including any obligation to:

- (a) take such step or measure as quickly as reasonably practicable; and
- (b) do such associated or ancillary things as may be necessary to complete such step or measure as quickly as reasonably practicable.

10.1.9 As soon as practicable after the **CMP 192 Implementation Date** and in any event (unless the **Authority**) agrees otherwise within 1 month of the same **The Company** shall publish the **CMP 192 Transition Process Plan**.

10.2 CMP 192 TRANSITION

Existing Construction Agreements

10.2.1 **The Company** shall offer to amend each **Existing Construction Agreement** such that it will be substantially in the form of that set out in, as appropriate, Schedule 2, Exhibit 3 Part 1 and Exhibit 3A and consistent at the **CMP Transition Period End Date** with the amendments introduced by **CMP 192**.

- 10.2.2 **The Company** shall make the offer to each **User** as soon as reasonably practicable after the **CMP 192 Implementation Date** and in accordance with the **CMP 192 Transition Process Plan**.
- 10.2.3 If **The Company** and a **User** fail to agree changes to each of their **Existing Construction Agreements** either such person may refer the matter to the **Authority** under Standard Condition C9 Paragraph 4 of the **Transmission Licence**. If the changes in dispute to be settled by the **Authority** have not been settled by the date 45 days prior to the **CMP 192 Transition Period End Date**, the **User** and **The Company** must enter into the agreement in respect of the changes offered by **The Company** to the **User** pursuant to Paragraph 10.2.1 with the obligation to make any variation required as a result of the **Authority's** determination.
- 10.2.4 **The Company** shall as soon as practicable and in any event by in accordance with the **CMP 192 Transition Process Plan** prepare and send to each **User** in respect of each **Existing Construction Agreement** a **Cancellation Charge Statement** in respect of the period from the day after the **CMP 192 Transitional Period End Date** to the next following 31 March or 30 September (whichever is the earlier).
- 10.2.5 In the case of the **Cancellation Charge Secured Amount** the **User** shall put security arrangements in place in respect of the **Existing Agreements** in accordance with **CUSC** Section 15 in accordance with the **CMP 192 Transition Process Plan** with such security arrangements to be effective from the day after the **CMP 192 Transition Period End Date** to the next following 31 March or 30 September (whichever is the earlier).

Outstanding Applications and New Applications

- 10.2.6 **The Company** shall make **Offers** such that prior to the **CMP 192 Transition Period End Date** the arrangements for security and liability within the agreements are consistent with those under the **Pre CMP 192 CUSC** but such that on **CMP 192 Transition Period End Date** the arrangements for security and liability within the agreements are consistent with those under the **Post CMP 192 CUSC** and shall to the extent practicable make such **Offers** within the original or standard timescales.

END OF SECTION 10

**CMP 192 (Arrangements for Enduring Generation User Commitment)
Sec 11 Proposed New Defined Terms (Original)**

NEW DEFINITIONS

“ Actual Works Cancellation Charge ”	where the Attributable Works Cancellation Charge is calculated in accordance with Paragraph 3.5.2 of Part Two of the User Commitment Methodology ;
“ Annual Wider Cancellation Amount Statement ”	the statement published by The Company each Financial Year in accordance with the User Commitment Methodology ;
“ Attributable Works ”	those components of the Construction Works which are required (a) to connect a Power Station which is to be connected at a Connection Site to the nearest suitable MITS Node ; or (b) in respect of an Embedded Power Station from the relevant Grid Supply Point to the nearest suitable MITS Node (and in any case above where the Construction Works include a Transmission substation that once constructed will become the MITS Node , the Attributable Works will include such Transmission substation) and which in relation to a particular User are as specified in its Construction Agreement ;
“ Attributable Works Cancellation Charge ”	the component of the Cancellation Charge which applies on and after the Trigger Date and prior to the Charging Date as more particularly described in Part Two of the User Commitment Methodology ;
“ Attributable Works Capital Cost ”	means the fees, expenses and costs of whatever nature reasonably and properly incurred or due in respect of each component within the Attributable Works ;
“ Cancellation Charge ”	the charge payable by certain Users in the event of termination of a Bilateral Connection Agreement or Bilateral Embedded Generation Agreement or Construction Agreement or a reduction in Transmission Entry Capacity or a reduction in Developer Capacity as calculated in accordance with the User Commitment Methodology ;
“ Cancellation Charge Profile ”	the profile as applied to the Fixed Attributable Works Cancellation Charge and Wider Cancellation Charge in accordance with Part Two of the User Commitment Methodology ;
“ Cancellation Charge Secured Amount ”	the amount to be secured by a User from the start of and during a Security Period as such amount is applied and calculated in accordance with Part Three of the User Commitment Methodology ;
“ Cancellation Charge Secured Amount Statement ”	the statement issued by The Company to a User in accordance with Part Two of the User Commitment Methodology showing the Cancellation Charge Secured Amount for a given Security Period such statement to be in substantially the form set out in Exhibit MM2 to the CUSC ;

“Cancellation Charge Statement”	the statement issued by The Company to a User in accordance with Part Two of the User Commitment Methodology such statement to be in substantially the form set out in Exhibit MM1 to the CUSC ;
“CMP192 Implementation Date”	means the Implementation Date for CUSC Modification Proposal 192 (Arrangements for Enduring Generation User Commitment);
“Developer Capacity”	the MW figure as specified as such by a User in a BELLA or in a Construction Agreement entered into between The Company and a User in the category of a Distribution System directly connected to the National Electricity Transmission System as a consequence of a Request for a Statement of Works ;
“First Security Period”	from the date of Construction Agreement to the 31 March or 30 September, whichever is the first to occur;
“Fixed Attributable Works Cancellation Charge”	where the Attributable Works Cancellation Charge is calculated in accordance with Paragraph 3.5.1 of Part TWO of the User Commitment Methodology ;
“Key Consents”	those Consents a User requires in respect of its Power Station project which are identified by The Company as key for the purposes of Part Three of the User Commitment Methodology and in relation to a particular User as defined in its Construction Agreement ;
“Key Consents In Place Date”	the date that The Company confirms in writing to the User that The Company is satisfied, for the purposes of Part Three of the User Commitment Methodology , that the User has been granted the Key Consents ;
“MITS Node”	means in the context of ascertaining the Attributable Works , a node with (i) more than four Transmission circuits or (ii) two or more Transmission circuits and a Grid Supply Point ;
“Notification of Fixed Attributable Works Cancellation Charge”	the notification issued by The Company to a User , in accordance with Part Two of the User Commitment Methodology showing the Fixed Attributable Works Cancellation Charge such statement to be in substantially the form set out in Exhibit MM3 to the CUSC ;
“Pre Trigger Amount”	the component of the Cancellation Charge that applies before the Trigger Date and which is more particularly described in Part Two of the User Commitment Methodology ;
“Security Period”	means the First Security Period and each 6 month period thereafter commencing on the 1 April or 1 October until 30 days after the relevant Charging Date ;
“Seven Year Statement”	as defined in the Grid Code ;
“Transitional CMP 192 Commissioned User’s”	means User’s whose Power Stations are Commissioned on or prior to the CMP 192 Implementation Date ;

“ Transitional CMP 192 Commissioned User’s Cut Off Date ”	the 31 March which is no more than 4 years after the CMP192 Implementation Date ;
“ Transitional CMP 192 Commissioned User’s Notice Date ”	the date which is 6 months after the CMP192 Implementation Date ;
“ Transitional CMP 192 Non - Commissioned User’s ”	User’s or prospective User’s as more specifically defined within and the subject of CUSC Section 10 Part 1 (Transitional Arrangements in respect of CMP 192) ; ”
“ Trigger Date ”	as identified by The Company in accordance with Part Two of the User Commitment Methodology and in relation to a particular User as defined in its Construction Agreement ;
“ User Commitment Methodology ”	the methodology and principles applied by The Company in the application and calculation of the Cancellation Charge and Cancellation Charge Secured Amount such principles being set out in CUSC Section 15;
“ Wider Cancellation Charge ”	a component of the Cancellation Charge that applies on and after the Trigger Date as more particularly described in Part Two of the User Commitment Methodology ;

Sec 11 Proposed Amended Defined Terms (CMP 192)

<p>“Distributed Generation”</p>	<p>means for the purposes of the Connect and Manage Arrangements and Section 15 of CUSC:</p> <p>(a) an Embedded Power Station which is the subject of a Bilateral Embedded Generation Agreement;</p> <p>(b) an Embedded Power Station which is the subject of a Bilateral Embedded Licence Exemptable Large Power Station Agreement;</p> <p>(c) a Relevant Embedded Medium Power Station;</p> <p>(d) a Relevant Embedded Small Power Station.</p>

Sec 11 Proposed Deleted Defined Terms (CMP 192)

“Minimum TEC Reduction Notice Period”	
“TEC Reduction Charge”	

CUSC SECTION 15

USER COMMITMENT METHODOLOGY

CONTENTS

- Part One Introduction**
- Part Two Calculation of Cancellation Charge**
- Part Three Calculation of Cancellation Charge Secured Amount and Credit Requirements**
- Part Four Reconciliation of Actual Attributable Works Cancellation Charge**

PART ONE INTRODUCTION

- 1 Where (a) a **Construction Agreement** and/or a **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** between a **User** in respect of the categories specified below and **The Company** is terminated or (b) there is a reduction in **Transmission Entry Capacity** by or in respect of such **User** or (c) there is a reduction in **Developer Capacity** in a **Construction Agreement** prior to the **Charging Date**, such **User** shall pay to **The Company** the **Cancellation Charge** calculated and applied in accordance with Part Two of this Section 15

- 2 The **Cancellation Charge** is payable by **Users** on termination of agreements with and reductions in **Transmission Entry Capacity** or **Developer Capacity** in respect of **Users** in the categories of
 - (a) a **Power Station** directly connected to the **National Electricity Transmission System** in respect of which there is a **Bilateral Connection Agreement** with **The Company**;
 - (b) an **Embedded Power Station** in respect of which there is a **Bilateral Embedded Generation Agreement** with **The Company**;
 - (c) a **Distribution System** directly connected to the **National Electricity Transmission System** in respect of which there is a **Construction Agreement** associated with **Distributed Generation** and reference to **User** in this Section 15 shall be interpreted accordingly.

For the avoidance of doubt this schedule does not apply to **Users** other than those described above.

For the avoidance of doubt in respect of **Users** in the case of category (b) above where **The Company** has an associated **Construction Agreement** with a **User** in the category of (c) above, the **Cancellation Charge** payable by a **User** in category (b) above will not include the **Attributable Works Cancellation Charge** component of the **Cancellation Charge**. In such case the **Attributable Works Cancellation Charge** component of the **Cancellation Charge** will be payable by the associated **User** in category (c) above.

For the avoidance of doubt in the case of:

- (i) **Users** in the case of category (c) above; and
- (ii) **Distributed Generation** (other than an **Embedded Power Station** which is the subject of a **Bilateral Embedded Generation Agreement**),

the **Cancellation Charge** does not apply for reductions in **Developer Capacity** on or after the **Charging Date** or termination on or after the **Charging Date**.

For information, for **Users** other than **Users** in the categories to which this Section 15 applies, the liability for and security requirements in respect of **Final Sums**, which are due on termination of a **Construction Agreement** are as set out in the **Construction Agreement** (and in the proforma attached at **CUSC** Schedule 2, Exhibit 3).

For the avoidance of doubt, in addition to the **Cancellation Charge**, **Termination Amounts** also apply in respect of **Transmission Connection Assets**.

- 3** **The Company** shall apply and calculate the **Cancellation Charge** in accordance with Part Two of this Section 15.

The **Cancellation Charge** is made up of a number of components: the "**Pre - Trigger Amount**", "**Attributable Works Cancellation Charge**" and "**Wider Cancellation Charge**" which apply at different stages.

- 4** As provided for at Paragraph 3.5, the **Attributable Works Cancellation Charge** can be (at the **User's** election in accordance with Paragraph 7) on the basis of the **Fixed Attributable Works Cancellation Charge** (Paragraph 3.5.1) rather than the **Actual Attributable Works Cancellation Charge** (Paragraph 3.5.2).

- 5** This Section 15 also sets out in Part Three the level of, and arrangements for, security required in respect of the **Cancellation Charge**.

- 6** **The Company** shall apply and calculate the **Cancellation Charge Secured Amount** in accordance with this Section 15 Part Three.

- 7 This Section 15 also sets out in Part Four the reconciliation process in respect of the **Actual Attributable Works Cancellation Charge**.
- 8 For reference a number of terms used in this Section 15 are defined within this Section 15.

DRAFT

PART TWO CALCULATION OF CANCELLATION CHARGE

1.1 The **Cancellation Charge** payable shall be calculated in accordance with this Part Two of Section 15.

1.2 Value Added Tax will be payable on any **Cancellation Charge**.

2 Completion Date and Trigger Date

2.1 In making an **Offer** to a **User** **The Company** will consider the **Construction Works** and **Construction Programme** associated with that **Offer** and taking into account the nature and programming of the **Construction Works** and the **Consents** associated with this will identify dates in the **Construction Agreement** as the **Completion Date**.

2.2 The **Trigger Date** will be (a) the 1 April which three **Financial Years** prior to the start of the **Financial Year** in which the **Charging Date** occurs or (b) where the **Charging Date** is less than three **Financial Years** from the date of the **Construction Agreement**, the date of the **Construction Agreement** (in which case the **Financial Year** in which such date falls is the relevant **Financial Year** within the **Cancellation Charge Profile** working back from the **Charging Date**).

2.3 The **Trigger Date** is the date from which the **Attributable Works Cancellation Charge** and **Wider Cancellation Charge** applies.

2.4 Changes to Construction Programme or Construction Works or Transmission Entry Capacity or Developer Capacity

2.4.1 Where the **Construction Programme** or the **Construction Works** or **Transmission Entry Capacity** or **Developer Capacity** subsequently changes from that in the original **Construction Agreement** the following principles will apply in respect of reassessing the **Trigger Date** and the **Cancellation Charge**.

2.4.2 Where such change is as a result of **The Company's** exercise of its rights under the **Construction Agreement** then:

- (i) Where there is a delay to the **Completion Date** and the **Trigger Date** has not passed, the **Trigger Date** will be revised by reference to the revised **Completion Date**;
- (ii) Where there is a delay to the **Completion Date** and the **Trigger Date** has passed, the **Trigger Date** will be revised by reference to the revised **Completion Date** and the **Cancellation Charge** (including, should the revised **Trigger Date** also have passed, the **Cancellation Charge Profile**).
- (iii) In the case of a **Fixed Attributable Works Cancellation Charge**, a change in the **Attributable Works** after the **Trigger Date** has passed will not adjust the **Cancellation Charge Profile** unless the **Completion Date** has also changed in which case (ii) above will apply.

2.4.3 Where a change is as a result of the **User's** request then, in the case of a **Fixed Attributable Works Cancellation Charge**, notwithstanding any change in the **Construction Works** or **Completion Date** or **Attributable Works** the **Cancellation Charge Profile** will not be adjusted downwards but will be held at that level and will increase from that level in line with any new **Construction Programme**.

3 Calculation of Cancellation Charge

3.1 The **Cancellation Charge** is the charge due to **The Company** by a **User** on termination of a **Construction Agreement**, **Disconnection** or a reduction in **Transmission Entry Capacity** or **Developer Capacity** prior to the **Charging Date** and **Disconnection** or a reduction in **Transmission Entry Capacity** on or after the **Charging Date**.

3.2 This calculation of the **Cancellation Charge** is different:

- (a) where the **Construction Agreement** is terminated or **Transmission Entry Capacity** or **Developer Capacity** is reduced before the **Trigger Date** (the "**Pre Trigger Amount**") (Paragraph 3.3);
- (b) where the **Construction Agreement** is terminated or **Transmission Entry Capacity** or **Developer Capacity** is reduced on or after the **Trigger Date** but prior to the **Charging Date** (the "**Attributable Works**");

Cancellation Charge” and **“Wider Cancellation Charge”**) (Paragraphs 3.4 to 3.7);

- (c) depending whether it is a **Fixed Attributable Works Cancellation Charge** or **Actual Attributable Works Cancellation Charge** (Paragraph 3.5);
- (d) where the **Transmission Entry Capacity** is reduced or **Disconnection** occurs on or after the **Charging Date** (the **“Wider Cancellation Charge”**) (Paragraph 3.9).

3.3 Where the Construction Agreement is terminated or Transmission Entry Capacity or Developer Capacity is reduced before the Trigger Date

Should a **Construction Agreement** be terminated, or **Transmission Entry Capacity** be reduced or **Developer Capacity** be reduced before the **Trigger Date** the **Cancellation Charge** shall be calculated as a £/MW figure as follows:

Cancellation Charge = Reduction in Transmission Entry Capacity or Developer Capacity x Pre Trigger Amount_t

Where:

- *Transmission Entry Capacity /Developer Capacity expressed in MW.*
- *Termination of Construction Agreement equates to a reduction in Transmission Entry Capacity or Developer Capacity to zero*
- *Pre Trigger Amount_t which varies according to the number of Financial Years from the date of the Construction Agreement to the Trigger Date:*
 - *up to the end of the first Financial Year (i.e. t =1) Pre Trigger Amount_t = (£1000/MW)*
 - *Where t = 2, Pre Trigger Amount_t = (£2000/MW)*
 - *Where t ≥ 3 up to Trigger Date, Pre Trigger Amount_t = (£3000/MW)*

3.4 Where the Construction Agreement is terminated or Transmission Entry Capacity or Developer Capacity is reduced on or after the Trigger Date but prior to the Charging Date

Where a **Construction Agreement** is terminated or **Transmission Entry Capacity** is reduced or **Developer Capacity** is reduced on or after the **Trigger Date** but prior to the **Charging Date** the **Cancellation Charge** shall be calculated as follows:

Cancellation Charge = Attributable Works Cancellation Charge and Wider Cancellation Charge

The following Paragraphs set out in detail the **Attributable Works Cancellation Charge** and **Wider Cancellation Charge** and Paragraph 3.7 sets out the above calculation by formula.

3.5 Fixed Attributable Works Cancellation Charge or Actual Attributable Works Cancellation Charge

The **Attributable Works Cancellation Charge** can be either the **Fixed Attributable Works Cancellation Charge** or **Actual Attributable Works Cancellation Charge**.

3.5.1 Fixed Attributable Works Cancellation Charge

3.5.1.1 The **Fixed Attributable Works Cancellation Charge** is calculated as follows:

Fixed Attributable Works Cancellation Charge = (Attributable Works Cancellation Amount x MW Reduction in Transmission Entry Capacity or Developer Capacity) x Cancellation Charge Profile

Where the **Attributable Works Cancellation Amount** results in a £/MW figure calculated as follows:

(Estimated Attributable Works Capital Cost x (1 – Local Asset Reuse Factor) x Strategic Investment Factor) / Transmission Entry Capacity or Developer Capacity

Where the **Estimated Attributable Works Capital Cost** is the fair and reasonable estimate of the **Attributable Works Capital Cost** for each component within the **Attributable Works** and which is as set out in the **Notification of Fixed Attributable Works Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

Where the **Attributable Works** are as specified in Appendix MM of the **Construction Agreement** at the time of the **Notification of Fixed Attributable Works Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

Where the **Local Asset Reuse Factor** is the factor representing the potential for reuse of each component within the **Attributable Works** as set out in the **Notification of Fixed Attributable Works Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

Where the **Strategic Investment Factor** is a factor calculated for each component within the **Attributable Works** as a ratio of the **Transmission Entry Capacity** and/or **Developer Capacity** sharing those **Attributable Works** against the secured capability of the **Transmission** assets and set out in the **Notification of Fixed Attributable Works Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

Where the **Cancellation Charge Profile** is the profile derived in accordance with the formula at Paragraph 3.7 and set out in the **Notification of Fixed Attributable Works Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

3.5.1.2 The **Attributable Works Cancellation Amount** (and the factors used in deriving this) and the **Cancellation Charge Profile** are fixed at the time an election is made in accordance with Paragraph 7 and the **Attributable Works Cancellation Amount** is not subject to any further specific adjustment, reconciliation or credit should any of the **Transmission** assets resulting from the **Attributable Works** be reused or of benefit to other **Users**.

3.5.2 Actual Attributable Works Cancellation Charge

3.5.2.1 The **Actual Attributable Works Cancellation Charge** is the **Attributable Works Capital Cost** in respect of each component within

the **Attributable Works** at the time at which the **Construction Agreement** is terminated or **Transmission Entry Capacity** or **Developer Capacity** is reduced including (a) fees, expenses and costs properly payable by **The Company** in respect of, or arising from the termination by **The Company** or any third party of any contract for or relating to the carrying out of any of the **Attributable Works** provided it is negotiated on an arms length basis (including any such arising under the **STC**) and (b) a sum equal to the reasonable costs of removing any **Transmission Connection Assets** and of making good the remaining **Plant** and **Apparatus** following such removal and (c) proper and reasonable expenses incurred and or paid or which **The Company** is legally bound to incur or pay in seeking **Consents** for the **Attributable Works** and (d) interest on any such amounts from the date they were paid by **The Company** to the date of **The Company's** invoice at 2% over **Base Rate** from time to time and for the time being provided that in each case **The Company** shall take into account the potential for reuse and any strategic benefits of the **Attributable Works** and any of the resulting **Transmission** assets.

3.5.2.2 In the case of the **Actual Attributable Works Cancellation Charge**, on termination of the **Construction Agreement** or reduction in **Transmission Entry Capacity** or **Developer Capacity** prior to the **Charging Date**, **The Company** shall be entitled to invoice the **User** for a sum equal to **The Company's** fair and reasonable estimate of the **Actual Attributable Works Cancellation Charge** and so (a) in the case of termination, the **User** shall pay to **The Company** on account of the **Actual Attributable Works Cancellation Charge** a sum equal to the estimate of **Actual Attributable Works Cancellation Charge** as shown in the **Cancellation Charge Statement** for the period in which the termination occurs and (b) in the case of a reduction in **Transmission Entry Capacity** or **Developer Capacity**, a sum by reference to the MW reduction based on the £/MW figure derived from the estimate of **Actual Attributable Works Cancellation Charge** as shown in the **Cancellation Charge Statement** for the period in which the termination occurs. These will then be subject to reconciliation in accordance with this Section 15 Part Four.

3.6 Wider Cancellation Charge

The **Wider Cancellation Charge** results in a £/MW charge calculated as follows:

Zonal Unit Amount x (MW of reduction in **Transmission Entry Capacity** or **Developer Capacity**) x **Cancellation Charge Profile**

The **Zonal Unit Amount** is a £/MW figure calculated by reference to the **Generation Zone** in which the **Power Station** is to be located as set out in the **Cancellation Charge Statement**. It is calculated by reference to the **Annual Wider Cancellation Charge Statement** for the **Financial Year** in which notice of reduction in **Transmission Entry Capacity** or **Developer Capacity** is given and/or notice of **Disconnection** is given or, where in the case of an **Event of Default** where notice is not given, the **Financial Year** in which the reduction in **Transmission Entry Capacity** or **Developer Capacity** or **Disconnection** occurs.

Where the **Zonal Unit Amount** = **Load Related Boundary Capex** apportioned to **Boundaries** by **Boundary (LR) Level** and **Non Load Related Boundary Capex** apportioned to **Boundaries** by **Boundary (NLR) Level**, summated and multiplied by **Boundary Non Compliance Factors** and then mapped to **Generation Zones** and divided by the **Wider User Commitment Liability Base**, excluding those **Power Stations** in respect of which a **Construction Agreement** has terminated or **The Company** has been notified of a reduction in the **Transmission Entry Capacity** or **Developer Capacity** or **Disconnection** within the period in question.

Where **Load Related Boundary Capex** is the capex required to increase capability in the network as determined by **The Company** for a given **Financial Year**, excluding any **Attributable Works Capital Cost**, multiplied by the **User Risk Factor** and the **Global Asset Reuse Factor**, as set out in the **Annual Wider Cancellation Charge Statement**.

Where **Non Load Related Boundary Capex** is the capex required to maintain capability in the network as determined by **The Company** for a given **Financial Year**, excluding any **Attributable Works Capital Cost**, multiplied by the **User**

Risk Factor and the Global Asset Reuse Factor, as set out in the Annual Wider Cancellation Charge Statement.

Where the **User Risk Factor** is the share of total risk between generation and consumers, set at 0.5.

Where the **Global Asset Reuse Factor** for a given **Financial Year** is as set out in the **Annual Wider Cancellation Charge Statement**.

Where the **Boundaries** are as detailed in Section 8 of the **Seven Year Statement**.

Where **Boundary (LR) Level** is the depth of each **Boundary** as determined by **The Company** multiplied by the increase in required capability on that **Boundary** over the forthcoming four year period, as set out in the **Seven Year Statement**.

Where **Boundary (NLR) Level** is the depth of each **Boundary** as determined by **The Company** multiplied by the available capability on that **Boundary** in the year in question, as set out in the **Seven Year Statement**.

Where **Boundary Non Compliance Factors** are the ratio between the available capability and required capability on each **Boundary** as detailed in Section 8 of the **Seven Year Statement**, capped at 100%.

Where **Generation Zones** are (a) as defined in the **Seven Year Statement** for the **Financial Year** in which the termination or reduction in **Transmission Entry Capacity** or reduction in **Developer Capacity** occurs prior to the **Charging Date** (or where not so defined as set out in the relevant **Cancellation Charge Statement**) or (b) as defined in the **Seven Year Statement** for the **Financial Year** in which the notice of **Disconnection** or reduction in **Transmission Entry Capacity** occurs on or after the **Charging Date**.

Where the **Wider User Commitment Liability Base** is the total amount of generation in MW liable for the **Wider Cancellation Charge** in the year in question and the total amount of generation in MW which will become liable for

*the **Wider Cancellation Charge** in the year in question and set out in the **Annual Wider Cancellation Charge Statement**.*

*Where the **Cancellation Charge Profile** is the profile derived in accordance with the formula at Paragraph 3.7 or 3.8, as appropriate.*

3.7 Where the Construction Agreement is terminated or Transmission Entry Capacity or Developer Capacity is reduced on or after the Trigger Date but prior to the Charging Date

Where a **Construction Agreement** is terminated or **Transmission Entry Capacity** is reduced or **Developer Capacity** is reduced on or after the **Trigger Date** but prior to the **Charging Date** a **User** shall pay the **Cancellation Charge** calculated as follows:

Cancellation Charge = the sum of (a) Fixed Attributable Works Cancellation Charge or Actual Attributable Works Cancellation Charge and (b) Wider Cancellation Charge

(a) Either the Actual Attributable Works Charge or, where on the Fixed Attributable Works Cancellation Charge, a charge calculated as follows:

Where:

- *Termination of Construction Agreement equates to reduction in Transmission Entry Capacity or Developer Capacity to zero*
- *Fixed Attributable Works Cancellation Charge = Attributable Works Cancellation Amount x MW reduction in Transmission Entry Capacity or Developer Capacity x Cancellation Charge Profile_t*
- *Cancellation Charge Profile_t which varies according to the number of Financial Years working back from the Charging Date to the Trigger Date:*
 - *In the Financial Year in which the Charging Date occurs (t=0), Cancellation Charge Profile = 1.0,*
 - *In the Financial Year which is 1 Financial Year prior to the Financial Year in which the Charging Date occurs (t=1), Cancellation Charge Profile = 0.75;*
 - *In the Financial Year which is 2 Financial Years prior to the Financial Year in which the Charging Date occurs (t=2), Cancellation Charge Profile = 0.5; and*
 - *In the Financial Year which is 3 Financial Years prior to the Financial Year in which the Charging Date occurs (t=3), Cancellation Charge Profile, = 0.25.*

AND

(b) *Wider Cancellation Charge*

Where:

- *Termination of Construction Agreement equates to reduction in Transmission Entry Capacity or Developer Capacity to zero*
- *Wider Cancellation Charge = Zonal Unit Amount x reduction in Transmission Entry Capacity or Developer Capacity x Cancellation Charge Profile_t*
- *Cancellation Charge Profile_t which varies according to the number of Financial Years working back from the Charging Date to the Trigger Date:*
 - *In the Financial Year in which the Charging Date occurs (t=0), Cancellation Charge Profile = 1.0,*
 - *In the Financial Year which is 1 Financial Year prior to the Financial Year in which the Charging Date occurs (t=1), Cancellation Charge Profile = 0.75;*
 - *In the Financial Year which is 2 Financial Years prior to the Financial Year in which the Charging Date occurs (t=2), Cancellation Charge Profile = 0.5; and*
 - *In the Financial Year which is 3 Financial Years prior to the Financial Year in which the Charging Date occurs (t=3), Cancellation Charge Profile = 0.25.*

3.8 Where the Transmission Entry Capacity is reduced or Notice of Disconnection is given on or after the Charging Date

Except as provided for in Paragraph 3.9, the **Cancellation Charge** payable on notice of **Disconnection** and/or a reduction in **Transmission Entry Capacity** on or after the **Charging Date** is calculated on a £/MW basis as follows by reference to the **Zonal Unit Amount** for the **Financial Year** in which the notice is given:

Cancellation Charge = Wider Cancellation Charge

Where:

- *Disconnection equates to reduction in Transmission Entry Capacity to zero*
- *Wider Cancellation Charge = Zonal Unit Amount for year in which notice of disconnection or reduction is given x reduction in Transmission Entry Capacity x Cancellation Charge Profile_t.*
- *Cancellation Charge Profile_t which varies according to the number of Financial Years notice given from the Charging Date to Disconnection or reduction in Transmission Entry Capacity:*
 - *where notice is given in the Financial Year in which such notice is to take effect (t=0) Cancellation Charge Profile = 1,*

- where notice is given in the Financial Year prior to the Financial Year in which such notice is to take effect ($t=1$), Cancellation Charge Profile = 0.75,
- where notice is given in the Financial Year which is two Financial Years prior to the Financial Year in which such notice is to take effect ($t=2$), Cancellation Charge Profile = 0.50;
- where notice is given in the Financial Year which is three Financial Years prior to the Financial Year in which such notice is to take effect ($t=3$), Cancellation Charge Profile = 0.25,; and
- where notice is given in the Financial Year which is four Financial Years prior to the Financial Year in which such notice is to take effect ($t=4$), Wider Cancellation Charge = zero.

3.9 Transitional CMP 192 Commissioned Users

In the case of **Transitional CMP 192 Commissioned Users** who give notice of **Disconnection** and/or a reduction in **Transmission Entry Capacity** on or after the **CMP 192 Implementation Date** but prior to the **Transitional CMP 192 Commissioned User's Notice Date** and such notice of **Disconnection** and/or a reduction in **Transmission Entry Capacity** is to take effect no later than the **Transitional CMP 192 Commissioned User's Cut Off Date**, the **Cancellation Charge** payable on notice of **Disconnection** and/or a reduction in **Transmission Entry Capacity** on or after the **Charging Date** is calculated as follows:

Cancellation Charge =

(a) *where the notice period is less than the **Full TEC Reduction Notice Period***

*(i) in relation to positive zones, a sum equal to the difference between the **Transmission Network Use of System Charges** due for the **Financial Year** in which reduction in **Transmission Entry Capacity** takes effect or termination occurs (as appropriate) and the **Transmission Network Use of System Charges** due for the **Financial Year** preceding the **Financial Year** in which the reduction in **Transmission Entry Capacity** takes effect or termination occurs (as appropriate); and*

(ii) in relation to negative zones, zero; or

(b) *where the notice period is equal to or greater than the **Full TEC Reduction Period**, zero.*

For the avoidance of doubt, the provisions of **CUSC**, as applied prior to the **CMP 192 Implementation Date**, shall apply in respect of any **Users** who give notice of **Disconnection** and/or a reduction in **Transmission Entry Capacity** in respect of **Commissioned Power Stations** prior to the **CMP 192 Implementation Date**.

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4 Annual Wider Cancellation Charge Statement

4.1 By not later than 31 January prior to the start of each **Financial Year** **The Company** will publish a statement showing:

- (a) the **Zonal Unit Amount** by **Generation Zone** for that **Financial Year**;
- (b) the **Wider User Commitment Liability Base** for that **Financial Year**;
- (c) the **Total TO Capex** for that **Financial Year** (*where the **Total TO Capex** is the forecast of the **Load Related Boundary Capex** and **Non Load Related Boundary Capex** for a given **Financial Year**, excluding the total **Attributable Works Capital Cost**);*
- (d) a forecast of the **Total TO Capex** for the following three **Financial Years**;
- (e) the **Global Asset Reuse Factor** for that **Financial Year**;
- (f) the **Boundary Non Compliance Factors** for that **Financial Year**;
- (g) a forecast of the **Zonal Unit Amount** by **Generation Zone** for the following three **Financial Years**;
- (h) the % of the **Cancellation Charge** that is required to be secured prior to (and including) and after the **Key Consents in Place Date**.

4.2 In the event that for any **Financial Year** it is proposed to change the **Global Asset Reuse Factor** or the % of the **Cancellation Charge** that is required to be secured prior to (and including) and after the **Key Consents in Place Date** from that set out in the **Annual Wider Cancellation Charge Statement** for the previous **Financial Year**, **The Company** shall not make such change without first consulting on the change (and its provision in electronic form on the Website and in electronic mails to **CUSC Parties** and such other persons who have supplied relevant details shall meet this requirement).

6 Statement of Cancellation Charge

6.1 With an **Offer** **The Company** shall provide each **User** with an indicative profile of the estimated spend in respect of the **Attributable Works**.

6.2 Cancellation Charge Statement

6.2.1 The **Company** shall issue a **Cancellation Charge Statement** to a **User** showing the amount of the payment required or which may be required to be made by the **User** to **The Company** in respect of the **Cancellation Charge** prior to the **Charging Date** at the following times and in respect of the following periods:-

- (i) Forthwith on and with effect from the signing of the **Construction Agreement**, in respect of the period from and including the day of signing of the **Construction Agreement** until the next following 30 September or 31 March, whichever is the earlier; and thereafter
- (ii) not less than 75 (seventy five) days (or if such day is not a **Business Day** the next following **Business Day**) prior to each 30 September and 31 March thereafter in respect of the period of six calendar months commencing on the immediately following 1 October or 1 April (as the case may be), until the earlier of the termination of the relevant **Construction Agreement** or the **Charging Date**.

6.3 Each **Cancellation Charge Statement** issued prior to the **Cancellation Charge Statement** issued for the 6 month period commencing on the **Trigger Date** shall also provide an estimate of the **Actual Attributable Works Cancellation Charge** and based on this an estimate of the **Fixed Attributable Works Cancellation Charge** as it would apply at the **Trigger Date**.

6.4 With the **Cancellation Charge Statement** issued for the 6 month period commencing on the **Trigger Date** **The Company** will also provide the **User** with the **Notification of Fixed Attributable Works Cancellation Charge**.

6.5 If a **User** does not elect for the **Fixed Attributable Works Cancellation Charge** (unless and until a **User** subsequently elects for a **Fixed Attributable Works Cancellation Charge** as provided for at Paragraph 7 or advises **The Company** that it does not wish to receive this) **The Company** shall provide a **Notification of Fixed Attributable Works Cancellation Charge** with each subsequent **Cancellation Charge Statement**.

6.6 The **Actual Attributable Works Cancellation Charge** shall apply unless and until a **User** elects for a **Fixed Attributable Works Cancellation Charge** in accordance with Paragraph 7.

6.7 Estimating the Actual Attributable Works Cancellation Charge

In the case of the **Actual Attributable Works Cancellation Charge**, the **Cancellation Charge Statement** shall set out a fair and reasonable estimate of the **Actual Attributable Works Cancellation Charge** for the 6 month period and, for the project generally. In addition the 6 month estimate of the **Actual Attributable Works Cancellation Charge** shall, for the purposes of assessing the **Cancellation Charge Secured Amount**, be prorated on a MW basis between those **Users** who share a component within the **Attributable Works**.

7 Electing for the Fixed Attributable Works Cancellation Charge

7.1 To elect the **Fixed Attributable Works Cancellation Charge**, a **User** must notify **The Company** to this effect by (a) returning a signed copy of the **Notification of Fixed Attributable Works Cancellation Charge** not less than 45 days (or if such day is not a **Business Day** the next following **Business Day**) prior to the **Trigger Date** or (b) , where a **User** does not elect at that time, it can elect 45 days (or if such day is not a **Business Day** the next following **Business Day**) prior to each 30 September or 31 March thereafter by returning a signed copy of the **Notification of Fixed Attributable Works Cancellation Charge** as provided with the relevant **Cancellation Charge Statement**.

7.2 Once a **User** has elected for the **Fixed Attributable Works Cancellation Charge**, the **Attributable Works Amount** and **Cancellation Charge Profile** will then be fixed as that set out in the **Notification of Fixed Attributable Works Cancellation Charge** by reference to which such election was made and a **User** cannot revert to the **Actual Attributable Works Cancellation Charge**.

8 Cancellation Charge Secured Amount Statement

8.1 Where a **User** has to provide security in accordance with Part Three of this Section 15 the **Cancellation Charge Statement** shall be accompanied by the **Cancellation Charge Secured Amount Statement**.

8.2 The **Cancellation Charge Secured Amount** shall be based on the highest level of **Cancellation Charge** due within the period covered by the **Cancellation Charge Secured Amount Statement**.

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PART THREE

1. CALCULATION OF CANCELLATION CHARGE SECURED AMOUNT AND CREDIT REQUIREMENTS

2. Each **User** which has a **Construction Agreement** shall provide security in respect of each of its **Construction Agreements** for the **Cancellation Charge Secured Amount** as applied and calculated in accordance with this Part Three of Section 15:

2.1 in the case of a **User** which meets **The Company Credit Rating** at the date of the **Construction Agreement** in accordance with Paragraph 4; and

2.2 in the case of a **User** which does not meet **The Company Credit Rating** at the date of the **Construction Agreement** or thereafter ceases to meet it, in accordance with Paragraph 5.

3. CALCULATION OF CANCELLATION CHARGE SECURED AMOUNT

3.1 Prior to the **Trigger Date** the **Cancellation Charge Secured Amount** is the **Cancellation Charge** as set out in the **Cancellation Charge Statement** for the relevant **Security Period**.

3.2 On or after the **Trigger Date** until the **Charging Date** the **Cancellation Charge Secured Amount** is that percentage of the figure shown as the **Cancellation Charge** in the **Cancellation Charge Statement** for the relevant **Security Period** determined as follows:

Prior to (and including) the Key Consents In Place Date	the % for that Financial Year as set out in the Annual Wider Cancellation Charge Statement .
From the Key Consents In Place Date	the % for that Financial Year as set out in the Annual Wider Cancellation Charge Statement .

3.3 The **User** shall notify **The Company** once it considers that it has been granted the **Key Consents**. **The Company** shall respond as soon as practicable after such notification confirming that it is satisfied that this is the case or giving reasons why it is not so satisfied.

4. **PROVISION OF SECURITY WHERE USER MEETS THE COMPANY CREDIT RATING**

4.1 The **User** shall as soon as possible after entering into a **Construction Agreement** and/or **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** and in any event no later than one (1) month after the date of the same confirm to **The Company** whether it meets **The Company Credit Rating**. Thereafter not less than 75 days before the 1 April and 1 October each year until 30 days after the **Charging Date** the **User** shall confirm to **The Company** whether it meets **The Company Credit Rating** (which in the case of a long term private credit rating shall be confirmed by Standard and Poor's or Moody's within a period of 45 days prior to the date of confirmation). The **User** shall inform **The Company** in writing forthwith if it becomes aware of no longer meeting **The Company Credit Rating** or if it is or is likely to be put on credit watch or any similar credit surveillance procedure which may give **The Company** reasonable cause to believe that the **User** may not be able to sustain meeting **The Company Credit Rating** for at least 12 months.

4.2 In the event that the **User** has elected to provide **The Company** with an indicative credit rating and **The Company** is of the reasonable opinion that the **User** has ceased to comply with the requirements of Paragraph 4.1 then **The Company** may require the **User** forthwith:

- (i) to apply to Standard and Poor's and/or Moody's for a further indicative long term private credit rating; or
- (ii) to confirm to **The Company** that it shall provide the security referred to in Paragraph 4.4 below.

4.3 In the event of the **User**:

- (i) not meeting **The Company Credit Rating**; or

- (ii) having a credit rating below **The Company Credit Rating**; or
- (iii) not having obtained from Standard and Poor's or Moody's within 30 days of the written notification under Paragraph 4.2(i) above an indicative long term private credit rating,

or if **The Company** becomes aware that:

- (iv) the **User** ceases to meet **The Company Credit Rating**; or
- (v) the **User** is put on credit watch or other similar credit surveillance procedure as specified above which may give **The Company** reasonable cause to believe that the **User** may not be able to maintain **The Company Credit Rating** for at least 12 months; or
- (vi) the **User** has not obtained from Standard and Poor's within 30 days of the written notification by **The Company** under Paragraph 4.2(i) above a further indicative long term private credit rating,

the **User** shall (where appropriate on receipt of written notification from **The Company**) comply with the terms of Paragraph 4.4.

4.4 The **User** shall within 21 days of the giving of a notice under Paragraph 4.3 or within 30 days of the **User** confirming to **The Company** under Paragraph 4.2(ii) that it will provide the security specified below (whichever is the earlier), provide **The Company** with the security specified below to cover the **Cancellation Charge Secured Amount** for the relevant **Security Period** as notified by **The Company** to the **User**.

4.5 The form of security provided shall be of a type set out in Paragraph 6.

4.6 If the facts of circumstances giving rise to the obligation of the **User** to provide the security have ceased, then **The Company** shall release the security.

5. PROVISION OF SECURITY WHERE USER DOES NOT MEET OR CEASES TO MEET THE COMPANY CREDIT RATING

5.1 Each **User** hereby agrees that it shall at the date of the relevant **Construction Agreement** and/or **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** provide to **The Company** or procure the provision to **The Company** of, and the **User** shall until 28 days after the **Charging Date** maintain or procure that there is maintained in full force and effect (including by renewal or replacement) a security arrangement from time to time and for the time being as set out in Paragraph 6 to provide security for the **Cancellation Charge Secured Amount**.

5.2 If there shall be any dispute between the **User** and **The Company** as to:-

- (i) the fairness and reasonableness of the estimate of the **Attributable Works Capital Charge**; or
- (ii) the calculation of the **Cancellation Charge**, or
- (iii) whether there has been an **Event of Default** as provided in **CUSC** Section 5; or
- (iv) the lawfulness or otherwise of any termination or purported termination of the **Construction Agreement**,

such dispute shall not affect the ability of **The Company** to make demands pursuant to the security arrangement to be provided pursuant to this **CUSC** Section 15 and to recover the amount or amounts payable thereunder, it being acknowledged by the **User** that but for such being the case **The Company's** security would be illusory by reason of the period of validity of the relevant security being likely to expire or capable of expiring before the final resolution of such dispute. The **User** accordingly covenants with **The Company** that it will not take any action, whether by way of proceedings or otherwise, designed or calculated to prevent, restrict or interfere with the payment to **The Company** of any amount secured under the security arrangement nor seek nor permit nor assist others to do so.

6. TYPES OF SECURITY

6.1 The **User** shall from time to time and for the time being as set out in Paragraph 5 provide security for the **Cancellation Charge Secured Amount** by any one of the following:-

- 6.1.1** A **Performance Bond** or **Letter of Credit** from a **Qualified Bank** for **Cancellation Charge Secured Amount** for a given **Security Period**, such **Performance Bond** or **Letter of Credit** to be **Valid** for at least that given **Security Period** and to be renewed periodically where applicable in the manner stated in paragraph 6.2.3; or
- 6.1.2** A cash deposit in a **Bank Account** at least for the amount of the **Cancellation Charge Secured Amount** to be secured for a given **Security Period**, such cash deposit to be increased or reduced periodically where applicable in the manner stated in paragraph 6.2.4; or
- 6.1.3** A **Performance Bond** from a **Qualified Company** for the amount of the **Cancellation Charge Secured Amount** to be secured for a given **Security Period**, such **Performance Bond** to be **Valid** for at least that **Security Period** and to be renewed periodically where applicable in the manner stated in paragraph 6.2.3.

6.2 General Provisions regarding Security

- 6.2.1** Any **Notice of Drawing** to be delivered to Barclays Bank PLC or any other bank at which the **Bank Account** shall have been opened or a **Qualified Bank** or a **Qualified Company** may be delivered by hand, by post or by facsimile transmission.
- 6.2.2** If the **User** becomes aware that the bank issuing the **Performance Bond** or **Letter of Credit** ceases to be a **Qualified Bank** or that the company giving the **Performance Bond** ceases to be a **Qualified Company**, the **User** shall so notify **The Company** in writing as soon as it becomes so aware. If **The Company** becomes aware that the bank issuing the **Performance Bond** or **Letter of Credit** ceases to be a **Qualified Bank** or that the company giving the **Performance Bond** ceases to be a **Qualified Company**, **The Company** may notify the **User** to that effect in writing. Where the bank or the company so ceases to be either a **Qualified Bank** or a **Qualified Company** (as the case may be) as a consequence of **The Company** having reasonable cause to doubt the continued rating of the said bank or company, such notice shall be accompanied by a statement setting out **The**

Company's reasons for having such doubt. The **User** shall within 21 days of the giving of such notice by **The Company** or the **User** whichever is the earlier provide a replacement **Performance Bond** and/or **Letter of Credit** from a **Qualified Bank** or **Qualified Company**, as the case may be, and/or provide a cash deposit in the required amount in a **Bank Account**. From the date the replacement **Performance Bond** or **Letter of Credit** or **Bank Account** cash deposit is effectively and unconditionally provided and **Valid**, **The Company** will consent in writing to the security which it replaces being released.

6.2.3 The following provisions shall govern the issuance, renewal and release of the **Performance Bond** or **Letter of Credit**:-

6.2.3.1 The **Performance Bond** or **Letter of Credit** shall be **Valid** initially for the **First Security Period**. Such **Performance Bond** or **Letter of Credit** shall be for an amount not less than the **Cancellation Charge Secured Amount** for that **First Security Period**.

6.2.3.2 On a date which is at least 45 days (or if such day is not a **Business Day** then on the immediately preceding **Business Day**) before the start of each following **Security Period** such **Performance Bond** or **Letter of Credit** shall be renewed so as to be **Valid** for not less than such **Security Period** and in the case of the last **Security Period** to be **Valid**, unless **The Company** agrees otherwise, for 45 days after the last day of such **Security Period**. Such renewed **Performance Bond** or **Letter of Credit** shall be for an amount not less than the **Cancellation Charge Secured Amount** to be secured during that **Security Period**.

6.2.4 The following provisions shall govern the maintenance of cash deposits in the **Bank Account**:-

6.2.4.1 The amount of the cash deposit to be maintained in the **Bank Account** shall be maintained from the date of the **Construction Agreement** at least to the end of the **First Security Period**.

Such cash deposit shall be in the amount of the **Cancellation Charge Secured Amount** to be secured during that **First Security Period**.

6.2.4.2 If the amount of the **Cancellation Charge Secured Amount** to be secured from the start of each **Security Period** is an amount greater than the amount then secured, the cash deposit in the **Bank Account** shall be increased to such greater amount on the date which is 45 days before the start of the given **Security Period**.

6.2.4.3 If the **Cancellation Charge Secured Amount** for a given **Security Period** is smaller than the amount then secured, the cash deposit in the **Bank Account** shall not be reduced to the amount so stated until the expiry of 7 days after the start of that given **Security Period** (“the **Release Date**”).

6.2.4.4 The sum equal to the amount of reduction in the cash deposit in the **Bank Account** shall be paid by **The Company** to the **User** from the **Bank Account** on the **Release Date**.

6.2.4.5 Any interest accruing to the **Bank Account** shall be for the account of and belong to the **User** absolutely, and **The Company** agrees to take any steps required to be taken by it for the release from the **Bank Account** and payment to the **User** of such interest as soon as the same shall have been credited to the **Bank Account** and **The Company** shall have received notice of such credit.

6.3 Notwithstanding any provision aforesaid:-

6.3.1 The **User** may provide different securities to **The Company** at any one time, each securing a different amount, provided that the aggregate amount secured by such securities shall be not less than the amount of the **Cancellation Charge Secured Amount** required to be secured for that **Security Period**.

6.3.2 The **User** may upon the expiry of at least 14 days prior written notice to **The Company**, substitute one type of security for another provided that unless **The Company** shall otherwise agree in writing such substituted security must be **Valid** from the first day of the relevant **Security Period** and committed at least 45 days before this in the following manner:-

- (a) where a **Performance Bond** or a **Letter of Credit** is to substitute for other securities, it must be issued or given at least 45 days before the start of the **Security Period** to which it relates.
- (b) where a cash deposit in a **Bank Account** is to substitute for other securities, it must be deposited into the **Bank Account** at least 45 days before the start of the **Security Period** to which it relates.

6.3.3 Upon request by the **User** to **The Company**, securities substituted in the aforesaid manner shall, providing the substitute security shall be **Valid**, be released on the first day of the **Security Period** which the substitute security is securing. However, where the **Cancellation Charge Secured Amount** to be secured for any **Security Period** is less than the amount required to be secured in the preceding **Security Period**, the substituted security shall not be released until 7 days after the start of the **Security Period** that that substitute security is securing.

**PART FOUR RECONCILIATION OF ACTUAL ATTRIBUTABLE WORKS
CANCELLATION CHARGE**

1. As soon as practicable and in any event within 60 days of the date, as appropriate, of termination of the **Construction Agreement** or reduction in **Transmission Entry Capacity** or **Developer Capacity** **The Company** shall:
 - (a) furnish the **User** with a statement showing a revised estimate of the **Actual Attributable Works Cancellation Charge** and will provide as soon as practicable evidence of such having been incurred; and
 - (b) furnish the **User** with justification of and supporting information in respect of its assessment of the actual or potential for reuse and any strategic benefits of the **Attributable Works** and any of the resulting **Transmission** assets.

2. As soon as reasonably practicable after termination of this **Construction Agreement** or reduction in **Transmission Entry Capacity** or **Developer Capacity** and in any event within 12 months of such event **The Company** shall provide the **User** with a final statement of the **Actual Attributable Works Cancellation Charge**. If the **Actual Attributable Works Cancellation Charge** is greater than the payments made by the **User** in respect of **The Company's** estimate(s) of the **Actual Attributable Works Cancellation Charge** the **User** shall within 28 days of the said statement and invoice prepared by **The Company** pay to **The Company** the additional payments due by the **User** together with interest calculated thereon on a daily basis at **Base Rate** for the time being and from time to time from the date of previous payment(s) to the date of the final statement of the **Actual Attributable Works Cancellation Charge** and final invoice for the **Attributable Works Cancellation Charge**. If the **Actual Attributable Works Cancellation Charge** is less than the payments made by the **User** in respect of **The Company's** estimate(s) of the **Actual Attributable Works Cancellation Charge** **The Company** shall forthwith pay to the **User** the excess paid together with interest on a daily basis at **Base Rate** for the time being and from time to time from the date of payment of the fair and reasonable estimate of the **Actual Attributable Works Cancellation Charge** to the date of reimbursement by **The Company** of the said excess paid.

SCHEDULE 2 EXHIBIT 3

PART 1

For use with User's in the categories of (i) Power Stations directly connected to the National Electricity Transmission system, (ii) Embedded Power Stations which are the subject of a Bilateral Embedded Generation Agreement or (iii) where, associated with Distributed Generation, a Distribution System directly connected to the National Electricity Transmission System

INDICATIVE

DATED [] 200[1]

NATIONAL GRID ELECTRICITY TRANSMISSION PLC (1)

and

[] (2)

THE CONNECTION AND USE OF SYSTEM CODE

CONSTRUCTION AGREEMENT

CONTENTS

<u>Clause</u>	<u>Title</u>
1	Definitions, Interpretation and Construction
2	Carrying out of the Works
3	Delays
4	Commissioning Programme and Liquidated Damages
5	Approval to Connect/Energise/Become Operational
6	Independent Engineer
7	Becoming Operational
8	Compliance with Site Specific Technical Conditions
9	Provision of Security
10	Event of Default
11	Termination
12	Term
13	CUSC
14	Disputes
15	Variations
Appendix B1	One Off Works
Appendix G	Transmission Connection Asset Works
Appendix H	Transmission Reinforcement Works
Appendix I	User's Works
Appendix J	Construction Programme
Appendix K	Liquidated Damages
Appendix L	Independent Engineer

CUSC v1.7

Appendix MM Attributable Works and Key Consents

Appendix N Third Party Works

THIS CONSTRUCTION AGREEMENT is made on the [] day of [] 200[1]

BETWEEN

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

WHEREAS

- (A) Pursuant to the **Transmission Licence**, **The Company** has prepared a Connection and Use of System Code (**CUSC**) setting out the terms of the arrangements for connection to and use of the **National Electricity Transmission System** and the provision of certain **Balancing Services**.
- (B) The **User** has applied for [connection to] [and use of] [modification to its connection to] [or use of] the **National Electricity Transmission System** and pursuant to Standard Condition C8 of the **Transmission Licence**, **The Company** is required to offer terms in accordance with the **CUSC** in this respect **or** [specific recital to reflect that the **Construction Agreement** is an amendment of an existing signed offer pursuant to the **CUSC** amending documents]
- (C) **The Company** and the **User** are parties to the **CUSC Framework Agreement** (being an agreement by which the **CUSC** is made contractually binding between the parties).
- (D) Certain works are required as part of this offer as set out in this **Construction Agreement**.
- (E) This **Construction Agreement** is entered into pursuant to the terms of the **CUSC**.
- (F) This **Construction Agreement** has been prepared under the **Connect and Manage Arrangements**.

NOW IT IS HEREBY AGREED as follows:

1.1. DEFINITIONS, INTERPRETATION AND CONSTRUCTION

Unless the subject matter or context otherwise requires or is inconsistent therewith, terms and expressions defined in Section 11 of the **CUSC** and in the **Bilateral Connection Agreement** have the same meanings, interpretations or constructions in this **Construction Agreement**.

“Attributable Works”	those Construction Works identified as such in accordance with the User Commitment Methodology and which are set out in Appendix MM Part 1.
"Authority"	as defined in the CUSC .
“Bilateral Connection Agreement”	the Bilateral Connection Agreement entered into between the parties on even date herewith.
"Bilateral Embedded Generation Agreement"	the Bilateral Embedded Generation Agreement entered into between the parties on even date herewith.
“Cancellation Charge”	as calculated in accordance with the User Commitment Methodology .

"Charging Date"

the date upon which the **Construction Works** are first **Commissioned** and available for use by the User or if the **Independent Engineer** before, on or after the **Commissioning Programme Commencement Date** shall have certified in writing that the **Transmission Connection Assets**, are completed to a stage where The Company could commence commissioning and by such date the **User's Works** shall not have been so certified then the date falling [] days after the date of such certification, provided that the **Transmission Reinforcement Works** are **Commissioned** and **Seven Year Statement Works** are completed as at that date. In the event that the **Transmission Reinforcement Works** are not so **Commissioned** and/or the **Seven Year Statement Works** are not so completed the **Charging Date** shall be the date on which they are **Commissioned** and/or completed as appropriate. *[Exclude Seven Year Statement Works from this definition if they are not also Enabling Works].*

"Commissioning Programme Commencement Date"

the date specified in the **Construction Programme** for the commencement of the **Commissioning Programme** or any substituted date fixed under the terms of this **Construction Agreement**

"Commissioning Programme"

the sequence of operations/tests necessary to connect the **User's Works** and the **Transmission Connection Asset Works** to the **National Electricity Transmission System** for the purpose of making the **User's Works** available for operation to be determined pursuant to Clause 2.10 of this **Construction Agreement**.

"Completion Date"

[] or such other date as may be

	agreed in terms of this Construction Agreement for completion of the Construction Works .
"Connect and Manage Derogation"	the temporary derogation from the NETS SQSS available to The Company under Standard Condition C17 of the Transmission Licence and/or the Relevant Transmission Licensee under Standard Condition D3 of its transmission licence;
"Connected Planning Data"	data required pursuant to the Planning Code which replaces data containing estimated values assumed for planning purposes by validated actual values and updated estimates for the future and by updated forecasts for forecast data items.
"Consents"	in relation to any Works :- (a) all such planning and other statutory consents; and (b) all wayleaves, easements, rights over or interests in land or any other consent; or (c) permission of any kind as shall be necessary for the construction of the Works and for commencement and carrying on of any activity proposed to be undertaken at or from such Works when completed.
"Construction Programme"	the agreed programme for the Works to be carried out by The Company and the User set out in detail in Appendix [J] to this Construction Agreement or as amended from time to time pursuant to Clauses 2.3 and 3.2 of this Construction Agreement .
"Construction Site"	the site where the Transmission Connection Asset Works are being

	undertaken by or on behalf of The Company ;
“Construction Works”	the Transmission Connection Asset Works, Enabling Works, Seven Year Statement Works and One Off Works and such additional works as are required in order to comply with any relevant Consents relating to any such works but excluding for the avoidance of doubt any Third Party Works .
"Dispute Resolution Procedure”	the procedure for referral to arbitration set out in Paragraph 7.4 of the CUSC .
“Enabling Works”	those Transmission Reinforcement Works which are specified in Appendix H Part 1 to this Construction Agreement .
“Event of Default”	any of the events set out in Clause 10 of this Construction Agreement as constituting an event of default.
“Independent Engineer”	the engineer specified in Appendix L to this Construction Agreement . Provided that:- (a) where the parties fail to agree on a suitable engineer within 120 days of the date of this Construction Agreement ; or (b) where any Independent Engineer appointed from time to time shall fail, refuse or cease to act in the capacity set out herein and no substitute engineer of suitable standing and qualification can be agreed by the parties within 30 days; then such engineer as the President of the Institution of Electrical Engineers shall, on the application of either party,

	nominate shall be the Independent Engineer .
“Key Consents”	those Consents required in respect of the [User’s/Developer’s] Power Station which The Company has identified as such and which are set out in Appendix MM Part 2.
“Liquidated Damages”	the sums specified in or calculated pursuant to Appendix K to this Construction Agreement .
“One Off Works”	the works described in Appendix B1 to this Construction Agreement .
Seven Year Statement Works”	the works set out in Table B7 of the statement prepared by The Company pursuant to Standard Condition C11 of the Transmission Licence and issued by The Company in [] which in The Company’s reasonable opinion (and in the absence of the Connect and Manage Derogation are required to be completed before the Completion Date to ensure that the National Electricity Transmission System complies with the requirements of Standard Condition C17 of the Transmission Licence and Standard Condition D3 of any Relevant Transmission Licensee’s transmission licence prior to the Connection of the User’s Equipment in terms of Clause 7.1 [or 7.2] of this Construction Agreement .
“Term”	the term of this Construction Agreement commencing on the date hereof and ending in accordance with Clause 12.

“Third Party Works”	the works to be undertaken on assets belonging to a party other than The Company and the User to enable it to provide or as a consequence of the connection to and/or use of the National Electricity Transmission System by the User as specified in Appendix N;
“Transmission Connection Assets”	the assets specified in Appendix A to the Bilateral Connection Agreement .
“Transmission Connection Asset Works”	the works necessary for construction and installation of the Transmission Connection Assets at the Connection Site specified in Appendix G to this Construction Agreement .
“Transmission Reinforcement Works”	those works other than the Transmission Connection Asset Works Seven Year Statement Works and One Off Works , which in the reasonable opinion of The Company (and in the absence of the Connect and Manage Derogation) are all necessary to extend or reinforce the National Electricity Transmission System to ensure that the National Electricity Transmission System complies with the requirements of Standard Condition C17 of the Transmission Licence and Standard Condition D3 of any Relevant Transmission Licensee’s transmission system and which are specified in Appendix H to this Construction Agreement , where Part 1 is the Enabling Works and Part 2 is the Wider Transmission Reinforcement Works .
“Trigger Date”	[date] as identified in accordance with the User Commitment methodology .

“User’s Works”	those works necessary for installation of the User’s Equipment which are specified in Appendix I to this Construction Agreement .
“Wider Transmission Reinforcement Works”	those Transmission Reinforcement Works which are specified in Appendix H Part 2 to this Construction Agreement where Part 2.1 is works required for the User and Part 2.2 is works required for wider system reasons.
“Works”	the Construction Works and the User’s Works .

Users in the capacity of a Directly Connected Power Station or Embedded Power Station (other than those who are a BELLA) insert the following

[Notice of Intent	the notice issued by The Company pursuant to Clause 7.4.4.
Notice of Reduction	the notice issued by The Company pursuant to Clause 7.4.7 including a revised Appendix C specifying the revised Transmission Entry Capacity .
Preliminary Request	the request issued by The Company pursuant to Clause 7.4.1.
Reduction Fee	the fee payable by the User to The Company in respect of the agreement to vary issued pursuant to Clause 7.4.9 such fee being calculated on the same basis as that set out in the Charging Statements as payable on a payment of actual costs basis in respect of a Modification Application..

Users in the capacity of a Directly Connected Distribution System where works are required in respect of a BELLA or a Relevant Embedded Medium Power Station or a Relevant Embedded Small Power Station insert the

following

[Developer Capacity	the MW figure [<i>for export</i>] specified in the Developer's Data .
Developer	<i>Insert name address and registered number</i> who is party to a BELLA with The Company or the subject of the Request for a Statement of Works .
Developer's Data	the information provided by the [Developer-BELLA] [User in respect of the Developer in the Request for a Statement of Works-relevant embedded medium\small power station] and set out in Appendix [P].
Developer's Project	the connection of a [xMW wind farm\power station to the User's Distribution System at []]
Notice of Intent	the notice issued by The Company pursuant to Clause 7.4.4.
Notice of Reduction	the notice issued by The Company pursuant to Clause 7.4.7 revising the Developer's Capacity for this Construction Agreement and Appendix A to the BELLA .
Preliminary Request	the request issued by The Company pursuant to Clause 7.4.1.
Reduction Fee	the fee payable by the User to The Company in respect of the agreement to vary issued pursuant to Clause 7.4.9 such fee being calculated on the same basis as that set out in the Charging Statements as payable on a payment of actual costs basis in respect of a Modification Application .

2. CARRYING OUT OF THE WORKS

- 2.1 Forthwith following the date of this **Construction Agreement** (i) in respect of **Connection Sites** in England and Wales **The Company** and the **User** shall agree the **Safety Rules** and **Local Safety Instructions** to apply during the **Construction Programme** and **Commissioning Programme**; and (ii) in respect of **Connection Sites** in Scotland the **User** shall agree with the **Relevant Transmission Licensee** the **Safety Rules** and **Local Safety Instructions** to apply during the **Construction Programme** and **Commissioning Programme**. Failing agreement within three months of the date of this **Construction Agreement** the matter shall be referred to the **Independent Engineer** for determination in accordance with Clause 6 of the **Construction Agreement**.
- 2.2 Subject to Clauses 2.3 and 2.4 of this **Construction Agreement** forthwith following the date of this **Construction Agreement** **The Company** shall use its best endeavours to obtain in relation to the **Construction Works**, and the **User** shall use its best endeavours to obtain in relation to the **User's Works**, all **Consents**. Each shall give advice and assistance to the other to the extent reasonably required by the other in the furtherance of these obligations. Further, each party shall, so far as it is legally able to do so, grant to, in relation to **Connection Sites** in England and Wales, the other, or in relation to **Connection Sites** in Scotland, the **Relevant Transmission Licensee**, all such wayleaves, easements, servitude rights, rights over or interests (but not estates as regards land in England and Wales and not heritable or leasehold interests as regards land in Scotland) in land or any other consents reasonably required by the other or the **Relevant Transmission Licensee** in order to enable the **Works** to be expeditiously completed and to enable that other to carry out its obligations to the other under this **Construction Agreement** and in all cases subject to such terms and conditions as are reasonable.
- 2.3 The following additional provisions shall apply in respect of the **Consents** and **Construction Works**:-
- 2.3.1 All dates specified in this **Construction Agreement** are subject to **The Company** obtaining **Consents** for the **Construction Works** in a form acceptable to it within the time required to carry out the **Construction Works** in accordance with the **Construction Programme**.
- 2.3.2 In the event of:-
- (a) the **Consents** not being obtained by the required date; or
 - (b) the **Consents** being subject to conditions which affect the dates; or

- (c) **The Company** wishing to amend the **Construction Works** to facilitate the granting of the **Consents**,

The Company shall be entitled to revise the **Construction Works** (and as a consequence Appendix A to the **Bilateral Connection Agreement**) and all dates specified in this **Construction Agreement** and the charges specified in Appendix B to the **Bilateral Connection Agreement**. For the avoidance of doubt such revisions shall be at **The Company's** absolute discretion and the consent of the **User** is not required.

- 2.3.3 The **User** shall be regularly updated by **The Company** in writing or by such other means as the parties may agree as to progress made by **The Company** from time to time in the obtaining of relevant **Consents** pursuant to its obligations under Clause 2.2 or 2.3 of this **Construction Agreement**.
- 2.4 Paragraphs 11.2.3 to 11.2.5 of the **CUSC** relating to **Consents** shall apply to the **Construction Agreement** as if set out here in full.
- 2.5 Prior to the commencement of the **Transmission Connection Asset Works** the **User** shall have the right to terminate this **Construction Agreement** upon giving not less than 7 (seven) days notice in writing to **The Company**. In the event of the **User** terminating this **Construction Agreement** in terms of this Clause 2.5 the provisions of Clause 11 shall apply].
- 2.6 If the **User** fails to obtain all **Consents** for the **User's Works** having complied with the obligations in Clause 2.2 of this **Construction Agreement** the obligation on the **User** to complete the **User's Works** shall cease and the **User** may by written notice to **The Company** terminate this **Construction Agreement** and the provisions of Clause 11 shall apply
- 2.7 Both parties shall be entitled to contract or sub-contract for the carrying out of their respective parts of the **Works** (which in the case of **The Company** shall include work carried out by a **Relevant Transmission Licensee** or its contractors or sub-contractors). The **User** or any contractor on its behalf shall be responsible for commencing and for carrying out the **User's Works** to such stage of completion as shall render them capable of being **Commissioned** in accordance with the **Construction Programme** and **The Company** or any contractor on its behalf shall be responsible for commencing and carrying out the **Construction Works** to such stage of completion as shall render them capable of being **Commissioned** in accordance with the **Construction Programme**.
- 2.8 The parties shall continuously liaise throughout the **Construction Programme** and **Commissioning Programme** and each shall provide to the

other all information relating to its own **Works** reasonably necessary to assist the other in performance of that other's part of the **Works**, and shall use all reasonable endeavours to coordinate and integrate their respective part of the **Works**. There shall be on-site meetings between representatives of the parties at intervals to be agreed between the parties. Each party shall deliver to the other party a written report of progress during each calendar quarter within 7 days of the end of that quarter.

Users in the capacity of a Directly Connected Distribution System where works are required in respect of a BELLA or a Relevant Embedded Medium Power Station or a Relevant Embedded Small Power Station insert the following

[“**2.8** The parties shall continuously liaise throughout the **Construction Programme** and **Commissioning Programme** and each shall provide to the other all information relating to its own **Works** reasonably necessary to assist the other in performance of that other's part of the **Works**, and shall use all reasonable endeavours to coordinate and integrate their respective part of the **Works**. There shall be on-site meetings between representatives of the parties at intervals to be agreed between the parties. The **User** shall also provide to **The Company** such information as **The Company** shall reasonably request and which the **User** is entitled to disclose in respect of the **Developer's Project**. Each party shall deliver to the other party where requested a written report of progress during each calendar quarter (including in the case of the **User** progress on the **Developer's Project** to the extent that the **User** has such information and is entitled to disclose it) within 7 days of the end of that quarter.”]

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

2.10 Not later than six months prior to the **Commissioning Programme Commencement Date** **The Company** shall provide the **User** with a draft **Commissioning Programme** for the **Commissioning** of the **Transmission Connection Assets**, and the **User's Equipment**. The **User** shall, as quickly as practicable and in any event within three months of receipt thereof,

determine whether or not to approve the proposed **Commissioning Programme** (which approval shall not be unreasonably withheld or delayed) and shall within such three month period either notify **The Company** of its approval or, in the event that the **User** reasonably withholds its approval, notify **The Company** of any changes or variations to the proposed commissioning programme recommended by the **User**. If **The Company** does not accept such changes or variations submitted by the **User** any dispute shall be referred to the **Independent Engineer** for determination. The **Commissioning Programme** agreed between the parties or determined by the **Independent Engineer** as the case may be shall be implemented by the parties and their sub-contractors in accordance with its terms.

- 2.11** If at any time prior to the **Completion Date** it is necessary for **The Company** or **The Company** in its reasonable discretion wishes to make any addition to or omission from or amendment to the **Transmission Connection Asset Works** and/or **Transmission Reinforcement Works** and/or the **One Off Works** and/or the **Third Party Works** **The Company** shall notify the **User** in writing of such addition, omission or amendment and Appendices [B1 (**One Off Works**), G (**Transmission Connection Asset Works**) H (**Transmission Reinforcement Works**), MM (**Attributable Works**) and N (**Third Party Works**)] to this **Construction Agreement** and consequently Appendices [A (**Transmission Connection Assets**) and B (**Connection Charges and One Off Charges**)] to the associated **Bilateral Connection Agreement** shall be automatically amended to reflect the change. Provided that where a **User** has elected for the **Local Cancellation Amount** to be based on the **Fixed Local Cancellation Charge Methodology** the **Attributable Works** can only be changed after the **Trigger Date** as provided for in **CUSC** Section 15.
- 2.12** [The **User** shall apply to the Secretary of State for Trade and Industry as part of its application under Section 36 of the Act for its generating station, for deemed planning permission in relation to the substation forming part of the **Transmission Connection Asset Works**. The **User** shall use its best endeavours to procure that the said deemed planning permission is so obtained. **The Company's** obligations under Clause 2.2 of this **Construction Agreement** shall not require it to obtain planning consent for the said substation unless and until the Secretary of State for Trade and Industry shall for whatever reason refuse to deem the grant of planning permission in respect of the same. The **User** shall liaise with **The Company** as to its construction and operational requirements and shall ensure that the said application meets **The Company's** requirements. **The Company** shall provide the **User** with all information reasonably required by it in relation to the application and the **User** shall ensure that all requirements of **The Company** are incorporated in the application for deemed planning consent.]

2.13 [The **Enabling Works** are conditional on British Energy Generation Limited and/or Magnox Electric plc (as the case may be) granting approval to the carrying out of the **Construction Works** in terms of the Nuclear Site Licence Provisions Agreement being an agreement dated 30 March 1990 between **The Company** and Nuclear Electric plc (now called Magnox Electric plc) and an agreement dated 31 March 1996 between **The Company** and British Energy Generation Limited (and described as such). In the event of British Energy Generation Limited and/or Magnox Electric plc (as the case may be) not granting approval **The Company** shall be entitled to change the **Construction Works**, the **Construction Programme** and all dates specified in this **Construction Agreement**.]

2.14 [It is hereby agreed and declared for the purposes of the Construction (Design and Management) Regulations 1994 that the **User** is the only client in respect of the **User's Works** and **The Company** is the only client in respect of the **Construction Works** and **Wider Transmission Reinforcement Works** and each of the **User** and **The Company** shall accordingly discharge all the duties of clients under the said **Regulations**.]

2.15 [**The Company** and the **User** hereby agree and acknowledge that this **Construction Agreement** is not to be treated as a construction contract within the meaning of section 104 of the Housing Grants, Construction and Re-generation Act 1996 and sections 104 to 113 of the said Act shall have no application either to the **Construction Works** or the **User's Works** and the parties' rights and obligations with regard to matters of dispute resolution and payment procedures are as expressly set out herein.

2.16 Third Party Works

2.16.1 The **User** shall be responsible for carrying out or procuring that the **Third Party Works** are carried out and shall carry them out or procure that they are carried out in accordance with the timescales specified in the **Construction Programme**. The **User** shall confirm to **The Company** or, where requested to do so by **The Company**, provide confirmation from the third party that the **Third Party Works** have been completed.

2.16.2 Given the nature of these works it may not be possible to fully identify the works required or the third parties they relate to at the date hereof. Where this is the case **The Company** shall, subject to 2.16.3 below, advise the **User** as soon as practicable and in any event by [] of the **Third Party Works** and shall be entitled to revise Appendix N and as a consequence the **Construction Programme** as necessary to reflect this.

2.16.3 Where **Third Party Works** are likely to be **Modifications** required to be made by another user(s) ("the **First User(s)**") as a consequence of **Modifications** to the **National Electricity Transmission System** to be

undertaken by **The Company** under this **Construction Agreement** **The Company** shall as soon as practicable after the date hereof issue the notification to such **First User's** in accordance with **CUSC** Paragraph 6.9.3.1. The **User** should note its obligations under **CUSC** Paragraph 6.10.3 in respect of the costs of any **Modifications** required by the **First User(s)**.

2.16.4 In the event that the **Third Party Works** have not been completed by the date specified in the **Construction Programme** or, in **The Company's** reasonable opinion are unlikely to be completed by such date, **The Company** shall be entitled to revise the **Construction Programme** as necessary to reflect such delay and also, where **The Company** considers it necessary to do so, shall be entitled to revise the **Construction Works** (and as a consequence Appendices A and B to the **Bilateral Connection Agreement**). For the avoidance of doubt such revisions shall be at **The Company's** absolute discretion and the consent of the **User** is not required. Further, in the event that the **Third Party Works** have not been completed by [] **The Company** shall have the right to terminate this **Construction Agreement** upon giving notice in writing to the **User** and in this event the provisions of Clause 11 of this **Construction Agreement** shall apply.

2.17 Wider Transmission Reinforcement Works

The Company shall keep the **User** advised as to progress on the **Wider Transmission Reinforcement Works** and shall include information on these in the reports produced pursuant to Clause 2.8.

3. DELAYS

3.1 If either party shall have reason to believe that it is being delayed or will be delayed in carrying out that party's **Works** for any reason (whether it is one entitling it to the fixing of a new date under Clause 3.2 of this **Construction Agreement** or not) it shall forthwith notify the other party in writing of the circumstances giving rise to the delay and of the extent of the actual and/or anticipated delay.

3.2 If prior to the **Completion Date** a party (in this Clause 3.2 "the **Affected Party**") shall be delayed in carrying out any of the **Affected Party's Works** (including their commissioning) by reason of any act, default or omission on the part of the other Party (in this Clause the "**Defaulting Party**") or the **Defaulting Party's** employees, agents, contractors or sub-contractors or by reason of an event of **Force Majeure**, the **Affected Party** shall be entitled to have such later date or dates fixed as the **Commissioning Programme Commencement Date** and/or (as the case may be) the **Completion Date** as

may be fair and reasonable in the circumstances provided that it shall have notified the **Defaulting Party** in writing of such act, default or omission or event of **Force Majeure** within 28 days of it becoming aware of the occurrence giving rise to the delay together with an estimate of the proposed delay which it will cause the **Affected Party**. In the event of a dispute between the parties over what is or are any fair and reasonable new date or dates to be fixed in the circumstances this shall be promptly referred to and determined by the **Independent Engineer**. Once the new date or dates are fixed the **Construction Programme** and/or **Commissioning Programme** shall be deemed automatically amended as appropriate.

4. COMMISSIONING PROGRAMME AND LIQUIDATED DAMAGES

- 4.1 Each party shall give written notice to the other declaring its readiness to commence the **Commissioning Programme** when this is the case.
- 4.2 The **Commissioning Programme** shall commence forthwith once both parties have given written notice to the other under Clause 4.1.
- 4.3 The **Works** shall be deemed to have been **Commissioned** on the date that the **Independent Engineer** certifies in writing to that effect.
- 4.4 In the event that the actual date of commencement of the **Commissioning Programme** is later than the **Commissioning Programme Commencement Date The Company** (if and to the extent that it is responsible for delayed commissioning beyond the **Commissioning Programme Commencement Date**, such responsibility and/or its extent to be determined by the **Independent Engineer** failing agreement between the parties) shall be liable to pay to the **User Liquidated Damages** for each day that the actual date of commencement of the **Commissioning Programme** is later than the **Commissioning Programme Commencement Date**. It is declared and agreed that such **Liquidated Damages** shall cease to be payable in respect of any period after the date of actual commencement of the **Commissioning Programme**.
- 4.5 In the event that the actual date on which the **Construction Works** are **Commissioned** is later than the **Completion Date The Company** (if and to the extent that it is responsible for delayed completion beyond the **Completion Date**, such responsibility and/or its extent to be determined by the **Independent Engineer** failing agreement between the parties) shall be liable to pay to the **User Liquidated Damages** for each day that the actual date on which the **Construction Works** are **Commissioned** is later than the **Completion Date**. It is hereby agreed and declared that such **Liquidated Damages** shall cease to be payable in respect of any period after completion of the **Construction Works**.

- 4.6 Liquidated Damages** payable under Clauses 4.4 and 4.5 of this **Construction Agreement** shall accumulate on a daily basis but shall be payable calendar monthly. On or before the 15th day of each month the party entitled to receive the payment of **Liquidated Damages** shall send to the other party a statement of the **Liquidated Damages** which have accrued due in the previous calendar month. The party receiving such statement shall in the absence of manifest error pay the **Liquidated Damages** shown on the statement within 28 days of the date upon which the statement is received.
- 4.7** Without prejudice to and in addition to the obligation of the **User** pursuant to Clause 2.4 of this **Construction Agreement**, the payment or allowance of **Liquidated Damages** pursuant to this Clause 4 shall be in full satisfaction of **The Company's** liability for failure to perform its obligations by the **Commissioning Programme Commencement Date** and/or the **Completion Date** as appropriate.
- 4.8** In the event that the **User** shall have failed, in circumstances not entitling it to the fixing of a new date as the **Commissioning Programme Commencement Date** pursuant to Clause 3.2, to complete the **User's Works** by [] to a stage where the **User** is ready to commence the **Commissioning Programme**, **The Company** shall have the right to terminate this **Construction Agreement** upon giving notice in writing to the **User** and the provisions of Clause 11 shall apply.

5. APPROVAL TO CONNECT/ENERGISE/BECOME OPERATIONAL

- 5.1** Not later than 4 months prior to the expected **Commissioning Programme Commencement Date** or by such other time as may be agreed between the parties the parties shall prepare and submit the **Operation Diagrams** required to be prepared and submitted by each of them respectively under CC 7.4.7 and 7.4.10 and likewise the **Site Common Drawings** required under CC 7.5.2 and 7.5.4 and, if necessary, **Gas Zone Diagrams** referred to in CC 7.4.9 and 7.4.12.
- 5.2** Not later than 3 months prior to the expected **Commissioning Programme Commencement Date** or by such other time as may be agreed between the parties the parties shall prepare and submit the **Operation Diagrams** required to be prepared and submitted by each of them respectively under CC 7.4.8 and 7.4.11 and likewise the **Site Common Drawings** required under CC 7.5.3 and 7.5.5.
- 5.3** Not later than 3 months prior to the expected **Commissioning Programme Commencement Date** or by such other time as may be agreed between the parties:-

- 5.3.1** each party shall submit to the other data within its possession needed to enable the completion of Appendices F3 and F4 to the **Bilateral Connection Agreement**; and
- 5.3.2** the **User** shall submit to **The Company** evidence satisfactory to **The Company** that the **User's Equipment** complies or will on completion of the **User's Works** comply with Clause 8 of this **Construction Agreement** and Paragraphs [1.3.3(b), 2.9 and 6.7] of the **CUSC**.
- 5.4** Not later than 8 weeks prior to the expected **Commissioning Programme Commencement Date** or by such other time as may be agreed between the parties each party shall submit to the other:
- 5.4.1** for the **Connection Site** information to enable preparation of **Site Responsibility Schedules** complying with the provisions of Appendix 1 to the **Connection Conditions** together with a list of managers who have been duly authorised by the **User** to sign such **Site Responsibility Schedules** on the **User's** behalf;
- 5.4.2** written confirmation as required under CC.5.2(g) that the list of **Safety Co-ordinators** are authorised and competent [and a list of persons appointed pursuant to **Grid Code** CC5.2(m)];
- 5.4.3** a list of the telephone numbers for the facsimile machines referred to in CC6.5.9.
- 5.5** If directly connected to the **National Electricity Transmission System** not later than 3 months prior to the expected **Commissioning Programme Commencement Date** each party shall submit to the other a statement of readiness to complete the **Commissioning Programme** in respect of the **Works** and the statement submitted by the **User** shall in addition contain relevant **Connected Planning Data** and a report certifying to **The Company** that, to the best of the information, knowledge and belief of the **User**, all relevant **Connection Conditions** applicable to the **User** have been considered and complied with. If **The Company** considers that it is necessary, it will require this latter report to be prepared by the **Independent Engineer**. The report shall incorporate if requested by **The Company** type test reports and test certificates produced by the manufacturer showing that the **User's Equipment** meets the criteria specified in CC6.
- 5.6** If embedded not later than 3 months prior to the **Charging Date** or by such other time as may be agreed between the **Parties** the **User** shall submit to **The Company** a statement of readiness to use the **National Electricity Transmission System** together with **Connected Planning Data** and a report

certifying to **The Company** that, to the best of the information, knowledge and belief of the **User**:-

- (i) all relevant **Connection Conditions** applicable to the **User** have been considered;
- (ii) CC 6 insofar as it is applicable to the **User** has been complied with; and
- (iii) the site-specific conditions set out in Appendices [F1, F3, F4] and [F5] to the **Bilateral Embedded Generation Agreement** have been complied with.

If **The Company** considers that it is necessary, it will require this report to be prepared by the **Independent Engineer**. The report shall incorporate if requested by **The Company** type test reports and test certificates produced by the manufacturer showing that the **User's Equipment** meets the criteria.

6. INDEPENDENT ENGINEER

The parties agree and shall procure that the **Independent Engineer** shall act as an expert and not as an arbitrator and shall decide those matters referred or reserved to him under this **Construction Agreement** by reference to **Good Industry Practice** using his skill, experience and knowledge and with regard to such other matters as the **Independent Engineer** in his sole discretion considers appropriate. All references to the **Independent Engineer** shall be made in writing by either party with notice to the other being given contemporaneously as soon as reasonably practicable and in any event within 14 days of the occurrence of the dispute to be referred to the **Independent Engineer**. The parties shall promptly supply the **Independent Engineer** with such documents and information as he may request when considering such question. The **Independent Engineer** shall use his best endeavours to give his decision upon the question before him as soon as possible following its referral to him. The parties shall share equally the fees and expenses of the **Independent Engineer**. The parties expressly acknowledge that submission of disputes for resolution by the **Independent Engineer** does not preclude subsequent submission of disputes for resolution by arbitration as provided for in the **Dispute Resolution Procedure**. Pending any such submission the parties shall treat the **Independent Engineer's** decision as final and binding.

7. BECOMING OPERATIONAL

- [7.1 If directly connected to the **National Electricity Transmission System** **The Company** shall connect and **Energise** the **User's Equipment** at the

Connection Site during the course of and in accordance with the **Commissioning Programme** and thereafter upon compliance by the **User** with the provisions of Clause 5 and provided (1) the **Construction Works** excluding the **Seven Year Statement Works** [delete Seven Year Statement Works under the Connect and Manage Arrangements if these are not Enabling Works] shall be **Commissioned** and (2) [the **Seven Year Statement Works** and **Third Party Works** shall be completed **The Company** shall forthwith notify the **User** in writing that the **Connection Site** shall become **Operational**.] or

[7.2 If **Embedded** upon compliance by the **User** with the provisions of Clauses 5.1, 5.2 and 5.3 and subject, if **The Company** so requires, to the Enabling Works [and/or works for the **Modification**] being carried out and/or the [**New**] **Connection Site** being **Operational** (any or all as appropriate) **The Company** shall forthwith notify the **User** ("**Operational Notification**") in writing that it has the right to use the **National Electricity Transmission System**. It is an express condition of this **Construction Agreement** that in no circumstances, will the **User** use or operate the **User's Equipment** without receiving the **Operational Notification** from **The Company**.]

7.3 If, on completion of the **User's Works** in accordance with the terms of this **Construction Agreement** the **Registered Capacity** of the **User's Equipment** is less than []MW, **The Company** shall automatically have the right to amend Clause 7 and Appendix C to the **Bilateral Connection Agreement** to reflect the actual **Registered Capacity** of the **User's Equipment**.

Users in the capacity of a Directly Connected Power Station or Embedded Power Station (other than those who are a BELLA) insert the following

[7.4 **Transmission Entry Capacity Reduction**

7.4.1 If, at any time prior to the **Completion Date** **The Company** reasonably believes from data provided by the **User** to **The Company**, the reports provided by the **User** pursuant to Clause 2.8 and Clause 5 of this **Construction Agreement**, the commissioning process under the **Construction Agreement** or otherwise that the **User's Equipment** will be such that it will not be capable of exporting power onto the **National Electricity Transmission System** at the level of the **Transmission Entry Capacity** **The Company** shall advise the **User** accordingly in writing setting out its reasons for this belief, the source of the information giving rise to the concern and seeking clarification from the **User**.

7.4.2 The **User** shall respond to **The Company** within 15 **Business Days** of the date of the **Preliminary Request** providing such information or data as is necessary to satisfy **The Company's** concerns set out in the **Preliminary**

Request and making any amendments necessary to the report provided by the **User** pursuant to Clause 2.8 and / or data provided by the **User** to **The Company** to reflect this.

- 7.4.3** In the event that **The Company** is satisfied from the information provided in accordance with Clause 7.4.2 by the **User** that the **User's Equipment** will be such that it will be capable of exporting power onto the **National Electricity Transmission System** at the level of the **Transmission Entry Capacity** **The Company** shall notify the **User** accordingly.
- 7.4.4** In the event that the **User** does not respond to the **Preliminary Request** or, notwithstanding the **User's** response, **The Company** remains of the view that the **User's Equipment** will be such that it will not reasonably be capable of exporting power onto the **National Electricity Transmission System** at the level of the **Transmission Entry Capacity** **The Company** shall inform the **User** in writing that it intends to amend Clause 7 and Appendix C to the [**Bilateral Connection Agreement**] [**Bilateral Embedded Generation Agreement**] to reflect the **Transmission Entry Capacity** that it reasonably believes to be the level of power that the **User's Equipment** will be capable of exporting .
- 7.4.5** The **User** shall respond to the **Notice of Intent** within 15 **Business Days** of the date of the **Notice of Intent** explaining why it still reasonably believes that its **User's Equipment** will be capable of exporting power onto the **National Electricity Transmission System** at the level of the **Transmission Entry Capacity** or at more than the MW figure proposed by **The Company** in the **Notice of Intent** or providing a reasonable explanation as to why this is not the case.
- 7.4.6** In the event that **The Company** is satisfied from the information provided in accordance with Clause 7.4.5 by the **User** that the **User's Equipment** will be such that it will be capable of exporting power onto the **National Electricity Transmission System** at the level of the **Transmission Entry Capacity** **The Company** shall notify the **User** accordingly.
- 7.4.7** Where notwithstanding the **User's** response to the **Notice of Intent** **The Company** remains of the view that the **User's Equipment** will be such that it will not reasonably be capable of exporting power onto the **National Electricity Transmission System** at the level of the **Transmission Entry Capacity** or at more than the MW figure proposed by **The Company** in the **Notice of Intent** or the **User** does not provide a response that is satisfactory to **The Company** within the timescale specified in 7.4.5 above **The Company** will issue the **Notice of Reduction** to the **User** and will send a copy of the same to the **Authority**.

7.4.8 Unless during such period the matter has been referred by the **User** to the **Authority** for determination by the **Authority** under the provisions of Standard Condition C9 Paragraph 4 of the **Transmission Licence**, the **Notice of Reduction** shall take effect on the day 15 **Business Days** after the date of the **Notice of Reduction** and Appendix C of the [**Bilateral Connection Agreement**] [**Bilateral Embedded Generation Agreement**] shall be amended on that date in the manner set out in the **Notice of Reduction**. Where the matter has been referred the amendments to Appendix C of the [**Bilateral Connection Agreement**] [**Bilateral Embedded Generation Agreement**] and the date they take effect shall be as set out in the Authority's determination.

7.4.9 After a **Notice of Reduction** has taken effect **The Company** shall be entitled to make such amendments to this **Construction Agreement** as it requires as a result of the reduction in **Transmission Entry Capacity** effected by the **Notice of Reduction** and as a consequence to the [**Bilateral Connection Agreement**] [**Bilateral Embedded Generation Agreement**]. **The Company** shall advise the **User** as soon as practicable and in any event within 3 months of the date of the **Notice of Reduction** (or if the matter has been referred by the **User** to the **Authority** for determination, the date of determination) of such amendments by way of offer of an agreement to vary the **Construction Agreement** and [**Bilateral Connection Agreement**] [**Bilateral Embedded Generation Agreement**]. This agreement to vary will also provide for payment by the **User** of the **Reduction Fee** where applicable. The parties acknowledge that any dispute regarding this variation shall be referable to and determined by the **Authority** under the provisions of Standard Condition C9 Paragraph 4 of the **Transmission Licence**.

7.5 Where there is a reduction in **Transmission Entry Capacity** under Clause 7.4 prior to the **Charging Date**, on such reduction in **Transmission Entry Capacity** taking effect the **User** shall pay to **The Company** the **Cancellation Charge** such payment to be made within 14 days of the date of **The Company's** invoice in respect thereof.]

Users in the capacity of a Directly Connected Distribution System where works are required in respect of a BELLA or a Relevant Embedded Medium Power Station or a Relevant Embedded Small Power Station insert the following

[7.4 Developer Capacity Reduction

7.4.1 If, at any time prior to the **Completion Date** **The Company** reasonably believes from the reports provided by the **User** pursuant to Clause 2.8 and Clause 5 of this **Construction Agreement** [*in the case of relevant embedded small\medium power stations* – and/or **CUSC** Paragraphs 6.5.8 or 6.5.5.11], the commissioning process generally or otherwise that the **Developer's Equipment** will be such that it will not be capable of generating at the

Developer Capacity, **The Company** shall advise the **User** accordingly in writing setting out its reasons and seeking clarification of the position from the **User**.

- 7.4.2** The **User** shall respond to **The Company** within 15 **Business Days** of the date of the **Preliminary Request** providing such information or data as is necessary to satisfy **The Company's** concerns set out in the **Preliminary Request** and making any amendments necessary to the report provided by the **User** pursuant to Clause 2.8 and /or data provided by the **User** to **The Company** to reflect this.
- 7.4.3** In the event that **The Company** is satisfied from the information provided in accordance with Clause 7.4.2 by the **User** that the **Developer's Equipment** will be such that it will be capable of generating at the **Developer Capacity** **The Company** shall notify the **User** accordingly.
- 7.4.4** In the event that the **User** does not respond to the **Preliminary Request** or, notwithstanding the **User's** response, **The Company** remains of the view that the **Developer's Equipment** will be such that it will not reasonably be capable of generating at the **Developer Capacity** , **The Company** shall inform the **User** and the **Developer** in writing that it intends to amend the **Developer Capacity** in this **Construction Agreement** [and the associated **BELLA**] to reflect the whole MW figure that it reasonably believes the **Developer's Equipment** will be capable of generating at.
- 7.4.5** The **User** shall respond to the **Notice of Intent** within 15 **Business Days** of the date of the **Notice of Intent** explaining why it still reasonably believes that the **Developer's Equipment** will be capable of generating at the **Developer Capacity** or at more than the MW figure proposed by **The Company** in the **Notice of Intent** or providing a reasonable explanation as to why this is not the case.
- 7.4.6** In the event that **The Company** is satisfied from the information provided in accordance with Clause 7.4.5 by the **User** that the **Developer's Equipment** will be such that it will be capable of generating at the **Developer Capacity** **The Company** shall notify the **User** accordingly.
- 7.4.7** Where notwithstanding the **User's** response **The Company** remains of the view that the **Developer's Equipment** will be such that it will not be capable of generating at the **Developer Capacity** or at or at more than the MW figure proposed by **The Company** in the **Notice of Intent** or the **User** does not provide a response that is satisfactory to **The Company** within the timescale specified in Clause 7.4.5 above **The Company** will issue the **Notice of Reduction** to the **User** and the **Developer** and will send a copy of the same to the **Authority**.

- 7.4.8** Unless during such period the matter has been referred by the **User** to the **Authority** for determination by the **Authority** under the provisions of Standard Condition C9 Paragraph 4 of the **Transmission Licence**, the **Notice of Reduction** shall take effect on the day 15 **Business Days** after the date of the **Notice of Reduction** and the **Developer Capacity** in this **Construction Agreement** [and Appendix A of the associated **BELLA**] shall be amended on that date in the manner set out in the **Notice of Reduction**. Where the matter has been referred the amendments to Appendix A of the associated **BELLA** and the date they take effect shall be as set out in the Authority's determination.
- 7.4.9** After a **Notice of Reduction** has taken effect **The Company** shall be entitled to make such amendments to this **Construction Agreement** as it requires as a result of the reduction in the **Developer Capacity** effected by the **Notice of Reduction** and as a consequence to the [**Bilateral Connection Agreement** or **Agreement to Vary**] [and **BELLA**]. **The Company** shall advise the **User** as soon as practicable and in any event within 3 months of the date of the **Notice of Reduction** (or if the matter has been referred by the **User** [and **BELLA**] to the **Authority**, the date of determination) of such amendments by way of agreement(s) to vary. The agreement to vary will also provide for payment by the **User** of the **Reduction Fee** and on such reduction in **Developer Capacity** taking effect the **User** shall pay the **Cancellation Charge** in respect of the reduction such payment to be made within 14 days of the date of **The Company's** invoice in respect thereof. The parties acknowledge that any dispute regarding this variation shall be referable to and determined by the **Authority** under the provisions of Standard Condition C9 Paragraph 4 of the **Transmission Licence**.”]
- 7.4.10** Where as a result of the reduction in the **Developer Capacity** effected by the **Notice of Reduction** the **Developer** is no longer an **Embedded Exemptable Large Power Station** and as a result the **BELLA** is to be terminated as provided for in the **BELLA** then the following provisions shall apply:
- 7.4.10.1** The agreement to vary referred to in Clause 7.4.9 above shall also provide for such amendments as are necessary to the **Construction Agreement** and [**Bilateral Connection Agreement** or **Agreement to Vary**] to reflect the fact that the **Developer** is no longer to be party to a **BELLA** but is a **Relevant Embedded Small Power Station**.
- 7.4.10.2** Where **The Company** determines that the reduction in the **Developer Capacity** effected by the **Notice of Reduction** is such that if a **Request for a Statement of Works** had been made by the **User** on the basis of that reduced **Developer Capacity** on the same date as, but instead of, the **Developer's** application for the **BELLA** then no works would have been required on the **National Electricity Transmission System** then **The**

Company shall be entitled to terminate this **Construction Agreement** and the provisions of Clause 11 shall apply. In such case **The Company** shall be entitled to make such amendments as are necessary to the [**Bilateral Connection Agreement** or **Agreement to Vary**] to reflect the fact that the **Developer** is no longer party to a **BELLA** but is a **Relevant Embedded Small Power Station**.

7.4.10.3 **The Company** and the **User** shall treat the **Developer** as if it had been a **Relevant Embedded Small Power Station** at the time of its application for a **BELLA** and for the purposes of **CUSC** Paragraph 6.5 as if a) the **Developer's** application for the **BELLA** had been a **Request for a Statement of Works** under **CUSC** 6.5.5, b) this **Construction Agreement** had been entered into as a result of the **Modification Application** referred to in **CUSC** Paragraph 6.5.5.5, c) the **Notice of Reduction** is a revised **Request for a Statement of Works** from the **User** under **CUSC** Paragraph 6.5.5.8 by reference to the reduction in the **Developer Capacity** effected by the **Notice of Reduction** and d) the agreement to vary referred to in Clause 7.4.10.1 or 7.4.10.2 as **The Company's** response to the **User's** revised **Request for a Statement of Works** and the provisions of **CUSC** Paragraph 6.5 shall apply on that basis.

7.5 Where there is a reduction in **Developer Capacity** under Clause 7.4 prior to the **Charging Date**, on such reduction in **Developer Capacity** taking effect the **User** shall pay to **The Company** the **Cancellation Charge** such payment to be made within 14 days of the date of **The Company's** invoice in respect thereof.

8. COMPLIANCE WITH SITE SPECIFIC TECHNICAL CONDITIONS

The **User** shall ensure that on the **Completion Date** the **User's Equipment** complies with the site specific technical conditions set out in Appendices F1-5 to the **Bilateral Connection Agreement** .

9. PROVISION OF SECURITY

Where required to do so under **CUSC** Section 15, the **User** shall provide **The Company** with security arrangements in accordance with **CUSC** Section 15 Part Three in respect of the **User's** obligations to pay the **Cancellation Charge** to **The Company** on termination of this **Construction Agreement** or a reduction in [**Transmission Entry Capacity**] [**Developer Capacity**] prior to the **Charging Date**.

10. EVENT OF DEFAULT

Once any of the **Events of Default** in Paragraph 5.3.1 and/or Paragraph 5.4.6.2 and/or Paragraph 5.4.6.3 of the **CUSC** has occurred and is continuing **The Company** may give notice of termination to the **User** whereupon this **Construction Agreement** shall forthwith terminate and the provisions of Clause 11 shall apply.

11. TERMINATION

11.1 On termination of this **Construction Agreement** **The Company** shall disconnect all the **User's Equipment** at the **Connection Site** and:

(a) the **User** shall remove any of the **User's Equipment** on, in relation to **Connection Sites** in England and Wales, **The Company's** or, in relation to **Connection Sites** in Scotland, **Relevant Transmission Licensee's** land within 6 months of the date of termination or such longer period as may be agreed between **The Company** or the **Relevant Transmission Licensee** (as appropriate) and the **User**; and

(b) in the case of **Connection Sites** in England and Wales, **The Company** shall remove and, in the case of **Connection Sites** in Scotland, **The Company** shall procure that the **Relevant Transmission Licensee** removes, any **Transmission Connection Assets** on the **User's** land within 6 months of the date of termination or such longer period as may be agreed between **The Company** or the **Relevant Transmission Licensee** (as appropriate) and the **User**.

11.2 The **User** shall where this **Construction Agreement** terminates prior to the **Charging Date** be liable forthwith on the date this **Construction Agreement** so terminates to pay to **The Company** the **Cancellation Charge** such payment to be made within 14 days of the date of **The Company's** invoice in respect thereof.

12. TERM

12.1 Subject to the provisions for earlier termination set out in the **CUSC** this **Construction Agreement** shall continue until terminated in accordance with Clause 2.5, 2.6, 4.8 or 11 hereof.

12.2 In addition this **Construction Agreement** shall terminate upon termination of the associated **Bilateral Connection Agreement** and in the event that this is prior to the **Charging Date** the **User** the provisions of Clause 11 shall apply.

12.3 The associated [**Bilateral Connection Agreements** or **Agreement to Vary the Bilateral Connection Agreement**] will automatically terminate upon termination of this **Construction Agreement** prior to the **Charging Date**.

12.4 Any provisions for payment shall survive termination of this **Construction Agreement**.

13. CUSC

The provisions of Sections 6.6 (Payment), 6.14 (Transfer and Subcontracting), 6.15 (Confidentiality), 6.18 (Intellectual Property), 6.19 (Force Majeure), 6.20 (Waiver), 6.21 (Notices), 6.22 (Third party Rights), 6.23 (Jurisdiction), 6.24 (Counterparts), 6.25 (Governing Law), 6.26 (Severance of Terms), 6.27 (Language) inclusive of the **CUSC** shall apply to this **Construction Agreement** as if set out in this **Construction Agreement**.

14. DISPUTES

14.1 Except as specifically provided for in Clause 14.2 of this **Construction Agreement** any dispute arising under the terms of this **Construction Agreement** shall be referred to arbitration in accordance with the **Dispute Resolution Procedure**.

14.2 If there shall be any dispute between the **User** and **The Company** as to:-

15. VARIATIONS

15.1 Subject to Clause 15.2 and 15.3 below, no variation to this **Construction Agreement** shall be effective unless made in writing and signed by or on behalf of both **The Company** and the **User**.

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

15.3 **The Company** has the right to vary Appendices in accordance with Clauses 2.3, 2.11 and 7.4 and Paragraph 6.9 of the **CUSC**.

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

CUSC v1.7

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

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

CUSC v1.7

APPENDIX [B]
ONE OFF WORKS

CUSC v1.7

APPENDIX [G]
TRANSMISSION CONNECTION ASSET WORKS

APPENDIX [H]

TRANSMISSION REINFORCEMENT WORKS

Part 1 Enabling Works

Part 2 Wider Transmission Reinforcement Works

CUSC v1.7

**APPENDIX [I]
USER'S WORKS**

CUSC v1.7

APPENDIX [J]
CONSTRUCTION PROGRAMME

APPENDIX [K]
LIQUIDATED DAMAGES

Company:

Connection site:

Type:

The amount of Liquidated Damages payable by The Company to the User pursuant to this Construction Agreement shall be:

Liquidated Damages under Clause [4] of this Construction Agreement shall be calculated on a daily basis at a rate of £XXXXX per week subject to the limit that the total Liquidated Damages payable by The Company to the User under this Clause shall not exceed £XXXXX.

APPENDIX [L]

INDEPENDENT ENGINEER

Company:

Connection site:

Type:

The Independent Engineer will be a Member of the Association of Consulting Engineers (ACE) and shall be agreed between the parties within 120 days of execution of this Construction Agreement or such other period as may be agreed between the parties. Failing agreement it shall be referred to the President of the Institution of Electrical Engineers who shall nominate the Independent Engineer.

APPENDIX [MM]

ATTRIBUTABLE WORKS AND KEY CONSENTS

Part 1

Attributable Works

Part 2

Key Consents

APPENDIX [N]
THIRD PARTY WORKS

APPENDIX [P]
DEVELOPER'S DATA

Power Station

Location of Power station

Connection Site (GSP)

Site of Connection

Agreement Reference

[Insert details equivalent to data listed in part 1 of the planning code]

Anticipated date when Power Station's connection to use of the Distribution System will be energised.

SCHEDULE 2 EXHIBIT 3

PART 2

For use with User's other than in the categories referred to at Part 1

INDICATIVE

DATED [] 200[1]

NATIONAL GRID ELECTRICITY TRANSMISSION PLC (1)

and

[] (2)

THE CONNECTION AND USE OF SYSTEM CODE

CONSTRUCTION AGREEMENT

Current onshore construction agreement inserted here nb will need editing to take out all generation refs

CUSC v1.7

END OF SCHEDULE 2 EXHIBIT 3

CUSC - EXHIBIT MM1

CANCELLATION CHARGE STATEMENT
DATED []

COMPANY: []

CONNECTION SITE/SITE OF CONNECTION: []

CONSTRUCTION AGREEMENT: []

Part 1 CANCELLATION CHARGE

The **Cancellation Charge** which will or might fall due on termination of the **Construction Agreement** during the period commencing on and including [1 April/1 October] and ending on and including [30 September/31 March] is:

[£] [£/MW]

This figure is based on *[A or B and C -strike out as appropriate]*

[A Pre Trigger Amount

[£1000/2000/3000 per MW]

[B Estimate of Actual Attributable Works Cancellation Charge

[£] [£/MW]

or, where User has elected for the Fixed Attributable Works Cancellation Charge

[Fixed Attributable Works Cancellation Charge

[£X being £X/YMW] - insert figure/calculation from relevant Notification of Fixed Attributable Works Cancellation Charge]

C Wider Cancellation Charge

[£X] being [£X/YMW]

Generation Zone in which **Power Station** is/will be located []

[Part 2 Estimates of the Actual Attributable Works Cancellation Charge/Costs and the Fixed Attributable Works Cancellation Charge

Insert estimate of both prior to Trigger Date

After Trigger Date insert estimate of Actual Attributable Works Cancellation Charge/Costs (including sharing etc) until User has elected to fix.]

for and on behalf of
National Grid Electricity Transmission plc

END OF EXHIBIT MM1

CUSC - EXHIBIT MM2

CANCELLATION CHARGE SECURED AMOUNT STATEMENT
DATED []

COMPANY: []

CONNECTION SITE/SITE OF CONNECTION: []

CONSTRUCTION AGREEMENT: []

The **Cancellation Charge Secured Amount** for the period commencing on and including [1 April/1 October] and ending on and including [30 September/31 March] is [£]

Based on [%] of [£] being the **Cancellation Charge** as set out in the **Cancellation Charge Statement** for such period.

for and on behalf of
National Grid Electricity Transmission plc

END OF EXHIBIT MM2

CUSC - EXHIBIT MM3

NOTIFICATION OF FIXED ATTRIBUTABLE WORKS CANCELLATION CHARGE
DATED [_____]

COMPANY: [_____]

CONNECTION SITE/SITE OF CONNECTION: [_____]

CONSTRUCTION AGREEMENT: [_____]

Fixed Attributable Works Cancellation Charge [£ _____] [£x/MW]

	Attributable Works Cancellation Amount	Cancellation Charge Profile	TEC/DC	[£/MW]
Charging Date/Financial Year [0]	£	%		
Financial Year [1]	£	%		
Financial Year [2]	£	%		
Financial Year [3]	£	%		

Fixed Attributable Works Cancellation Amount based on

Estimated Attributable Works Capital Cost [_____]

Local Asset Reuse Factor *[by ref to each component within the Attributable Works]* [_____]

Strategic Investment Factor *by ref to each component within the Attributable Works]* [_____]

We elect for the **Attributable Works Cancellation Charge** to be calculated on the basis of the **Fixed Attributable Works Cancellation Charge** as set out above.

Signed

for and on behalf of
[User]

Dated []

END OF EXHIBIT MM3

**Proposed Amendments to Section 15 (Part Two) and
EXHIBIT MM1/MM2/MM3 for :**

CMP192 WACM1

CUSC SECTION 15

USER COMMITMENT METHODOLOGY

CONTENTS

- Part One Introduction**
- Part Two Calculation of Cancellation Charge**
- Part Three Calculation of Cancellation Charge Secured Amount and Credit Requirements**
- Part Four Reconciliation of Actual Attributable Works Cancellation Charge**

PART ONE INTRODUCTION

- 1 Where (a) a **Construction Agreement** and/or a **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** between a **User** in respect of the categories specified below and **The Company** is terminated or (b) there is a reduction in **Transmission Entry Capacity** by or in respect of such **User** or (c) there is a reduction in **Developer Capacity** in a **Construction Agreement** prior to the **Charging Date**, such **User** shall pay to **The Company** the **Cancellation Charge** calculated and applied in accordance with Part Two of this Section 15

- 2 The **Cancellation Charge** is payable by **Users** on termination of agreements with and reductions in **Transmission Entry Capacity** or **Developer Capacity** in respect of **Users** in the categories of
 - (a) a **Power Station** directly connected to the **National Electricity Transmission System** in respect of which there is a **Bilateral Connection Agreement** with **The Company**;
 - (b) an **Embedded Power Station** in respect of which there is a **Bilateral Embedded Generation Agreement** with **The Company**;
 - (c) a **Distribution System** directly connected to the **National Electricity Transmission System** in respect of which there is a **Construction Agreement** associated with **Distributed Generation** and reference to **User** in this Section 15 shall be interpreted accordingly.

For the avoidance of doubt this schedule does not apply to **Users** other than those described above.

For the avoidance of doubt in respect of **Users** in the case of category (b) above where **The Company** has an associated **Construction Agreement** with a **User** in the category of (c) above, the **Cancellation Charge** payable by a **User** in category (b) above will not include the **Attributable Works Cancellation Charge** component of the **Cancellation Charge**. In such case the **Attributable Works Cancellation Charge** component of the **Cancellation Charge** will be payable by the associated **User** in category (c) above.

For the avoidance of doubt in the case of:

- (i) **Users** in the case of category (c) above; and
- (ii) **Distributed Generation** (other than an **Embedded Power Station** which is the subject of a **Bilateral Embedded Generation Agreement**),

the **Cancellation Charge** does not apply for reductions in **Developer Capacity** on or after the **Charging Date** or termination on or after the **Charging Date**.

For information, for **Users** other than **Users** in the categories to which this Section 15 applies, the liability for and security requirements in respect of **Final Sums**, which are due on termination of a **Construction Agreement** are as set out in the **Construction Agreement** (and in the proforma attached at **CUSC** Schedule 2, Exhibit 3).

For the avoidance of doubt, in addition to the **Cancellation Charge**, **Termination Amounts** also apply in respect of **Transmission Connection Assets**.

- 3** **The Company** shall apply and calculate the **Cancellation Charge** in accordance with Part Two of this Section 15.

The **Cancellation Charge** is made up of a number of components: the “**Pre Trigger Amount**”, “**Attributable Works Cancellation Charge**” and “**Wider Cancellation Charge**” which apply at different stages.

- 4** As provided for at Paragraph 3.5, the **Attributable Works Cancellation Charge** can be (at the **User’s** election in accordance with Paragraph 7) on the basis of the **Fixed Cancellation Charge** (Paragraph 3.6) rather than the **Actual Attributable Works Cancellation Charge** (Paragraph 3.7).

- 5** This Section 15 also sets out in Part Three the level of, and arrangements for, security required in respect of the **Cancellation Charge**.

- 6** **The Company** shall apply and calculate the **Cancellation Charge Secured Amount** in accordance with this Section 15 Part Three.

- 7 This Section 15 also sets out in Part Four the reconciliation process in respect of the **Actual Attributable Works Cancellation Charge**.
- 8 For reference a number of terms used in this Section 15 are defined within this Section 15.

DRAFT

PART TWO CALCULATION OF CANCELLATION CHARGE

1.1 The **Cancellation Charge** payable shall be calculated in accordance with this Part Two of Section 15.

1.2 Value Added Tax will be payable on any **Cancellation Charge**.

2 Completion Date and Trigger Date

2.1 In making an **Offer** to a **User** **The Company** will consider the **Construction Works** and **Construction Programme** associated with that **Offer** and taking into account the nature and programming of the **Construction Works** and the **Consents** associated with this will identify dates in the **Construction Agreement** as the **Completion Date**.

2.2 The **Trigger Date** will be (a) the 1 April which is three **Financial Years** prior to the start of the **Financial Year** in which the **Charging Date** occurs or (b) where the **Charging Date** is less than three **Financial Years** from the date of the **Construction Agreement**, the date of the **Construction Agreement** (in which case the **Financial Year** in which such date falls is the relevant **Financial Year** within the **Cancellation Charge Profile** working back from the **Charging Date**).

2.3 The **Trigger Date** is the date from which the **Attributable Works Cancellation Charge** and **Wider Cancellation Charge** applies and the date from which, in the case of the **Fixed Cancellation Charge**, the **Fixed Attributable Works Cancellation Charge** rather than the **Pre Trigger Amount** applies.

2.4 Changes to Construction Programme or Construction Works or Transmission Entry Capacity or Developer Capacity

2.4.1 Where the **Construction Programme** or the **Construction Works** or **Transmission Entry Capacity** or **Developer Capacity** subsequently changes from that in the original **Construction Agreement** the following principles will apply in respect of reassessing the **Trigger Date** and the **Cancellation Charge**.

2.4.2 Where such change is as a result of **The Company's** exercise of its rights under the **Construction Agreement** then:

- (i) Where there is a delay to the **Completion Date** and the **Trigger Date** has not passed, the **Trigger Date** will be revised by reference to the revised **Completion Date**;
- (ii) Where there is a delay to the **Completion Date** and the **Trigger Date** has passed, the **Trigger Date** will be revised by reference to the revised **Completion Date** and the **Cancellation Charge** (including the **Cancellation Charge Profile**).
- (iii) In the case of a **Fixed Cancellation Charge**, a change in the **Attributable Works** will not adjust the **Cancellation Charge Profile** unless the **Completion Date** has also changed in which case (ii) above will apply.

2.4.3 Where a change is as a result of the **User's** request then, in the case of a **Fixed Cancellation Charge**, notwithstanding any change in the **Construction Works** or **Completion Date** or **Attributable Works** the **Cancellation Charge Profile** will not be adjusted downwards but will be held at that level and will increase from that level in line with any new **Construction Programme**.

3 Calculation of Cancellation Charge

3.1 The **Cancellation Charge** is the charge due to **The Company** by a **User** on termination of a **Construction Agreement**, **Disconnection** or a reduction in **Transmission Entry Capacity** or **Developer Capacity** prior to the **Charging Date** and **Disconnection** or a reduction in **Transmission Entry Capacity** on or after the **Charging Date**.

3.2 This calculation of the **Cancellation Charge** is different:

- (a) where the **Construction Agreement** is terminated or **Transmission Entry Capacity** or **Developer Capacity** is reduced before the **Trigger Date** (the "**Pre Trigger Amount**" or "**Actual Attributable Works Cancellation Charge**") (Paragraphs 3.6.1 and 3.7);
- (b) where the **Construction Agreement** is terminated or **Transmission Entry Capacity** or **Developer Capacity** is reduced on or after the **Trigger Date** but prior to the **Charging Date** (the "**Fixed Attributable Works Cancellation Charge**" or "**Actual Attributable Works**

Cancellation Charge” and the **“Wider Cancellation Charge”**) (Paragraphs 3.5 to 3.8);

- (c) depending whether the **Attributable Works Cancellation Charge** is a **Fixed Cancellation Charge** or **Actual Attributable Works Cancellation Charge** (Paragraphs 3.5 to 3.7);
- (d) where the **Transmission Entry Capacity** is reduced or **Disconnection** occurs on or after the **Charging Date** (the **“Wider Cancellation Charge”**) (Paragraph 3.8).

3.3 Where the Construction Agreement is terminated or Transmission Entry Capacity or Developer Capacity is reduced before the Trigger Date

Where a **Construction Agreement** is terminated or **Transmission Entry Capacity** is reduced or **Developer Capacity** is reduced before the **Trigger Date** the **Cancellation Charge** shall be calculated as follows:

Cancellation Charge = Attributable Works Cancellation Charge

3.4 Where the Construction Agreement is terminated or Transmission Entry Capacity or Developer Capacity is reduced prior to the Charging Date

Where a **Construction Agreement** is terminated or **Transmission Entry Capacity** is reduced or **Developer Capacity** is reduced prior to the **Charging Date** the **Cancellation Charge** shall be calculated as follows:

Cancellation Charge = Attributable Works Cancellation Charge and Wider Cancellation Charge

The following Paragraphs set out in detail the **Attributable Works Cancellation Charge** and **Wider Cancellation Charge** and Paragraph 3.7 sets out the above calculation by formula.

3.5 Attributable Works Cancellation Charge

The **Attributable Works Cancellation Charge** can be either the **Fixed Cancellation Charge** or **Actual Attributable Works Cancellation Charge**.

3.6 Fixed Cancellation Charge

The calculation of the **Fixed Cancellation Charge** is different where the **Construction Agreement** is terminated or **Transmission Entry Capacity** or **Developer Capacity** is reduced before (“**Pre Trigger Amount**”) or on or after the **Trigger Date** (“**Fixed Attributable Works Cancellation Charge**”).

3.6.1 Pre Trigger Amount

Should a **Construction Agreement** be terminated, or **Transmission Entry Capacity** be reduced or **Developer Capacity** be reduced before the **Trigger Date** the **Fixed Cancellation Charge** is the **Pre Trigger Amount** calculated as a £/MW figure by reference to the **Cancellation Charge Profile** and derived in accordance with the formula at Paragraph 3.9 and set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7:

3.6.2 Fixed Attributable Works Cancellation Charge

Where a **Construction Agreement** is terminated or **Transmission Entry Capacity** is reduced or **Developer Capacity** is reduced on or after the **Trigger Date** but prior to the **Charging Date** the **Fixed Cancellation Charge** is the **Fixed Attributable Works Cancellation Charge** calculated as follows:

Fixed Attributable Works Cancellation Charge = (Attributable Works Cancellation Amount x MW Reduction in Transmission Entry Capacity or Developer Capacity) x Cancellation Charge Profile

*Where the **Attributable Works Cancellation Amount** results in a £/MW figure calculated as follows:*

(Estimated Attributable Works Capital Cost x (1 – Local Asset Reuse Factor) x Strategic Investment Factor) / Transmission Entry Capacity or Developer Capacity

Where the **Estimated Attributable Works Capital Cost** is the fair and reasonable estimate of the **Attributable Works Capital Cost** for each component within the **Attributable Works** and which is as set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

Where the **Attributable Works** are as specified in Appendix MM of the **Construction Agreement** at the time of the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

Where the **Local Asset Reuse Factor** is the factor representing the potential for reuse of each component within the **Attributable Works** as set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

Where the **Strategic Investment Factor** is a factor calculated for each component within the **Attributable Works** as a ratio of the **Transmission Entry Capacity** and/or **Developer Capacity** sharing those **Attributable Works** against the secured capability of the **Transmission** assets and set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

Where the **Cancellation Charge Profile** is the profile derived in accordance with the formula at Paragraph 3.10 and set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

- 3.6.3** The **Pre Trigger Amount** and the **Attributable Works Cancellation Amount** (and the factors used in deriving this) and the **Cancellation Charge Profile** are fixed at the time an election is made in accordance with Paragraph 7 and the **Pre Trigger Amount** and **Attributable Works Cancellation Amount** are not subject to any further specific adjustment, reconciliation or credit should any of the **Transmission** assets resulting from the **Attributable Works** be reused or of benefit to other **Users**.

3.7 Actual Attributable Works Cancellation Charge

3.7.1 The **Actual Attributable Works Cancellation Charge** is the **Attributable Works Capital Cost** in respect of each component within the **Attributable Works** at the time at which the **Construction Agreement** is terminated or **Transmission Entry Capacity** or **Developer Capacity** is reduced including (a) fees, expenses and costs properly payable by **The Company** in respect of, or arising from the termination by **The Company** or any third party of any contract for or relating to the carrying out of any of the **Attributable Works** provided it is negotiated on an arms length basis (including any such arising under the **STC**) and (b) a sum equal to the reasonable costs of removing any **Transmission Connection Assets** and of making good the remaining **Plant** and **Apparatus** following such removal and (c) proper and reasonable expenses incurred and or paid or which **The Company** is legally bound to incur or pay in seeking **Consents** for the **Attributable Works** and (d) interest on any such amounts from the date they were paid by **The Company** to the date of **The Company's** invoice at 2% over **Base Rate** from time to time and for the time being provided that in each case **The Company** shall take into account the potential for reuse and any strategic benefits of the **Attributable Works** and any of the resulting **Transmission** assets.

3.7.2 In the case of the **Actual Attributable Works Cancellation Charge**, on termination of the **Construction Agreement** or reduction in **Transmission Entry Capacity** or **Developer Capacity** prior to the **Charging Date**, **The Company** shall be entitled to invoice the **User** for a sum equal to **The Company's** fair and reasonable estimate of the **Actual Attributable Works Cancellation Charge** and so (a) in the case of termination, the **User** shall pay to **The Company** on account of the **Actual Attributable Works Cancellation Charge** a sum equal to the estimate of **Actual Attributable Works Cancellation Charge** as shown in the **Cancellation Charge Statement** for the period in which the termination occurs and (b) in the case of a reduction in **Transmission Entry Capacity** or **Developer Capacity**, a sum by reference to the MW reduction based on the £/MW figure derived from the estimate of **Actual Attributable Works Cancellation Charge** as shown in the **Cancellation Charge Statement** for the period in which the termination occurs. These will then be subject to reconciliation in accordance with this Section 15 Part Four.

3.8 Wider Cancellation Charge

The **Wider Cancellation Charge** results in a £/MW charge calculated as follows:

Zonal Unit Amount x (MW of reduction in **Transmission Entry Capacity** or **Developer Capacity**) x **Cancellation Charge Profile**

The **Zonal Unit Amount** is a £/MW figure calculated by reference to the **Generation Zone** in which the **Power Station** is to be located as set out in the **Cancellation Charge Statement**. It is calculated by reference to the **Annual Wider Cancellation Charge Statement** for the **Financial Year** in which notice of reduction in **Transmission Entry Capacity** or **Developer Capacity** is given and/or notice of **Disconnection** is given or, where in the case of an **Event of Default** where notice is not given, the **Financial Year** in which the reduction in **Transmission Entry Capacity** or **Developer Capacity** or **Disconnection** occurs.

Where the **Zonal Unit Amount** = **Load Related Boundary Capex** apportioned to **Boundaries** by **Boundary (LR) Level** and **Non Load Related Boundary Capex** apportioned to **Boundaries** by **Boundary (NLR) Level**, summated and multiplied by **Boundary Non Compliance Factors** and then mapped to **Generation Zones** and divided by the **Wider User Commitment Liability Base**, excluding those **Power Stations** in respect of which a **Construction Agreement** has terminated or **The Company** has been notified of a reduction in the **Transmission Entry Capacity** or **Developer Capacity** or **Disconnection** within the period in question.

Where **Load Related Boundary Capex** is the capex required to increase capability in the network as determined by **The Company** for a given **Financial Year**, excluding any **Attributable Works Capital Cost**, multiplied by the **User Risk Factor** and the **Global Asset Reuse Factor**, as set out in the **Annual Wider Cancellation Charge Statement**.

Where **Non Load Related Boundary Capex** is the capex required to maintain capability in the network as determined by **The Company** for a given **Financial Year**, excluding any **Attributable Works Capital Cost**, multiplied by the **User**

Risk Factor and the Global Asset Reuse Factor, as set out in the **Annual Wider Cancellation Charge Statement**.

Where the **User Risk Factor** is the share of total risk between generation and consumers, set at 0.5.

Where the **Global Asset Reuse Factor** for a given **Financial Year** is as set out in the **Annual Wider Cancellation Charge Statement**.

Where the **Boundaries** are as detailed in Section 8 of the **Seven Year Statement**.

Where **Boundary (LR) Level** is the depth of each **Boundary** as determined by **The Company** multiplied by the increase in required capability on that **Boundary** over the forthcoming four year period, as set out in the **Seven Year Statement**.

Where **Boundary (NLR) Level** is the depth of each **Boundary** as determined by **The Company** multiplied by the available capability on that **Boundary** in the year in question, as set out in the **Seven Year Statement**.

Where **Boundary Non Compliance Factors** are the ratio between the available capability and required capability on each **Boundary** as detailed in Section 8 of the **Seven Year Statement**, capped at 100%.

Where **Generation Zones** are (a) as defined in the **Seven Year Statement** for the **Financial Year** in which the termination or reduction in **Transmission Entry Capacity** or reduction in **Developer Capacity** occurs prior to the **Charging Date** (or where not so defined as set out in the relevant **Cancellation Charge Statement**) or (b) as defined in the **Seven Year Statement** for the **Financial Year** in which the notice of **Disconnection** or reduction in **Transmission Entry Capacity** occurs on or after the **Charging Date**.

Where the **Wider User Commitment Liability Base** is the total amount of generation in MW liable for the **Wider Cancellation Charge** in the year in question and the total amount of generation in MW which will become liable for

*the **Wider Cancellation Charge** in the year in question and set out in the **Annual Wider Cancellation Charge Statement**.*

*Where the **Cancellation Charge Profile** is the profile derived in accordance with the formula at Paragraph 3.10 or 3.11, as appropriate.*

3.9 Where the Construction Agreement is terminated or Transmission Entry Capacity or Developer Capacity is reduced before the Trigger Date

Should a **Construction Agreement** be terminated, or **Transmission Entry Capacity** be reduced or **Developer Capacity** be reduced before the **Trigger Date** the **Cancellation Charge** shall be calculated as follows:

Cancellation Charge = Either the Actual Attributable Works Charge or, where on the Fixed Attributable Works Cancellation Charge, a charge calculated as follows:

Reduction in Transmission Entry Capacity or Developer Capacity x Pre Trigger Amount_t

Where:

- *Transmission Entry Capacity /Developer Capacity expressed in MW.*
- *Termination of Construction Agreement equates to a reduction in Transmission Entry Capacity or Developer Capacity to zero*
- *Pre Trigger Amount_t which varies according to the number of Financial Years from the date of the Construction Agreement to the Trigger Date:*
 - *up to the end of the first Financial Year (i.e. t =1) Pre Trigger Amount_t = (£1000/MW)*
 - *Where t = 2, Pre Trigger Amount_t = (£2000/MW)*
 - *Where t ≥ 3 up to Trigger Date, the lower of (a) Pre Trigger Amount_t = (£3000/MW) or (b) a sum equivalent to the Cancellation Charge (and if not known an estimate of this) which would apply in the Financial Year which is 3 Financial Years prior to the Financial Year in which the Charging Date occurs.*

3.10 Where the Construction Agreement is terminated or Transmission Entry Capacity or Developer Capacity is reduced on or after the Trigger Date but prior to the Charging Date

Where a **Construction Agreement** is terminated or **Transmission Entry Capacity** is reduced or **Developer Capacity** is reduced on or after the **Trigger Date** but prior to the **Charging Date** a **User** shall pay the **Cancellation Charge** calculated as follows:

Cancellation Charge = the sum of (a) Fixed Attributable Works Cancellation Charge or Actual Attributable Works Cancellation Charge and (b) Wider Cancellation Charge

(a) Either the Actual Attributable Works Charge or, where on the Fixed Attributable Works Cancellation Charge, a charge calculated as follows:

Where:

- *Termination of Construction Agreement equates to reduction in Transmission Entry Capacity or Developer Capacity to zero*
- *Fixed Attributable Works Cancellation Charge = Attributable Works Cancellation Amount x MW reduction in Transmission Entry Capacity or Developer Capacity x Cancellation Charge Profile_t*
- *Cancellation Charge Profile_t which varies according to the number of Financial Years working back from the Charging Date to the Trigger Date:*
 - *In the Financial Year in which the Charging Date occurs (t=0), Cancellation Charge Profile = 1.0,*
 - *In the Financial Year which is 1 Financial Year prior to the Financial Year in which the Charging Date occurs (t=1), Cancellation Charge Profile = 0.75;*
 - *In the Financial Year which is 2 Financial Years prior to the Financial Year in which the Charging Date occurs (t=2), Cancellation Charge Profile = 0.5; and*
 - *In the Financial Year which is 3 Financial Years prior to the Financial Year in which the Charging Date occurs (t=3), Cancellation Charge Profile, = 0.25.*

AND

(b) Wider Cancellation Charge

Where:

- *Termination of Construction Agreement equates to reduction in Transmission Entry Capacity or Developer Capacity to zero*
- *Wider Cancellation Charge = Zonal Unit Amount x reduction in Transmission Entry Capacity or Developer Capacity x Cancellation Charge Profile_t*
- *Cancellation Charge Profile_t which varies according to the number of Financial Years working back from the Charging Date to the Trigger Date:*
 - *In the Financial Year in which the Charging Date occurs (t=0), Cancellation Charge Profile = 1.0,*
 - *In the Financial Year which is 1 Financial Year prior to the Financial Year in which the Charging Date occurs (t=1), Cancellation Charge Profile = 0.75;*
 - *In the Financial Year which is 2 Financial Years prior to the Financial Year in which the Charging Date occurs (t=2), Cancellation Charge Profile = 0.5; and*

- *In the Financial Year which is 3 Financial Years prior to the Financial Year in which the Charging Date occurs (t=3), Cancellation Charge Profile = 0.25.*

3.11 Where the Transmission Entry Capacity is reduced or Notice of Disconnection is given on or after the Charging Date

Except as provided for in Paragraph 3.12, the **Cancellation Charge** payable on notice of **Disconnection** and/or a reduction in **Transmission Entry Capacity** on or after the **Charging Date** is calculated on a £/MW basis as follows by reference to the **Zonal Unit Amount** for the **Financial Year** in which the notice is given:

Cancellation Charge = Wider Cancellation Charge

Where:

- *Disconnection equates to reduction in Transmission Entry Capacity to zero*
- *Wider Cancellation Charge = Zonal Unit Amount for year in which notice of disconnection or reduction is given x reduction in Transmission Entry Capacity x Cancellation Charge Profile_t.*
- *Cancellation Charge Profile_t which varies according to the number of Financial Years notice given from the Charging Date to Disconnection or reduction in Transmission Entry Capacity:*
 - *where notice is given in the Financial Year in which such notice is to take effect (t=0) Cancellation Charge Profile = 1,*
 - *where notice is given in the Financial Year prior to the Financial Year in which such notice is to take effect (t=1), Cancellation Charge Profile = 0.75,*
 - *where notice is given in the Financial Year which is two Financial Years prior to the Financial Year in which such notice is to take effect (t=2), Cancellation Charge Profile = 0.50;*
 - *where notice is given in the Financial Year which is three Financial Years prior to the Financial Year in which such notice is to take effect (t=3), Cancellation Charge Profile = 0.25,; and*
 - *where notice is given in the Financial Year which is four Financial Years prior to the Financial Year in which such notice is to take effect (t=4), Wider Cancellation Charge = zero.*

3.12 Transitional CMP 192 Commissioned Users

In the case of **Transitional CMP 192 Commissioned Users** who give notice of **Disconnection** and/or a reduction in **Transmission Entry Capacity** on or after the **CMP 192 Implementation Date** but prior to the **Transitional CMP 192 Commissioned User's Notice Date** and such notice of **Disconnection** and/or

a reduction in **Transmission Entry Capacity** is to take effect no later than the **Transitional CMP 192 Commissioned User's Cut Off Date**, the **Cancellation Charge** payable on notice of **Disconnection** and/or a reduction in **Transmission Entry Capacity** on or after the **Charging Date** is calculated as follows:

Cancellation Charge =

(a) *where the notice period is less than the **Full TEC Reduction Notice Period***

*(i) in relation to positive zones, a sum equal to the difference between the **Transmission Network Use of System Charges** due for the **Financial Year** in which reduction in **Transmission Entry Capacity** takes effect or termination occurs (as appropriate) and the **Transmission Network Use of System Charges** due for the **Financial Year** preceding the **Financial Year** in which the reduction in **Transmission Entry Capacity** takes effect or termination occurs (as appropriate); and*

(ii) in relation to negative zones, zero; or

(b) *where the notice period is equal to or greater than the **Full TEC Reduction Period**, zero.*

For the avoidance of doubt, the provisions of **CUSC**, as applied prior to the **CMP 192 Implementation Date**, shall apply in respect of any **Users** who give notice of **Disconnection** and/or a reduction in **Transmission Entry Capacity** in respect of **Commissioned Power Stations** prior to the **CMP 192 Implementation Date**.

4 Annual Wider Cancellation Charge Statement

4.1 By not later than 31 January prior to the start of each **Financial Year** **The Company** will publish a statement showing:

- (a) the **Zonal Unit Amount** by **Generation Zone** for that **Financial Year**;
- (b) the **Wider User Commitment Liability Base** for that **Financial Year**;
- (c) the **Total TO Capex** for that **Financial Year** (*where the **Total TO Capex** is the forecast of the **Load Related Boundary Capex** and **Non Load Related Boundary Capex** for a given **Financial Year**, excluding the total **Attributable Works Capital Cost**);*
- (d) a forecast of the **Total TO Capex** for the following three **Financial Years**;
- (e) the **Global Asset Reuse Factor** for that **Financial Year**;
- (f) the **Boundary Non Compliance Factors** for that **Financial Year**;
- (g) a forecast of the **Zonal Unit Amount** by **Generation Zone** for the following three **Financial Years**;
- (h) the % of the **Cancellation Charge** that is required to be secured prior to (and including) and after the **Key Consents in Place Date**.

4.2 In the event that for any **Financial Year** it is proposed to change the **Global Asset Reuse Factor** or the % of the **Cancellation Charge** that is required to be secured prior to (and including) and after the **Key Consents in Place Date** from that set out in the **Annual Wider Cancellation Charge Statement** for the previous **Financial Year**, **The Company** shall not make such change without first consulting on the change (and its provision in electronic form on the Website and in electronic mails to **CUSC Parties** and such other persons who have supplied relevant details shall meet this requirement).

6 Statement of Cancellation Charge

6.1 With an **Offer** **The Company** shall provide each **User** with an indicative profile of the estimated spend in respect of the **Attributable Works** and a **Notification of Fixed Cancellation Charge**.

6.2 Cancellation Charge Statement

6.2.1 **The Company** shall issue a **Cancellation Charge Statement** to a **User** showing the amount of the payment required or which may be required to be made by the **User** to **The Company** in respect of the **Cancellation Charge** prior to the **Charging Date** at the following times and in respect of the following periods:-

- (i) Forthwith on and with effect from the signing of the **Construction Agreement**, in respect of the period from and including the day of signing of the **Construction Agreement** until the next following 30 September or 31 March, whichever is the earlier; and thereafter
- (ii) not less than 75 (seventy five) days (or if such day is not a **Business Day** the next following **Business Day**) prior to each 30 September and 31 March thereafter in respect of the period of six calendar months commencing on the immediately following 1 October or 1 April (as the case may be), until the earlier of the termination of the relevant **Construction Agreement** or the **Charging Date**.

6.3 If a **User** does not elect for the **Fixed Cancellation Charge** (unless and until a **User** subsequently elects for a **Fixed Cancellation Charge** as provided for at Paragraph 7 or advises **The Company** that it does not wish to receive this) **The Company** shall provide a **Notification of Fixed Cancellation Charge** and an estimate of the **Actual Attributable Works Cancellation Charge** with each **Cancellation Charge Statement**.

6.4 The **Actual Attributable Works Cancellation Charge** shall apply unless and until a **User** elects for a **Fixed Cancellation Charge** in accordance with Paragraph 7.

6.5 Estimating the Actual Attributable Works Cancellation Charge

In the case of the **Actual Attributable Works Cancellation Charge**, the **Cancellation Charge Statement** shall set out a fair and reasonable estimate of the **Actual Attributable Works Cancellation Charge** for the 6 month period and, for the project generally. In addition the 6 month estimate of the **Actual Attributable Works Cancellation Charge** shall, for the purposes of assessing

the **Cancellation Charge Secured Amount**, be prorated on a MW basis between those **Users** who share a component within the **Attributable Works**.

7 Electing for the Fixed Cancellation Charge

7.1 To elect for a the **Fixed Cancellation Charge**, a **User** must notify **The Company** to this effect by (a) returning a signed copy of the **Notification of Fixed Cancellation Charge** with its acceptance of the **Construction Agreement** or (b) , where a **User** does not elect at that time, it can elect 45 days (or if such day is not a **Business Day** the next following **Business Day**) prior to each 30 September or 31 March thereafter by returning a signed copy of the **Notification of Fixed Cancellation Charge** as provided with the relevant **Cancellation Charge Statement**.

7.2 Once a **User** has elected for the **Fixed Cancellation Charge**, the **Pre Trigger Amount**, **Attributable Works Amount** and **Cancellation Charge Profile** will then be fixed as that set out in the **Notification of Fixed Cancellation Charge** by reference to which such election was made and a **User** cannot revert to the **Actual Attributable Works Cancellation Charge**.

8 Cancellation Charge Secured Amount Statement

8.1 Where a **User** has to provide security in accordance with Part Three of this Section 15 the **Cancellation Charge Statement** shall be accompanied by the **Cancellation Charge Secured Amount Statement**.

8.2 The **Cancellation Charge Secured Amount** shall be based on the highest level of **Cancellation Charge** due within the period covered by the **Cancellation Charge Secured Amount Statement**.

PART THREE

1. CALCULATION OF CANCELLATION CHARGE SECURED AMOUNT AND CREDIT REQUIREMENTS

2. Each **User** which has a **Construction Agreement** shall provide security in respect of each of its **Construction Agreements** for the **Cancellation Charge Secured Amount** as applied and calculated in accordance with this Part Three of Section 15:

2.1 in the case of a **User** which meets **The Company Credit Rating** at the date of the **Construction Agreement** in accordance with Paragraph 4; and

2.2 in the case of a **User** which does not meet **The Company Credit Rating** at the date of the **Construction Agreement** or thereafter ceases to meet it, in accordance with Paragraph 5.

3. CALCULATION OF CANCELLATION CHARGE SECURED AMOUNT

3.1 Prior to the **Trigger Date** the **Cancellation Charge Secured Amount** is the **Cancellation Charge** as set out in the **Cancellation Charge Statement** for the relevant **Security Period**.

3.2 On or after the **Trigger Date** until the **Charging Date** the **Cancellation Charge Secured Amount** is that percentage of the figure shown as the **Cancellation Charge** in the **Cancellation Charge Statement** for the relevant **Security Period** determined as follows:

Prior to (and including) the Key Consents In Place Date	the % for that Financial Year as set out in the Annual Wider Cancellation Charge Statement .
From the Key Consents In Place Date	the % for that Financial Year as set out in the Annual Wider Cancellation Charge Statement .

3.3 The **User** shall notify **The Company** once it considers that it has been granted the **Key Consents**. **The Company** shall respond as soon as practicable after such notification confirming that it is satisfied that this is the case or giving reasons why it is not so satisfied.

4. **PROVISION OF SECURITY WHERE USER MEETS THE COMPANY CREDIT RATING**

4.1 The **User** shall as soon as possible after entering into a **Construction Agreement** and/or **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** and in any event no later than one (1) month after the date of the same confirm to **The Company** whether it meets **The Company Credit Rating**. Thereafter not less than 75 days before the 1 April and 1 October each year until 30 days after the **Charging Date** the **User** shall confirm to **The Company** whether it meets **The Company Credit Rating** (which in the case of a long term private credit rating shall be confirmed by Standard and Poor's or Moody's within a period of 45 days prior to the date of confirmation). The **User** shall inform **The Company** in writing forthwith if it becomes aware of no longer meeting **The Company Credit Rating** or if it is or is likely to be put on credit watch or any similar credit surveillance procedure which may give **The Company** reasonable cause to believe that the **User** may not be able to sustain meeting **The Company Credit Rating** for at least 12 months.

4.2 In the event that the **User** has elected to provide **The Company** with an indicative credit rating and **The Company** is of the reasonable opinion that the **User** has ceased to comply with the requirements of Paragraph 4.1 then **The Company** may require the **User** forthwith:

- (i) to apply to Standard and Poor's and/or Moody's for a further indicative long term private credit rating; or
- (ii) to confirm to **The Company** that it shall provide the security referred to in Paragraph 4.4 below.

4.3 In the event of the **User**:

- (i) not meeting **The Company Credit Rating**; or

- (ii) having a credit rating below **The Company Credit Rating**; or
- (iii) not having obtained from Standard and Poor's or Moody's within 30 days of the written notification under Paragraph 4.2(i) above an indicative long term private credit rating,

or if **The Company** becomes aware that:

- (iv) the **User** ceases to meet **The Company Credit Rating**; or
- (v) the **User** is put on credit watch or other similar credit surveillance procedure as specified above which may give **The Company** reasonable cause to believe that the **User** may not be able to maintain **The Company Credit Rating** for at least 12 months; or
- (vi) the **User** has not obtained from Standard and Poor's within 30 days of the written notification by **The Company** under Paragraph 4.2(i) above a further indicative long term private credit rating,

the **User** shall (where appropriate on receipt of written notification from **The Company**) comply with the terms of Paragraph 4.4.

4.4 The **User** shall within 21 days of the giving of a notice under Paragraph 4.3 or within 30 days of the **User** confirming to **The Company** under Paragraph 4.2(ii) that it will provide the security specified below (whichever is the earlier), provide **The Company** with the security specified below to cover the **Cancellation Charge Secured Amount** for the relevant **Security Period** as notified by **The Company** to the **User**.

4.5 The form of security provided shall be of a type set out in Paragraph 6.

4.6 If the facts of circumstances giving rise to the obligation of the **User** to provide the security have ceased, then **The Company** shall release the security.

5. PROVISION OF SECURITY WHERE USER DOES NOT MEET OR CEASES TO MEET THE COMPANY CREDIT RATING

5.1 Each **User** hereby agrees that it shall at the date of the relevant **Construction Agreement** and/or **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** provide to **The Company** or procure the provision to **The Company** of, and the **User** shall until 28 days after the **Charging Date** maintain or procure that there is maintained in full force and effect (including by renewal or replacement) a security arrangement from time to time and for the time being as set out in Paragraph 6 to provide security for the **Cancellation Charge Secured Amount**.

5.2 If there shall be any dispute between the **User** and **The Company** as to:-

- (i) the fairness and reasonableness of the estimate of the **Attributable Works Capital Charge**; or
- (ii) the calculation of the **Cancellation Charge**, or
- (iii) whether there has been an **Event of Default** as provided in **CUSC** Section 5; or
- (iv) the lawfulness or otherwise of any termination or purported termination of the **Construction Agreement**,

such dispute shall not affect the ability of **The Company** to make demands pursuant to the security arrangement to be provided pursuant to this **CUSC** Section 15 and to recover the amount or amounts payable thereunder, it being acknowledged by the **User** that but for such being the case **The Company's** security would be illusory by reason of the period of validity of the relevant security being likely to expire or capable of expiring before the final resolution of such dispute. The **User** accordingly covenants with **The Company** that it will not take any action, whether by way of proceedings or otherwise, designed or calculated to prevent, restrict or interfere with the payment to **The Company** of any amount secured under the security arrangement nor seek nor permit nor assist others to do so.

6. TYPES OF SECURITY

6.1 The **User** shall from time to time and for the time being as set out in Paragraph 5 provide security for the **Cancellation Charge Secured Amount** by any one of the following:-

- 6.1.1 A **Performance Bond** or **Letter of Credit** from a **Qualified Bank** for **Cancellation Charge Secured Amount** for a given **Security Period**, such **Performance Bond** or **Letter of Credit** to be **Valid** for at least that given **Security Period** and to be renewed periodically where applicable in the manner stated in paragraph 6.2.3; or
- 6.1.2 A cash deposit in a **Bank Account** at least for the amount of the **Cancellation Charge Secured Amount** to be secured for a given **Security Period**, such cash deposit to be increased or reduced periodically where applicable in the manner stated in paragraph 6.2.4; or
- 6.1.3 A **Performance Bond** from a **Qualified Company** for the amount of the **Cancellation Charge Secured Amount** to be secured for a given **Security Period**, such **Performance Bond** to be **Valid** for at least that **Security Period** and to be renewed periodically where applicable in the manner stated in paragraph 6.2.3.

6.2 General Provisions regarding Security

- 6.2.1 Any **Notice of Drawing** to be delivered to Barclays Bank PLC or any other bank at which the **Bank Account** shall have been opened or a **Qualified Bank** or a **Qualified Company** may be delivered by hand, by post or by facsimile transmission.
- 6.2.2 If the **User** becomes aware that the bank issuing the **Performance Bond** or **Letter of Credit** ceases to be a **Qualified Bank** or that the company giving the **Performance Bond** ceases to be a **Qualified Company**, the **User** shall so notify **The Company** in writing as soon as it becomes so aware. If **The Company** becomes aware that the bank issuing the **Performance Bond** or **Letter of Credit** ceases to be a **Qualified Bank** or that the company giving the **Performance Bond** ceases to be a **Qualified Company**, **The Company** may notify the **User** to that effect in writing. Where the bank or the company so ceases to be either a **Qualified Bank** or a **Qualified Company** (as the case may be) as a consequence of **The Company** having reasonable cause to doubt the continued rating of the said bank or company, such notice shall be accompanied by a statement setting out **The**

Company's reasons for having such doubt. The **User** shall within 21 days of the giving of such notice by **The Company** or the **User** whichever is the earlier provide a replacement **Performance Bond** and/or **Letter of Credit** from a **Qualified Bank** or **Qualified Company**, as the case may be, and/or provide a cash deposit in the required amount in a **Bank Account**. From the date the replacement **Performance Bond** or **Letter of Credit** or **Bank Account** cash deposit is effectively and unconditionally provided and **Valid**, **The Company** will consent in writing to the security which it replaces being released.

6.2.3 The following provisions shall govern the issuance, renewal and release of the **Performance Bond** or **Letter of Credit**:-

6.2.3.1 The **Performance Bond** or **Letter of Credit** shall be **Valid** initially for the **First Security Period**. Such **Performance Bond** or **Letter of Credit** shall be for an amount not less than the **Cancellation Charge Secured Amount** for that **First Security Period**.

6.2.3.2 On a date which is at least 45 days (or if such day is not a **Business Day** then on the immediately preceding **Business Day**) before the start of each following **Security Period** such **Performance Bond** or **Letter of Credit** shall be renewed so as to be **Valid** for not less than such **Security Period** and in the case of the last **Security Period** to be **Valid**, unless **The Company** agrees otherwise, for 45 days after the last day of such **Security Period**. Such renewed **Performance Bond** or **Letter of Credit** shall be for an amount not less than the **Cancellation Charge Secured Amount** to be secured during that **Security Period**.

6.2.4 The following provisions shall govern the maintenance of cash deposits in the **Bank Account**:-

6.2.4.1 The amount of the cash deposit to be maintained in the **Bank Account** shall be maintained from the date of the **Construction Agreement** at least to the end of the **First Security Period**.

Such cash deposit shall be in the amount of the **Cancellation Charge Secured Amount** to be secured during that **First Security Period**.

6.2.4.2 If the amount of the **Cancellation Charge Secured Amount** to be secured from the start of each **Security Period** is an amount greater than the amount then secured, the cash deposit in the **Bank Account** shall be increased to such greater amount on the date which is 45 days before the start of the given **Security Period**.

6.2.4.3 If the **Cancellation Charge Secured Amount** for a given **Security Period** is smaller than the amount then secured, the cash deposit in the **Bank Account** shall not be reduced to the amount so stated until the expiry of 7 days after the start of that given **Security Period** (“the **Release Date**”).

6.2.4.4 The sum equal to the amount of reduction in the cash deposit in the **Bank Account** shall be paid by **The Company** to the **User** from the **Bank Account** on the **Release Date**.

6.2.4.5 Any interest accruing to the **Bank Account** shall be for the account of and belong to the **User** absolutely, and **The Company** agrees to take any steps required to be taken by it for the release from the **Bank Account** and payment to the **User** of such interest as soon as the same shall have been credited to the **Bank Account** and **The Company** shall have received notice of such credit.

6.3 Notwithstanding any provision aforesaid:-

6.3.1 The **User** may provide different securities to **The Company** at any one time, each securing a different amount, provided that the aggregate amount secured by such securities shall be not less than the amount of the **Cancellation Charge Secured Amount** required to be secured for that **Security Period**.

6.3.2 The **User** may upon the expiry of at least 14 days prior written notice to **The Company**, substitute one type of security for another provided that unless **The Company** shall otherwise agree in writing such substituted security must be **Valid** from the first day of the relevant **Security Period** and committed at least 45 days before this in the following manner:-

- (a) where a **Performance Bond** or a **Letter of Credit** is to substitute for other securities, it must be issued or given at least 45 days before the start of the **Security Period** to which it relates.
- (b) where a cash deposit in a **Bank Account** is to substitute for other securities, it must be deposited into the **Bank Account** at least 45 days before the start of the **Security Period** to which it relates.

6.3.3 Upon request by the **User** to **The Company**, securities substituted in the aforesaid manner shall, providing the substitute security shall be **Valid**, be released on the first day of the **Security Period** which the substitute security is securing. However, where the **Cancellation Charge Secured Amount** to be secured for any **Security Period** is less than the amount required to be secured in the preceding **Security Period**, the substituted security shall not be released until 7 days after the start of the **Security Period** that that substitute security is securing.

**PART FOUR RECONCILIATION OF ACTUAL ATTRIBUTABLE WORKS
CANCELLATION CHARGE**

1. As soon as practicable and in any event within 60 days of the date, as appropriate, of termination of the **Construction Agreement** or reduction in **Transmission Entry Capacity** or **Developer Capacity** **The Company** shall:
 - (a) furnish the **User** with a statement showing a revised estimate of the **Actual Attributable Works Cancellation Charge** and will provide as soon as practicable evidence of such having been incurred; and
 - (b) furnish the **User** with justification of and supporting information in respect of its assessment of the actual or potential for reuse and any strategic benefits of the **Attributable Works** and any of the resulting **Transmission** assets.

2. As soon as reasonably practicable after termination of this **Construction Agreement** or reduction in **Transmission Entry Capacity** or **Developer Capacity** and in any event within 12 months of such event **The Company** shall provide the **User** with a final statement of the **Actual Attributable Works Cancellation Charge**. If the **Actual Attributable Works Cancellation Charge** is greater than the payments made by the **User** in respect of **The Company's** estimate(s) of the **Actual Attributable Works Cancellation Charge** the **User** shall within 28 days of the said statement and invoice prepared by **The Company** pay to **The Company** the additional payments due by the **User** together with interest calculated thereon on a daily basis at **Base Rate** for the time being and from time to time from the date of previous payment(s) to the date of the final statement of the **Actual Attributable Works Cancellation Charge** and final invoice for the **Attributable Works Cancellation Charge**. If the **Actual Attributable Works Cancellation Charge** is less than the payments made by the **User** in respect of **The Company's** estimate(s) of the **Actual Attributable Works Cancellation Charge** **The Company** shall forthwith pay to the **User** the excess paid together with interest on a daily basis at **Base Rate** for the time being and from time to time from the date of payment of the fair and reasonable estimate of the **Actual Attributable Works Cancellation Charge** to the date of reimbursement by **The Company** of the said excess paid.

CUSC - EXHIBIT MM1

CANCELLATION CHARGE STATEMENT
DATED []

COMPANY: []

CONNECTION SITE/SITE OF CONNECTION: []

CONSTRUCTION AGREEMENT: []

Part 1 CANCELLATION CHARGE

The **Cancellation Charge** which will or might fall due on termination of the **Construction Agreement** during the period commencing on and including [1 April/1 October] and ending on and including [30 September/31 March] is:

[£] [£/MW]

This figure is based on [*A and C -strike out as appropriate*]

[A Estimate of Actual Attributable Works Cancellation Charge

[£] [£/MW]

or, where User has elected for the Fixed Cancellation Charge

[Fixed Cancellation Charge

[£X being £X/YMW] - *insert figure/calculation from relevant Notification of Fixed Attributable Works Cancellation Charge*

B Wider Cancellation Charge

[£X] being [£X/YMW]

Generation Zone in which **Power Station** is/will be located []

[Part 2 Estimates of the Actual Attributable Works Cancellation Charge

insert estimate of Actual Attributable Works Cancellation Charge (including sharing etc) until User has elected to fix.]

for and on behalf of
National Grid Electricity Transmission plc

END OF EXHIBIT MM1

CUSC - EXHIBIT MM2

CANCELLATION CHARGE SECURED AMOUNT STATEMENT
DATED []

COMPANY: []

CONNECTION SITE/SITE OF CONNECTION: []

CONSTRUCTION AGREEMENT: []

The **Cancellation Charge Secured Amount** for the period commencing on and including [1 April/1 October] and ending on and including [30 September/31 March] is [£]

Based on [%] of [£] being the **Cancellation Charge** as set out in the **Cancellation Charge Statement** for such period.

for and on behalf of
National Grid Electricity Transmission plc

END OF EXHIBIT MM2

CUSC - EXHIBIT MM3

**NOTIFICATION OF FIXED ATTRIBUTABLE WORKS CANCELLATION CHARGE
DATED [_____]**

COMPANY: [_____]

CONNECTION SITE/SITE OF CONNECTION: [_____]

CONSTRUCTION AGREEMENT: [_____]

Fixed Attributable Works Cancellation Charge [£] [£x/MW]

	Pre Trigger Amount	Cancellation Charge Profile	TEC/DC	£/MW
Financial Year [1]				
Financial Year [2]				
Financial Year [3]				
	Attributable Works Cancellation Amount	Cancellation Charge Profile		£/MW
Financial Year [1]	£	%		
Financial Year [2]	£	%		
Financial Year [3]	£	%		
Charging Date/Financial Year [0]	£	%		

Fixed Attributable Works Cancellation Amount based on

Estimated Attributable Works Capital Cost []

Local Asset Reuse Factor *[by ref to each component within the Attributable Works]* []

Strategic Investment Factor *by ref to each component within the Attributable Works* []

We elect for the **Attributable Works Cancellation Charge** to be calculated on the basis of the **Fixed Cancellation Charge** as set out above.

Signed

for and on behalf of
[User]

Dated []

END OF EXHIBIT MM3

CUSC Section 10 - under CMP 192 (Arrangements for Enduring Generation User Commitment) (WACM3, WACM4, WACM7, WACM8, WACM11 and WACM12)

**Proposed Amendments to CUSC Section 10 under CMP 192
(Arrangements for Enduring Generation User Commitment) (WACM3,
WACM4, WACM7, WACM8, WACM11 and WACM12)**

CUSC - SECTION 10

TRANSITION ISSUES

Not used, removed on 15th February 2007, dedicated to Transitional Issues

CONTENTS

Part 1 **CUSC MODIFICATION PROPOSAL 192 TRANSITION**

Part 1

10.1 INTRODUCTION

- 10.1.1 This Section 10 deals with issues arising out of the transition associated with the approval and implementation of **CUSC Modification Proposal 192** (Arrangements for Enduring Generation User Commitment) which introduces new arrangements for liability in the event of termination and/or reduction in **Transmission Entry Capacity** and **Developer Capacity** prior to the **Charging Date** and for the security associated with this and new arrangements for liability in the event of **Disconnection** or reduction in **Transmission Entry Capacity** on or after the **Charging Date**. For the purposes of this Section 10 the version of the **CUSC** as amended by **CMP 192** shall be referred to as the “**Post CMP 192 CUSC**” and the version of the **CUSC** prior to amendment by **CMP 192** shall be referred to as the “**Pre CMP 192 CUSC**”.
- 10.1.2 **CMP 192** affects **User’s** in the categories of **Power Stations** directly connected (or to be directly connected) to the **National Electricity Transmission System, Embedded Power Stations** with a **Bilateral Embedded Generation Agreement** and a **Distribution System** directly connected to the **National Electricity Transmission System** where a **Construction Agreement** is associated with **Distributed Generation**.
- 10.1.3 The arrangements for transition of **Users** who are **Transitional CMP 192 Commissioned User’s** is addressed through the calculation of the **Cancellation Charge**. This section 10 sets out the arrangements for transition of **User’s** who are **Transitional CMP 192 Non - Commissioned User’s** and references to **User** in this Section 10 shall be construed accordingly.
- 10.1.4 The Section sets out the arrangements such that by the **CMP 192 Transition Period End Date**:
- (a) A **User** has advised **The Company** whether it wishes to remain on the **Existing Final Sums/User Commitment Arrangements**;
 - (b) **The Company** has provided each **User** with the necessary information in respect of the **Cancellation Charge** and the **Cancellation Charge Secured Amount**;
 - (d) **User’s** who have not advised **The Company** that they wish to remain on the **Existing Final Sums/User Commitment**

Arrangements have **Construction Agreements** that provide for liability and security for the **Cancellation Charge** in accordance with **CMP 192**; and

- (e) the security arrangements in respect of the **Cancellation Charge Secured Amount** are in place as required under **CUSC** Section 15.

10.1.5 This Section 10 comprises:

- (a) this Introduction; and
- (b) **CMP 192** transition issues.

10.1.6 The provisions of the **Post CMP 192 CUSC** introduced by **CMP 192** shall be suspended (except as specifically provided for in this Section 10 and for enabling the doing of anything which may require to be done in relation to but in advance of the **CMP 192 Transition Period End Date** to achieve the objectives at 10.1.4) in respect of the **Users** until the **CMP 192 Transition Period End Date**. Any termination of an **Existing Construction Agreement** or reduction in **Transmission Entry Capacity** or **Developer Capacity** which takes effect prior to the **CMP 192 Transition Period End Date** or, in the case of **FS/IGUCM Users**, after the **CMP 192 Transition Period End Date**, shall therefore be dealt, and the rights and obligations of **The Company** and the **User** to each other, shall be as provided for in the **Existing Construction Agreement**.

10.1.7 In this Section 10:

- (a) the term "**Applicants**"; shall mean **Users** (or prospective **Users**) who apply during the **CMP 192 Transition Period** for connection to and/or use of the **National Electricity Transmission System**;
- (b) the terms "**Cancellation Charge Statement**" and "**Cancellation Charge Secured Amount Statement**" shall mean as defined in the **Post CMP 192 CUSC**;
- (c) the term "**CMP 192**", shall mean **CUSC Modification Proposal 192** (Arrangements for Enduring Generation User Commitment);
- (d) the term "**CMP 192 Implementation Date**" shall mean the **Implementation Date** for **CMP192**;

- (e) the term “**CMP 192 Transition Period End Date**” shall mean the 31 March which is not less than 12 months from the **CMP 192 Implementation Date**;
- (f) the term “**CMP 192 Transition Period**” means the period from the **CMP 192 Implementation Date** ending on and including the **CMP 192 Transition Period End Date** and is the period with which this Section 10 deals;
- (g) the term “**CMP 192 Transition Process Plan**” shall mean the detailed process and plan to be published by **The Company** setting out the timeline and processes to prepare the necessary amendments to **Existing Construction Agreements** or preparation of new **Construction Agreements** such that these are agreed prior to prior to **CMP 192 Transition Period End Date** and such that any security arrangements in respect of the **Cancellation Charge Secured Amount** are in place not less than 45 days prior to the **CMP 192 Transition Period End Date**.
- (h) the term “**Existing Construction Agreement**”, shall mean a **Construction Agreement** associated with a **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** or any agreement to vary the same but pursuant to which the **User** is not yet connected to and/or using the **National Electricity Transmission System** at the **CMP 192 Implementation Date** or entered into between **The Company** and the **User** prior to the **CMP 192 Implementation Date** or following acceptance of an **Outstanding Offer** after the **CMP 192 Implementation Date**;
- (i) the term “**Existing Final Sums/User Commitment Arrangements**” shall mean the existing provisions for payment on termination as set out in an **Existing Construction Agreement**;
- (j) the term “**FS/IGUCM User**” shall mean a **User** who has elected, by the time required in the **CMP 192 Transition Process Plan** (or such other period as **The Company** shall agree) to

remain on the **Existing Final Sums/User Commitment Arrangements**;

- (k) the term “**New Applications**”, shall mean a **Connection Application or Use of System Application** by a **User** or prospective **User** for connection to and/or use of the **National Electricity Transmission System** or a **Modification Application** to vary any agreements in respect of connection and/or use made during the **CMP 192 Transition Period**;
- (l) the term “**Outstanding Applications**”, shall mean an offer yet to be made to a **User** or prospective **User** of a **Construction Agreement** and the associated **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** or any agreement to vary the same at the **CMP 192 Implementation Date** but where the application was made prior to the **CMP 192 Implementation Date**;
- (m) the term “**Outstanding Offers**”, shall mean an offer to a **User** or prospective **User** of a **Construction Agreement** and the associated **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** or any agreement to vary the same which has not been accepted at the **CMP 192 Implementation Date** but is still capable of being accepted;
- (n) the term “**Transitional CMP 192 Non – Commissioned User**” shall mean a **User** with an **Existing Construction Agreement** or **User** or a prospective **User** who has an **Outstanding Application** or makes a **New Application**.

10.1.8 Without prejudice to any specific provision under this Section 10 as to the time within which or the manner in which **The Company** or a **User** should perform its obligations under this Section 10, where **The Company** or a **User** is required to take any step or measure under this Section 10, such requirement shall be construed as including any obligation to:

- (a) take such step or measure as quickly as reasonably practicable; and

- (b) do such associated or ancillary things as may be necessary to complete such step or measure as quickly as reasonably practicable.

10.1.9 As soon as practicable after the **CMP 192 Implementation Date** and in any event (unless the **Authority**) agrees otherwise within 1 month of the same **The Company** shall publish the **CMP 192 Transition Process Plan**.

10.2 **CMP 192 TRANSITION**

Existing Construction Agreements

10.2.1 Each **Transitional CMP 192 Non - Commissioned User** with an **Existing Construction Agreement** shall notify **The Company** in writing as soon as practicable and in any event by the date specified for such in the **CMP 192 Transition Process Plan** confirming whether the **User** wants to remain on the **Existing Final Sums/User Commitment Arrangements** as set out in that **Existing Construction Agreement**.

10.2.2 Where such notice is given, then notwithstanding the implementation of **CMP 192** from the **CMP 192 Implementation Date** the arrangements on termination of the **Existing Construction Agreement** or a reduction in **Transmission Entry Capacity** prior to the **Completion Date** as defined in the **Existing Construction Agreement** shall be as set out between **The Company** and the **User** under the terms of the relevant **Existing Construction Agreement**.

10.2.3 Where a **Transitional CMP 192 Non - Commissioned User** has not advised **The Company** by the required date that it wishes to remain on the **Existing Final Sums/User Commitment Arrangements** as set out in the relevant **Existing Construction Agreement**, **The Company** shall offer to amend each **Existing Construction Agreement** such that it will be substantially in the form of that set out in, as appropriate, Schedule 2, Exhibit 3 Part 1 and Exhibit 3A and consistent at the **CMP Transition Period End Date** with the amendments introduced by **CMP 192**.

10.2.4 **The Company** shall make the offer to each **User** as soon as reasonably practicable after the **CMP 192 Implementation Date** and in accordance with the **CMP 192 Transition Process Plan**.

10.2.5 If **The Company** and a **User** fail to agree changes to each of their **Existing Construction Agreements** either such person

may refer the matter to the **Authority** under Standard Condition C9 Paragraph 4 of the **Transmission Licence**. If the changes in dispute to be settled by the **Authority** have not been settled by the date 45 days prior to the **CMP 192 Transition Period End Date**, the **User** and **The Company** must enter into the agreement in respect of the changes offered by **The Company** to the **User** pursuant to Paragraph 10.2.1 with the obligation to make any variation required as a result of the **Authority's** determination.

10.2.6 **The Company** shall as soon as practicable and in any event in accordance with the **CMP 192 Transition Process Plan** prepare and send to each **User** in respect of each **Existing Construction Agreement** a **Cancellation Charge Statement** in respect of the period from the day after the **CMP 192 Transitional Period End Date** to the next following 31 March or 30 September (whichever is the earlier).

10.2.7 In the case of the **Cancellation Charge Secured Amount** the **User** shall put security arrangements in place in respect of the **Existing Agreements** in accordance with **CUSC** Section 15 in accordance with the **CMP 192 Transition Process Plan** with such security arrangements to be effective from the day after the **CMP 192 Transition Period End Date** to the next following 31 March or 30 September (whichever is the earlier).

Outstanding Applications and New Applications

10.2.8 **The Company** shall make **Offers** such that prior to the **CMP 192 Transition Period End Date** the arrangements for security and liability within the agreements are consistent with those under the **Pre CMP 192 CUSC** but such that on **CMP 192 Transition Period End Date** the arrangements for security and liability within the agreements are consistent with those under the **Post CMP 192 CUSC** and shall to the extent practicable make such **Offers** within the original or standard timescales.

END OF SECTION 10

Proposed Amendments to new CUSC Section 15 (Part Two) CMP 192 (WACM1) (Arrangements for Enduring Generation User Commitment) for CMP 192 (WACM2) and (WACM4)

Changes to **CUSC** Section 15 (Part Two) required for WACM2 and WACM4 are shown in red below against the new Section 15 (Part Two) proposed for CMP 192 (WACM1).

3.6.2 Fixed Attributable Works Cancellation Charge

Where a **Construction Agreement** is terminated or **Transmission Entry Capacity** is reduced or **Developer Capacity** is reduced prior to the **Charging Date** but on or after the **Trigger Date** the **Fixed Cancellation Charge** is the **Fixed Attributable Works Cancellation Charge** calculated as follows:

Fixed Attributable Works Cancellation Charge = (Attributable Works Cancellation Amount x MW Reduction in Transmission Entry Capacity or Developer Capacity) x Cancellation Charge Profile

Where the **Attributable Works Cancellation Amount** results in a £/MW figure calculated as follows:

(Estimated Attributable Works Capital Cost x (1 – Local Asset Reuse Factor) x Strategic Investment Factor x Demand Sharing Factor) / Transmission Entry Capacity or Developer Capacity

Where the **Estimated Attributable Works Capital Cost** is the fair and reasonable estimate of the **Attributable Works Capital Cost** for each component within the **Attributable Works** and which is as set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

Where the **Attributable Works** are as specified in Appendix MM of the **Construction Agreement** at the time of the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

Where the **Local Asset Reuse Factor** is the factor representing the potential for reuse of each component within the **Attributable Works** as set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

Where the **Strategic Investment Factor** is a factor calculated for each component within the **Attributable Works** as a ratio of the **Transmission Entry Capacity** and/or **Developer Capacity** sharing those **Attributable Works** against the secured capability of the **Transmission** assets and set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

Where the **Cancellation Charge Profile** is the profile derived in accordance with the formula at Paragraph 3.10 and set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

Where the **Demand Sharing Factor** is a factor of 50% calculated for each component within the **Attributable Works** against the secured capability of the **Transmission** assets where the **Attributable Works** are to be currently shared or designed to be shared in the future with **Customers** and set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

3.7.1 The **Actual Attributable Works Cancellation Charge** is the **Attributable Works Capital Cost** in respect of each component within the **Attributable Works** at the time at which the **Construction Agreement** is terminated or **Transmission Entry Capacity** or **Developer Capacity** is reduced including (a) fees, expenses and costs properly payable by **The Company** in respect of, or arising from the termination by **The Company** or any third party of any contract for or relating to the carrying out of any of the **Attributable Works** provided it is negotiated on an arms length basis (including any such arising under the **STC**) and (b) a sum equal to the reasonable costs of removing any **Transmission Connection Assets** and of making good the remaining **Plant** and **Apparatus** following such removal and (c) proper and reasonable expenses incurred and or paid or which **The**

Company is legally bound to incur of pay in seeking **Consents** for the **Attributable Works** and (d) interest on any such amounts from the date they were paid by **The Company** to the date of **The Company's** invoice at 2% over **Base Rate** from time to time and for the time being provided that in each case **The Company** shall take into account the potential for reuse and any strategic benefits of the **Attributable Works** and any of the resulting **Transmission** assets and whether they are shared or designed to be shared in the future with **Customers**..

**Proposed Amendments to Section 15 (Part Two) CMP
192 (WACM1) (Arrangements for Enduring Generation
User Commitment) for CMP 192 (WACM5 and WACM7)**

Proposed Amendments to Section 15 (Part Two) CMP 192 (WACM1) (Arrangements for Enduring Generation User Commitment) for CMP 192 (WACM5 and WACM7)

Changes to **CUSC** Section 15 (Part Two) required for WACM5 and WACM7 are shown in red and strike through below against the new Section 15 (Part Two) proposed for CMP 192 (WACM1).

3.11 Where the Transmission Entry Capacity is reduced or Notice of Disconnection is given on or after the Charging Date

Except as provided for in Paragraph 3.12, the **Cancellation Charge** payable on notice of **Disconnection** and/or a reduction in **Transmission Entry Capacity** on or after the **Charging Date** is calculated on a £/MW basis as follows by reference to the **Zonal Unit Amount** for the **Financial Year** in which the notice is given:

$$\text{Cancellation Charge} = \text{Wider Cancellation Charge}$$

Where:

- *Disconnection equates to reduction in Transmission Entry Capacity to zero*
- *Wider Cancellation Charge = Zonal Unit Amount for year in which notice of disconnection or reduction is given x reduction in Transmission Entry Capacity x Cancellation Charge Profile_t.*
- *Cancellation Charge Profile_t which varies according to the number of Financial Years notice given from the Charging Date to Disconnection or reduction in Transmission Entry Capacity:*
 - *where notice is given in the Financial Year in which such notice is to take effect (t=0) Cancellation Charge Profile = 1,*
 - *where notice is given in the Financial Year prior to the Financial Year in which such notice is to take effect (t=1), Cancellation Charge Profile = 0.75,*
 - ~~○ *where notice is given in the Financial Year which is two Financial Years prior to the Financial Year in which such notice is to take effect (t=2), Cancellation Charge Profile = 0.50;*~~
 - ~~*where notice is given in the Financial Year which is three Financial Years prior to the Financial Year in which such notice is to take effect (t=3), Cancellation Charge Profile = 0.25; and*~~
 - *where notice is given in the Financial Year which is four two Financial Years prior to the Financial Year in which such notice is to take effect (t=4 2), Wider Cancellation Charge = zero.*

**Proposed Amendments to Section 15 (Part Two) CMP
192 (WACM1) (Arrangements for Enduring Generation
User Commitment) for CMP 192 (WACM6) and
(WACM8)**

**Proposed Amendments to Section 15 (Part Two) CMP 192 (WGAA1)
(Arrangements for Enduring Generation User Commitment) for CMP 192
(WGAA6) and (WGAA8)**

Changes to **CUSC** Section 15 (Part Two) required for WGAA6 and WGAA8 are shown in red and strike through below against the new Section 15 (Part Two) proposed for CMP 192 (WGAA1).

3.6.2 Fixed Attributable Works Cancellation Charge

Where a **Construction Agreement** is terminated or **Transmission Entry Capacity** is reduced or **Developer Capacity** is reduced prior to the **Charging Date** but on or after the **Trigger Date** the **Fixed Cancellation Charge** is the **Fixed Attributable Works Cancellation Charge** calculated as follows:

Fixed Attributable Works Cancellation Charge = (Attributable Works Cancellation Amount x MW Reduction in Transmission Entry Capacity or Developer Capacity) x Cancellation Charge Profile

*Where the **Attributable Works Cancellation Amount** results in a £/MW figure calculated as follows:*

(Estimated Attributable Works Capital Cost x (1 – Local Asset Reuse Factor) x Strategic Investment Factor x Demand Sharing Factor) / Transmission Entry Capacity or Developer Capacity

*Where the **Estimated Attributable Works Capital Cost** is the fair and reasonable estimate of the **Attributable Works Capital Cost** for each component within the **Attributable Works** and which is as set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.*

*Where the **Attributable Works** are as specified in Appendix MM of the **Construction Agreement** at the time of the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.*

Where the **Local Asset Reuse Factor** is the factor representing the potential for reuse of each component within the **Attributable Works** as set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

Where the **Strategic Investment Factor** is a factor calculated for each component within the **Attributable Works** as a ratio of the **Transmission Entry Capacity** and/or **Developer Capacity** sharing those **Attributable Works** against the secured capability of the **Transmission** assets and set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

Where the **Cancellation Charge Profile** is the profile derived in accordance with the formula at Paragraph 3.10 and set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

Where the **Demand Sharing Factor** is a factor of 50% calculated for each component within the **Attributable Works** against the secured capability of the **Transmission** assets where the **Attributable Works** are to be currently shared or designed to be shared in the future with **Customers** and set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

3.7.1 The **Actual Attributable Works Cancellation Charge** is the **Attributable Works Capital Cost** in respect of each component within the **Attributable Works** at the time at which the **Construction Agreement** is terminated or **Transmission Entry Capacity** or **Developer Capacity** is reduced including (a) fees, expenses and costs properly payable by **The Company** in respect of, or arising from the termination by **The Company** or any third party of any contract for or relating to the carrying out of any of the **Attributable Works** provided it is negotiated on an arms length basis (including any such arising under the **STC**) and (b) a sum equal to the reasonable costs of removing any **Transmission Connection Assets** and of making good the remaining **Plant** and **Apparatus** following such removal and (c) proper and reasonable expenses incurred and or paid or which **The**

Company is legally bound to incur of pay in seeking **Consents** for the **Attributable Works** and (d) interest on any such amounts from the date they were paid by **The Company** to the date of **The Company's** invoice at 2% over **Base Rate** from time to time and for the time being provided that in each case **The Company** shall take into account the potential for reuse and any strategic benefits of the **Attributable Works** and any of the resulting **Transmission** assets and whether they are shared or designed to be shared in the future with **Customers**..

3.11 Where the Transmission Entry Capacity is reduced or Notice of Disconnection is given on or after the Charging Date

Except as provided for in Paragraph 3.12, the **Cancellation Charge** payable on notice of **Disconnection** and/or a reduction in **Transmission Entry Capacity** on or after the **Charging Date** is calculated on a £/MW basis as follows by reference to the **Zonal Unit Amount** for the **Financial Year** in which the notice is given:

Cancellation Charge = Wider Cancellation Charge

Where:

- *Disconnection equates to reduction in Transmission Entry Capacity to zero*
- *Wider Cancellation Charge = Zonal Unit Amount for year in which notice of disconnection or reduction is given x reduction in Transmission Entry Capacity x Cancellation Charge Profile_t.*
- *Cancellation Charge Profile_t which varies according to the number of Financial Years notice given from the Charging Date to Disconnection or reduction in Transmission Entry Capacity:*
 - *where notice is given in the Financial Year in which such notice is to take effect (t=0) Cancellation Charge Profile = 1,*
 - *where notice is given in the Financial Year prior to the Financial Year in which such notice is to take effect (t=1), Cancellation Charge Profile = 0.75,*
 - ~~○ *where notice is given in the Financial Year which is two Financial Years prior to the Financial Year in which such notice is to take effect (t=2), Cancellation Charge Profile = 0.50;*~~
 - ~~○ *where notice is given in the Financial Year which is three Financial Years prior to the Financial Year in which such notice is to take effect (t=3), Cancellation Charge Profile = 0.25; and*~~

- where notice is given in the Financial Year which is ~~four~~ **two** Financial Years prior to the Financial Year in which such notice is to take effect ($t=4$ **2**), Wider Cancellation Charge = zero.

**Proposed Amendments to Section 15 (Part Two) CMP
192 (WACM1) (Arrangements for Enduring Generation
User Commitment) for CMP 192 (WACM9) and
(WACM11)**

**Proposed Amendments to Section 15 (Part Two) CMP 192 (WACM1)
(Arrangements for Enduring Generation User Commitment) for CMP 192
(WACM9) and (WACM11)**

Changes to **CUSC** Section 15 (Part Two) required for WACM9 and WACM11 are shown in red and strikethrough below against the new Section 15 (Part Two) proposed for CMP 192 (WACM1).

3.10 Where the Construction Agreement is terminated or Transmission Entry Capacity or Developer Capacity is reduced prior to the Charging Date but on or after the Trigger Date

Where a **Construction Agreement** is terminated or **Transmission Entry Capacity** is reduced or **Developer Capacity** is reduced prior to the **Charging Date** but on or after the **Trigger Date** a **User** shall pay the **Cancellation Charge** calculated as follows:

Cancellation Charge = the sum of (a) Fixed Attributable Works Cancellation Charge or Actual Attributable Works Cancellation Charge and (b) Wider Cancellation Charge

- (a) *Either the Actual Attributable Works Charge or, where on the Fixed Attributable Works Cancellation Charge, a charge calculated as follows:*

Where:

- *Termination of Construction Agreement equates to reduction in Transmission Entry Capacity or Developer Capacity to zero*
- *Fixed Attributable Works Cancellation Charge = Attributable Works Cancellation Amount x MW reduction in Transmission Entry Capacity or Developer Capacity x Cancellation Charge Profile_t*
- *Cancellation Charge Profile_t which varies according to the number of Financial Years working back from the Charging Date to the Trigger Date:*
 - *In the Financial Year in which the Charging Date occurs (t=0), Cancellation Charge Profile = 1.0,*
 - *In the Financial Year which is 1 Financial Year prior to the Financial Year in which the Charging Date occurs (t=1), Cancellation Charge Profile = 0.75;*
 - *In the Financial Year which is 2 Financial Years prior to the Financial Year in which the Charging Date occurs (t=2), Cancellation Charge Profile = 0.5; and*

- *In the Financial Year which is 3 Financial Years prior to the Financial Year in which the Charging Date occurs (t=3), Cancellation Charge Profile, = 0.25.*

AND

(b) *Wider Cancellation Charge*

Where:

- *Termination of Construction Agreement equates to reduction in Transmission Entry Capacity or Developer Capacity to zero*
- *Wider Cancellation Charge = Zonal Unit Amount x reduction in Transmission Entry Capacity or Developer Capacity x Cancellation Charge Profile_t*
- *Cancellation Charge Profile_t which varies according to the number of Financial Years working back from the Charging Date to the Trigger Date:*
 - *In the Financial Year in which the Charging Date occurs (t=0), Cancellation Charge Profile = 1.0,*
 - *In the Financial Year which is 1 Financial Year prior to the Financial Year in which the Charging Date occurs (t=1), Cancellation Charge Profile = 0.75.;*
 - ~~*In the Financial Year which is 2 Financial Years prior to the Financial Year in which the Charging Date occurs (t=2), Cancellation Charge Profile = 0.5; and*~~
 - ~~*In the Financial Year which is 3 Financial Years prior to the Financial Year in which the Charging Date occurs (t=3), Cancellation Charge Profile = 0.25.*~~

3.11 Where the Transmission Entry Capacity is reduced or Notice of Disconnection is given on or after the Charging Date

Except as provided for in Paragraph 3.12, the **Cancellation Charge** payable on notice of **Disconnection** and/or a reduction in **Transmission Entry Capacity** on or after the **Charging Date** is calculated on a £/MW basis as follows by reference to the **Zonal Unit Amount** for the **Financial Year** in which the notice is given:

Cancellation Charge = Wider Cancellation Charge

Where:

- *Disconnection equates to reduction in Transmission Entry Capacity to zero*

- *Wider Cancellation Charge = Zonal Unit Amount for year in which notice of disconnection or reduction is given x reduction in Transmission Entry Capacity x Cancellation Charge Profile_t.*
- *Cancellation Charge Profile_t which varies according to the number of Financial Years notice given from the Charging Date to Disconnection or reduction in Transmission Entry Capacity:*
 - *where notice is given in the Financial Year in which such notice is to take effect (t=0) Cancellation Charge Profile = 1,*
 - *where notice is given in the Financial Year prior to the Financial Year in which such notice is to take effect (t=1), Cancellation Charge Profile = 0.75,*
 - ~~*where notice is given in the Financial Year which is two Financial Years prior to the Financial Year in which such notice is to take effect (t=2), Cancellation Charge Profile = 0.50;*~~
 - ~~*where notice is given in the Financial Year which is three Financial Years prior to the Financial Year in which such notice is to take effect (t=3), Cancellation Charge Profile = 0.25;*~~ and
 - *where notice is given in the Financial Year which is ~~four~~ two Financial Years prior to the Financial Year in which such notice is to take effect (t=4 ~~2~~), Wider Cancellation Charge = zero.*

**Proposed Amendments to Section 15 (Part Two) CMP
192 (WACM1) (Arrangements for Enduring Generation
User Commitment) for CMP 192 (WACM10) and
(WACM12)**

Proposed Amendments to Section 15 (Part Two) CMP 192 (WACM1) (Arrangements for Enduring Generation User Commitment) for CMP 192 (WACM10) and (WACM12)

Changes to **CUSC** Section 15 (Part Two) required for WACM10 and WACM12 are shown in red and strikethrough below against the new Section 15 (Part Two) proposed for CMP 192 (WACM1).

3.6.2 Fixed Attributable Works Cancellation Charge

Where a **Construction Agreement** is terminated or **Transmission Entry Capacity** is reduced or **Developer Capacity** is reduced prior to the **Charging Date** but on or after the **Trigger Date** the **Fixed Cancellation Charge** is the **Fixed Attributable Works Cancellation Charge** calculated as follows:

Fixed Attributable Works Cancellation Charge = (Attributable Works Cancellation Amount x MW Reduction in Transmission Entry Capacity or Developer Capacity) x Cancellation Charge Profile

*Where the **Attributable Works Cancellation Amount** results in a £/MW figure calculated as follows:*

(Estimated Attributable Works Capital Cost x (1 – Local Asset Reuse Factor) x Strategic Investment Factor x Demand Sharing Factor) / Transmission Entry Capacity or Developer Capacity

*Where the **Estimated Attributable Works Capital Cost** is the fair and reasonable estimate of the **Attributable Works Capital Cost** for each component within the **Attributable Works** and which is as set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.*

*Where the **Attributable Works** are as specified in Appendix MM of the **Construction Agreement** at the time of the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.*

Where the **Local Asset Reuse Factor** is the factor representing the potential for reuse of each component within the **Attributable Works** as set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

Where the **Strategic Investment Factor** is a factor calculated for each component within the **Attributable Works** as a ratio of the **Transmission Entry Capacity** and/or **Developer Capacity** sharing those **Attributable Works** against the secured capability of the **Transmission** assets and set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

Where the **Cancellation Charge Profile** is the profile derived in accordance with the formula at Paragraph 3.10 and set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

Where the **Demand Sharing Factor** is a factor of 50% calculated for each component within the **Attributable Works** against the secured capability of the **Transmission** assets where the **Attributable Works** are to be currently shared or designed to be shared in the future with **Customers** and set out in the **Notification of Fixed Cancellation Charge** by reference to which an election is made in accordance with Paragraph 7.

- 3.7.1** The **Actual Attributable Works Cancellation Charge** is the **Attributable Works Capital Cost** in respect of each component within the **Attributable Works** at the time at which the **Construction Agreement** is terminated or **Transmission Entry Capacity** or **Developer Capacity** is reduced including (a) fees, expenses and costs properly payable by **The Company** in respect of, or arising from the termination by **The Company** or any third party of any contract for or relating to the carrying out of any of the **Attributable Works** provided it is negotiated on an arms length basis (including any such arising under the **STC**) and (b) a sum equal to the reasonable costs of removing any **Transmission Connection Assets** and of making good the remaining **Plant** and **Apparatus** following such removal and (c) proper and reasonable expenses incurred and or paid or which **The Company** is legally bound to incur of pay in seeking **Consents** for the **Attributable Works** and (d) interest

on any such amounts from the date they were paid by **The Company** to the date of **The Company's** invoice at 2% over **Base Rate** from time to time and for the time being provided that in each case **The Company** shall take into account the potential for reuse and any strategic benefits of the **Attributable Works** and any of the resulting **Transmission** assets **and whether they are shared or designed to be shared in the future with Customers..**

3.10 Where the Construction Agreement is terminated or Transmission Entry Capacity or Developer Capacity is reduced prior to the Charging Date but on or after the Trigger Date

Where a **Construction Agreement** is terminated or **Transmission Entry Capacity** is reduced or **Developer Capacity** is reduced prior to the **Charging Date** but on or after the **Trigger Date** a **User** shall pay the **Cancellation Charge** calculated as follows:

Cancellation Charge = the sum of (a) Fixed Attributable Works Cancellation Charge or Actual Attributable Works Cancellation Charge and (b) Wider Cancellation Charge

(a) *Either the Actual Attributable Works Charge or, where on the Fixed Attributable Works Cancellation Charge, a charge calculated as follows:*

Where:

- *Termination of Construction Agreement equates to reduction in Transmission Entry Capacity or Developer Capacity to zero*
- *Fixed Attributable Works Cancellation Charge = Attributable Works Cancellation Amount x MW reduction in Transmission Entry Capacity or Developer Capacity x Cancellation Charge Profile_t*
- *Cancellation Charge Profile_t which varies according to the number of Financial Years working back from the Charging Date to the Trigger Date:*
 - *In the Financial Year in which the Charging Date occurs (t=0), Cancellation Charge Profile = 1.0,*
 - *In the Financial Year which is 1 Financial Year prior to the Financial Year in which the Charging Date occurs (t=1), Cancellation Charge Profile = 0.75.;*
 - *In the Financial Year which is 2 Financial Years prior to the Financial Year in which the Charging Date occurs (t=2), Cancellation Charge Profile = 0.5; and*

- *In the Financial Year which is 3 Financial Years prior to the Financial Year in which the Charging Date occurs (t=3), Cancellation Charge Profile, = 0.25.*

AND

(b) *Wider Cancellation Charge*

Where:

- *Termination of Construction Agreement equates to reduction in Transmission Entry Capacity or Developer Capacity to zero*
- *Wider Cancellation Charge = Zonal Unit Amount x reduction in Transmission Entry Capacity or Developer Capacity x Cancellation Charge Profile_t*
- *Cancellation Charge Profile_t which varies according to the number of Financial Years working back from the Charging Date to the Trigger Date:*
 - *In the Financial Year in which the Charging Date occurs (t=0), Cancellation Charge Profile = 1.0,*
 - *In the Financial Year which is 1 Financial Year prior to the Financial Year in which the Charging Date occurs (t=1), Cancellation Charge Profile = 0.75.;*
 - ~~*In the Financial Year which is 2 Financial Years prior to the Financial Year in which the Charging Date occurs (t=2), Cancellation Charge Profile = 0.5; and*~~
 - ~~*In the Financial Year which is 3 Financial Years prior to the Financial Year in which the Charging Date occurs (t=3), Cancellation Charge Profile = 0.25.*~~

3.11 Where the Transmission Entry Capacity is reduced or Notice of Disconnection is given on or after the Charging Date

Except as provided for in Paragraph 3.12, the **Cancellation Charge** payable on notice of **Disconnection** and/or a reduction in **Transmission Entry Capacity** on or after the **Charging Date** is calculated on a £/MW basis as follows by reference to the **Zonal Unit Amount** for the **Financial Year** in which the notice is given:

Cancellation Charge = Wider Cancellation Charge

Where:

- *Disconnection equates to reduction in Transmission Entry Capacity to zero*

- *Wider Cancellation Charge = Zonal Unit Amount for year in which notice of disconnection or reduction is given x reduction in Transmission Entry Capacity x Cancellation Charge Profile_t.*
- *Cancellation Charge Profile_t which varies according to the number of Financial Years notice given from the Charging Date to Disconnection or reduction in Transmission Entry Capacity:*
 - *where notice is given in the Financial Year in which such notice is to take effect (t=0) Cancellation Charge Profile = 1,*
 - *where notice is given in the Financial Year prior to the Financial Year in which such notice is to take effect (t=1), Cancellation Charge Profile = 0.75,*
 - ~~*where notice is given in the Financial Year which is two Financial Years prior to the Financial Year in which such notice is to take effect (t=2), Cancellation Charge Profile = 0.50;*~~
 - ~~*where notice is given in the Financial Year which is three Financial Years prior to the Financial Year in which such notice is to take effect (t=3), Cancellation Charge Profile = 0.25;*~~ and
 - *where notice is given in the Financial Year which is ~~four~~ two Financial Years prior to the Financial Year in which such notice is to take effect (t=4 ~~2~~), Wider Cancellation Charge = zero.*