

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

**NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED
SERVICE TERMS & CONDITIONS FOR THE PROVISION
OF DISTRIBUTION RESTORATION SERVICES
(ANCHOR PLANT CAPABILITY)**

DRAFT

Draft v.1.01

© National Grid Electricity System Operator Limited

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

1. GENERAL TERMS AND CONDITIONS/DEFINITIONS AND INTERPRETATION

- 1.1. The terms set out in this document, including its schedules, (these “**Service Terms & Conditions**”) together with the General Terms and Conditions (to the extent expressly incorporated herein) and the Contract Form shall form the entire agreement between NGESO, the DNO and the Provider regarding the provision of Anchor Plant Capability (this “**Agreement**”). In the event of any conflict, between these Service Terms & Conditions and the General Terms and Conditions, these Service Terms & Conditions shall take precedence.
- 1.2. Unless the subject matter or context otherwise requires or is inconsistent therewith, terms and expressions defined in the Contract Form, in paragraph 11.3 of the Connection and Use of System Code, the Glossary and Definitions section of the Grid Code, in Schedule 1 to these Service Terms & Conditions or the General Terms and Conditions shall have the same meanings where used in this Agreement.
- 1.3. The rules of interpretation set out in the General Terms and Conditions shall apply as if set out in full herein.
- 1.4. The Provider acknowledges and agrees that where specific provisions of the Grid Code are expressly stated in these Service Terms & Conditions to apply, it shall comply with those provisions notwithstanding that it is not otherwise bound to comply with the Grid Code.

2. COMMENCEMENT

- 2.1. The provisions of this Agreement shall, subject to Clause 2.2, apply from the date stated on the front page of the Contract Form and, subject always to earlier termination in accordance with Clause 3 (Implementation of the Works), Clause 15 (*Termination*), Clause 16 (*Force Majeure*) or [other] shall continue in force and effect until the expiry of the Service Term.
- 2.2. This Agreement, other than this Clause 2 and Clauses 15 (*Termination*) to [], shall in all respects be conditional on the Conditions Precedent (CP) being satisfied by the Provider or waived by NGESO by the CP Date.
- 2.3. The Provider shall use all reasonable endeavours to ensure that the Conditions Precedent are satisfied as soon as possible after the date hereof and in any event by not later than the CP Date.
- 2.4. If any Condition Precedent has not been satisfied by the Provider or waived by NGESO on or before the CP Date, this Agreement shall (to the extent in force) cease to apply.

3. IMPLEMENTATION OF THE WORKS

- 3.1. The Provider shall (at its own cost) implement and complete the Works in accordance with Good Industry Practice by the Scheduled Commercial Operations Date.
- 3.2. The Provider shall, by not later than ten (10) Business Days following the end of each calendar month until the Commercial Operations Date has occurred (or more frequently on either

Commented [VG1]: So the Grid Code would take precedence if the AP was also subject to DCode requirements.

AP only subject to Grid Code requirements so no need to mention DCode here????

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

Party's request), provide to NGESO and the DNO, a progress report in writing setting out details of:

3.2.1 the progress of the Works by reference to the Project Plan, including progress in the delivery to site of plant and equipment required for the operation of the Contracted Anchor Plant and the installation of such plant and equipment and progress in obtaining all outstanding consents, permissions, approvals, licences, exemptions and other permits (in legally effectual form) as may be necessary for the operation of the Contracted Anchor Plant in accordance with the terms of this Agreement;

3.2.2 the Provider's proposals for remedying any delay or anticipated delay in implementing the Project Plan;

3.2.3 the occurrence of any Delay Event and any adjustment (which shall, subject to NGESO's right to terminate under Clause 15.4, reflect the period of delay) to the Scheduled Commercial Operations Date; and

3.2.4 any proposed revisions to the Project Plan necessary to reflect the above,

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

3.3. When the Works are substantially completed and the Contracted Anchor Plant is capable in the Provider's opinion of providing the Anchor Plant Capability, the Provider shall notify NGESO in writing of the dates on which the Contracted Anchor Plant will be available for a Commissioning Assessment over the following period of thirty (30) days. The Parties shall use reasonable endeavours to ensure that the Commissioning Assessment is conducted as soon as possible and shall agree the date and time of the Commissioning Assessment, provided always that, although NGESO shall not unreasonably refuse to carry out a Commissioning Assessment at any time and date that may be requested by the Provider, having regard to the cost implications, NGESO reserves the right to cancel any Commissioning Assessment previously agreed to be carried out. In such a case the Parties shall agree an alternative time and date when the Commissioning Assessment shall be carried out which shall be as soon as possible thereafter. NGESO and the DNO shall be entitled to attend a Commissioning Assessment and any Party may request the Expert to be present at a Commissioning Assessment.

3.4. As soon as practicable after the date on which the Commissioning Assessment has been completed and in any event within five (5) Business Days, NGESO shall notify the Provider and the DNO whether the Contracted Anchor Plant has passed or failed the Commissioning Assessment. Any dispute as to whether the Commissioning Assessment has been passed or failed may be referred by either Party to the Expert for determination.

Commented [MK2]: Why is the commissioning assessment being done by NGESO when the Grid Code gives the responsibility to the DNO?

Commented [P(R3R2)]: Please see response below regarding the action for this section.

Commented [P(R4)]: Comment from Antony Johnson:
In the Grid Code I think the DNO inform the ESO as to the success of the test.

Response:
I believe the action for this section is to make clear on the two parts of what we term commissioning assessment. Agreed on your point about the service provider getting ready for the final Black Start capability assessment which ESO is a part of as witness.

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

- 3.5. If the Contracted Anchor Plant has not successfully passed the Commissioning Assessment by the Scheduled Commercial Operations Date then, save to the extent due to a Delay Event, the Provider shall pay to NGESO, without deduction or set off, liquidated damages (“LADs”) at the LAD Rate with effect from the Scheduled Commercial Operations Date until and including the date on which the Contracted Anchor Plant successfully passes the Commissioning Assessment, provided always that such liquidated damages shall not in any event exceed the LAD Cap.
- 3.6. If at any time the aggregate amount of LADs paid or payable under Clause 3.5 is equal to the LAD Cap then, NGESO shall have the right to terminate this Agreement by written notice to the Provider.
- 3.7. For the purposes of Clause 3.5, LADs shall be payable by the Provider to NGESO on a monthly basis in accordance with Clause 10 (*Payment*) and the due date shall be ascertained accordingly.
- 3.8. The remedies prescribed in this Clause 3 shall be NGESO’s sole and exclusive remedies with respect to any failure of the Contracted Anchor Plant to pass successfully a Commissioning Assessment by the Scheduled Commercial Operations Date.

4. WORKS CONTRIBUTION PAYMENTS

- 4.1. Subject to receipt by NGESO of Acceptable Security for the Security Amount and subject to that security remaining in full effect, NGESO shall, by reference to each Works Contribution Period, pay to the Provider a Works Contribution Payment in respect of the Internal Costs and External Costs incurred by the Provider in that Works Contribution Period, subject to receipt from the Provider of invoices that:
- 4.1.1. itemise Internal Costs and External Costs separately;
- 4.1.2. to the extent relating to External Costs, do not exceed, when aggregated with all other External Costs so invoiced, the External Costs Cap and are supported by copy invoices from the relevant third party contractors and such other evidence of having been incurred as NGESO may reasonably require; and
- 4.1.3. to the extent relating to Internal Costs, do not exceed, when aggregated with all other Internal Costs so invoiced, the Internal Costs Cap and include a description which is reasonably satisfactory to NGESO of that part of the Works to which such invoice relates and is supported by such other evidence as NGESO may reasonably require,
- provided always that, in each case, the invoiced sums shall be limited to reasonable costs which have been reasonably incurred and which the Provider shall have used its reasonable endeavours to mitigate.
- 4.2. Following receipt of any invoice in respect of the Works submitted by the Provider in accordance with Clause 4.3, NGESO shall, as soon as reasonably practicable thereafter, notify the Provider and provide a reason where NGESO determines (acting reasonably) that such invoice does not meet the requirements of Clause 4.1 and the Provider shall submit a replacement invoice that does meet those requirements as soon as reasonably practicable thereafter.

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

- 4.3. Each invoice meeting the requirements of Clause 4.1 shall be paid by NGESO within forty two (42) days after receipt.
- 4.4. The Parties shall develop and agree the Distribution Restoration Zone Plan (DRZP) for the Distribution Restoration Zone by not later than the Service Commencement Date.
- 4.5. The Provider acknowledges that it should not over-recover its costs where a Works Contribution Payment has been made to fund all or part of the Anchor Plant Capability, and the Provider seeks to provide a Balancing Service or other similar service to the DNO or a third party (otherwise than pursuant to existing contractual obligations) using any part of the Funded Capability. Accordingly, it is hereby agreed that the Provider will not offer terms to NGESO for provision of any Balancing Service or offer terms to the DNO or a third party for the provision of a similar service using any part of the Funded Capability during any period prior to the Expiry Date without first seeking to agree in writing with NGESO an appropriate reduction in the Availability Price for the duration of any resulting contract reflecting the proportion of the capital cost of the Funded Capability. NGESO shall, as soon as reasonably practicable following receipt of a written request from the Provider, meet with the Provider to discuss an appropriate reduction, and each of NGESO and the Provider shall use reasonable endeavours to agree on such appropriate reduction in the Availability Price within such period as is required to allow the Provider to offer terms to NGESO with respect to the relevant Balancing Service or offer terms to the DNO or a third party for the provision of a similar service. If no such agreement can be concluded, then NGESO and the DNO each reserves the right to decline to contract with the Provider for any Balancing Service or similar service provided from any part of the Funded Capability.
- 4.6. If NGESO and the Provider have agreed in writing prior to the date of this Agreement, the basis on which the Provider may use Funded Capability to provide Balancing Services or other similar services to the DNO or a third party the Provider may provide Balancing Services or other similar services to the DNO or a third party on the basis of that agreement.
- 4.7. NGESO shall be entitled to call upon the security provided to it in accordance with Clause 4.1 if: -
- 4.7.1. an Annual Availability Shortfall Payment has become payable under this Agreement and has not been paid by the **Provider** in accordance with Clause 10.1.3;
 - 4.7.2. a Works Contribution Refund Payment has become payable under this Agreement and has not been paid by the **Provider** in accordance with Clause 15.3;
 - 4.7.3. LADs have become payable under this Agreement and have not been paid by the Provider in accordance with Clause 3.5; or
 - 4.7.4. other equivalent Acceptable Security of the required amount has not been put in place within the time periods provided for in this Clause 4 . Where the security has been called for this reason, NGESO shall repay the amount so called when the Provider puts in place the appropriate replacement security.
- 4.8. If any bank or banks being the issuer of a bond or letter of credit shall suffer at any time a change of rating so as to fall below that required above the Provider shall forthwith on the Provider becoming aware of such occurrence notify NGESO and within twenty (20) Business Days of the Provider becoming aware of such change of rating provide to NGESO a replacement bond or letter of credit from a Rated Bank on the same terms as to amount and expiry date as the security being replaced or equivalent Acceptable Security. For the avoidance of doubt any such change of rating shall not during such period of twenty (20)

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

Business Days constitute a breach under this Agreement, provided that the replacement security shall be provided, and from the date of its provision the security which it replaces shall be released by NGESO.

4.9. Where the form of Acceptable Security is a parent company guarantee and the Provider has elected in the Contract Form that this Clause 4.9 shall apply, the Provider shall procure that:

4.9.1. the Guarantor's auditor shall as soon as reasonably practicable following the end of each financial year of the Guarantor in which the parent company guarantee remains in force, certify (the "**Auditor's Certificate**") the net asset value on a consolidated basis of the Guarantor, by reference to the Guarantor's most recent annual audited financial statements; and

4.9.2. the Guarantor's finance director shall as soon as reasonably practicable following the end of the second quarter in each of the Guarantor's financial years in which the parent company guarantee remains in force, certify (the "**FD's Certificate**") the net asset value on a consolidated basis of the Guarantor, by reference to the Guarantor's half-year unaudited financial statements,

and if:

4.9.3. the Provider shall fail to procure: (i) the Auditor's Certificate by not later than six (6) months after the end of a financial year of the Guarantor; or (ii) the FD's Certificate by not later than one (1) month after the end of the second quarter in a financial year of the Guarantor (in either case, the "**Due Date**"); or

4.9.4. the net asset value of the Guarantor stated in the Auditor's Certificate or the FD's Certificate (as the context requires) is less than the Guarantor Minimum NAV, the Provider shall forthwith following the Due Date or the date of issue of the Auditor's Certificate or the FD's Certificate (as the context requires) provide to NGESO a replacement for such parent company guarantee comprising another form of Acceptable Security.

4.10. Where the form of Acceptable Security is a parent company guarantee and the Provider has elected in the Contract Form that this Clause 4.10 shall apply, the Provider shall procure that, if the Guarantor shall suffer at any time a change of rating so as to fall below the Guarantor Minimum Credit Rating, the Provider shall forthwith on becoming aware of such occurrence notify NGESO and within fourteen (14) days of the Provider becoming aware of such change of rating provide to NGESO a replacement for such parent company guarantee comprising another form of Acceptable Security.

4.11. The Provider shall on reasonable notice to NGESO be entitled to request the substitution of any form of security then in place with any other Acceptable Security and on such replacement security being put in place NGESO shall release the security first provided. The Provider may provide different security instruments to NGESO at any time, each securing a different amount, provided that the number of security instruments does not exceed six at any time and that the aggregate sum secured is equal to the Security Amount.

5. SERVICE TERM

5.1. The Provider shall, subject to the development and agreement of the DRZP, make the Contracted Anchor Plant Available with effect on and from the Service Commencement Date

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

and, subject to earlier termination of this Agreement in accordance with clause 15 or clause [] or extension in accordance with clause 5.2, until the Expiry Date (the “**Service Term**”).

- 5.2. If the provisions of this Agreement shall not by then have terminated, not later than twelve (12) months prior to the end of the Service Term (or any Extended Term agreed under this Clause), the Parties shall meet to discuss whether the Service Term should be extended and if so the duration of such extension (an “**Extended Term**”) and the terms (including prices) upon which Contracted Anchor Plant shall continue to be made Available by the Provider, provided always that no extension may be agreed for a period which, either alone or when aggregated with any other period of extension, shall exceed [] years. Unless the Service Term is further extended under this Clause or this Agreement shall by then have terminated, this Agreement shall terminate automatically without notice at the end of an Extended Term.

6. ANCHOR PLANT AVAILABILITY

- 6.1. The Provider shall, throughout the Term, fuel, operate, maintain and repair the Contracted Anchor Plant in accordance with Good Industry Practice with a view to making the Contracted Anchor Plant Available to provide the Anchor Plant Capability in accordance with DR Instructions and in accordance with the Technical Performance Requirements.
- 6.2. Anchor Plant Capability shall comprise the ability to:
- 6.2.1. immediately commence the procedure to start-up the Contracted Anchor Plant from shutdown with or without an external electricity supply;
 - 6.2.2. within the time to connect specified in the Anchor Service Technical Parameters energise the DRZ, or part thereof, in accordance with the DRZP;
 - 6.2.3. when a block load is connected to the Contracted Anchor Plant, respond so that the Frequency of the power island should not fall below the minimum or above the maximum Frequency specified in the Anchor Service Technical Parameters and that the Frequency of the power island is restored to within statutory limits (above 49.5 Hz and, to the extent possible, below 50.5 Hz) within ten (10) seconds maintaining stable operation thereafter pending connection of the next block load;
 - 6.2.4. operate within the loading restrictions set out in the Anchor Service Technical Parameters and accept loading instructions issued by the DNO in accordance with the loading procedures specified in the DZRP;
 - 6.2.5. achieve and maintain a power output equal to the level specified in the DRZP (or such lesser power output as may be instructed by the DRZ Control System) within the loading period specified in the Anchor Service Technical Parameters assuming loading

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

is achieved by the connection of demand blocks in accordance with the above requirements;

- 6.2.6. provide reactive power to the range set out in the Anchor Service Technical Parameters;
- 6.2.7. provide fast-acting frequency control as set out in the Anchor Service Technical Parameters;
- 6.2.8. accept block loads and de-loads whilst restoring frequency of the power island in accordance with the limits set out in the Anchor Service Technical Parameters;
- 6.2.9. operate in voltage control mode as instructed by the DNO or specified in the DRZP;
- 6.2.10. start-up and recommence all or part of the DRZP if the Anchor Plant becomes disconnected; and
- 6.2.11. maintain the above until the DNO notifies the Provider that Electricity System Restoration is complete in accordance with the DRZP.

6.3. The Provider shall notify NGESO and the DNO if at any time the Contracted Anchor Plant will not have all or any part of the Anchor Plant Capability ("**Notification of Unavailability**"). The Provider shall further notify ("**Restoration Notice**") NGESO and the DNO through the Distribution Restoration Zone Control System once the Anchor Plant Capability has been restored specifying the time and date of such restoration. If the Contracted Anchor Plant did not have the full Anchor Plant Capability by reason of an Event of Default, the Restoration Notice shall include a brief explanation as to the reason for such Event of Default.

6.4. Promptly following receipt of a Restoration Notice, NGESO may inform the Provider that it wishes to conduct a test (a "**Reproving Assessment**") in order to verify such restoration of Availability and, in respect thereof, the relevant provisions of Clause 11 (*Testing*) shall apply. The Contracted Anchor Plant shall then be treated as Unavailable from the date of NGESO's notice until the date on which the Contracted Anchor Plant successfully passes a Reproving Assessment.

6.5. If NGESO fails to notify the Provider in accordance with Clause 6.4 that it wishes to carry out a Reproving Assessment then the Availability of the Anchor Plant shall be restored with effect from the time set out in the Restoration Notice and the Monthly Availability Payments shall become payable with effect from such time and date.

6.6. The Provider may temporarily revise the Anchor Service Technical Parameters with NGESO's prior written consent if the Contracted Anchor Plant is not capable of achieving Anchor Plant Capability in full¹.

6.7. The DNO shall notify the Provider and NGESO if at any time the DRZ Top-Up Services available for the purposes of the DRZP are determined by the DRZ Control System to be insufficient for implementation of the DRZP and the Contracted Anchor Plant shall be treated as Unavailable until such time as the DNO notifies the Provider and NGESO that the availability of the DRZ Top-Up Services has been restored.

6.8. The Provider shall, prior to the commencement of each Availability Assessment Period, notify NGESO and the DNO in writing by such means as NGESO may reasonably require of

Commented [MK5]: These are not in the Grid Code – which I would have expected to be the right place for them. AJ I think this is a fair comment. If they were in the BM they would be caught by the requirements of BC2

Commented [VG6]: Is the DRZSC capable of this? The definition is that it assesses the status and operational conditions of a network operators' system for the purposes of operating Anchor Plant etc not provision of notifications between AP and DNO/NGESO.

Commented [P(R7R6)]: Checked this with the OST experts, this process will be done using voice communication for any notification issues. The DRZC will see what is happening but not why or advance information.

Commented [MK8]: Does the G Code allow this to be done? AJ response – as long as it meets the requirements of the Grid Code (which is high level) anything else can be done bilaterally

Commented [VG9R8]: Should the DNO not be advised as the revised technical parameters could have an impact on the operation of the DRZC or network?

Commented [P(R10R8)]: Agreed, need to add to this clause the consent from DNO too.

¹ NB A mechanism will be developed for an appropriate adjustment to the Monthly Availability Payment in such circumstances.

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

the dates and times of all planned maintenance and inspection periods applicable to the Contracted Anchor Plant (“**Maintenance Plan**”) for the forthcoming Availability Assessment Period. The Provider may propose modifications to the Maintenance Plan from time to time during the Availability Assessment Period on no less than twenty-eight (28) days notice. The Maintenance Plan shall not, subject to Clause 6.10, exceed the maximum number of days of planned outages specified for the relevant Availability Assessment Period in the table set out in Part 7 of the Contract Form.

6.9. Within fourteen (14) days of the Provider’s notification of the Maintenance Plan or any modification thereto under Clause 6.8, NGESO and the DNO shall notify the Provider of its agreement with or objections to the Maintenance Plan or any modification thereto and, if NGESO shall make no notification within such time, it shall become binding on the Parties. The Parties shall act in good faith and use reasonable endeavours to resolve any objections notified by NGESO taking into account maintenance practices consistent with Good Industry Practice and the Maintenance Plan shall be amended accordingly.

6.10. If NGESO, in its absolute discretion, agrees to any additional number of days outage for the purposes of Clause 6.7, those additional outage days shall not be included for the purposes of calculating the Annual Availability Shortfall Payment.

7. DR SERVICE INSTRUCTION AND DELIVERY

7.1. For the purposes of an Electricity System Restoration, the DNO shall, at the request of NGESO, issue a DR Instruction to the Provider either manually or automatically through the Distribution Restoration Zone Control System and in accordance with the DRZP, which may include the following instructions:

7.1.1.to start-up the Contracted Anchor Plant, without an external electricity supply;

7.1.2.to connect or synchronise the Contracted Anchor Plant to the Distribution System forming part of the Distribution Restoration Zone;

7.1.3.to maintain a specific voltage;

7.1.4.to accept block loads; and/or

7.1.5.to operate in frequency sensitive mode.

7.2. The Provider shall comply with the DNO’s DR Instructions for initiation and implementation of the DRZP, so that, in the event of an Electricity System Restoration, the Contracted Anchor Plant:

7.2.1.is able to start-up from shutdown and to energise a part of and/or be synchronised to the Local Distribution Network, within the time specified in the Anchor Service Technical Parameters, without an external electrical supply;

7.2.2.provides the output required under the DRZP; and

7.2.3.is capable of achieving a controlled shutdown and performing a start-up at least three times; and

7.2.4.otherwise complies with DR Instructions in accordance with the Anchor Plant Capability.

Commented [MK11]: If this is a technical requirement it should be in the Grid Code.

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

7.3. [The DNO shall be entitled to connect the Contracted Anchor Plant to the Distribution Restoration Zone Control System and the Provider shall for that purpose provide access to its site on reasonable notice. The Provider must at its own cost and expense provide all necessary data feeds to the Distribution Restoration Zone Control System.]

Commented [MK12]: What about control signals?

7.4. Each of the Parties agrees to participate at its own cost and in good faith in all meetings of the DRZ Operational Working Group, including any review of the DRZP and its operation.

Commented [J(A13)]: Would we not be better saying in preparation and finalisation of the Distribution Restoration Zone Plan.

Commented [VG14R13]: How or where is the DRZ OWG established – and who should attend?

Commented [P(R15R13)]: The Terms of Reference for the DRZ OWG were not drawn up at this stage because this is something ESO want to co-create with the DNO as part of their earlier agreement in the strategy development stage of tendering.

8. SERVICE FEES AND REBATES

8.1. With effect from the Service Commencement Date, NGESO shall pay a monthly payment for each Settlement Period in the Month in which the Contracted Anchor Plant was Available (“**Monthly Availability Payment**”), calculated by reference to the Availability Price in accordance with Schedule 3, Part I (*Availability Payments and Rebates*).

8.2. NGESO shall be entitled to apply an Availability Rebate in the circumstances specified in Schedule 2 (*Events of Default*).

8.3. If in any Availability Assessment Period the Actual Availability of the Contracted Anchor Plant falls below the Target Availability, the Provider shall pay an Annual Availability Shortfall Payment.

8.4. If in any Availability Assessment Period the Actual Availability of the Contracted Anchor Plant falls below the Minimum Availability:

8.4.1. the Provider shall pay an Annual Availability Shortfall Payment; and

8.4.2. the Availability Price shall be reduced by a fraction the denominator of which is the Target Availability and the numerator of which is the Actual Availability of the Contracted Anchor Plant until such time as the Actual Availability of the Contracted Anchor Plant has exceeded the Minimum Availability in a subsequent Availability Assessment Period.

8.5. If the Actual Availability of the Contracted Anchor Plant falls below the Minimum Availability in any two consecutive Availability Assessment Periods then, at NGESO’s discretion:

8.5.1. the Provider shall pay an Annual Availability Shortfall Payment; or

8.5.2. NGESO may terminate this Agreement in accordance with Clause 15.2.2.

8.6. [If an Electricity System Restoration is implemented, the Provider shall be entitled to payment for energy exported in compliance with DR Instructions and the DRZP in any Settlement Period that does not fall within a Market Suspension Period, at a price equal to the System Buy Price calculated under the BSC or, in any Settlement Period that falls within a Market Suspension Period, at a price based on the Contingency Imbalance Price (as defined in the BSC)]

9. SAFETY AND INSURANCE

9.1.1. NGESO and the DNO acknowledge that the decision to operate the Contracted Anchor Plant outside its safe operating parameters is one for the Provider alone, and accept that

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

the Provider may change generation or flow on the Contracted Anchor Plant if it believes it is necessary for safety reasons (whether relating to personnel or Plant or Apparatus).

9.1.2. The responsibility for injury to personnel and damage to Plant and Apparatus owned and/or operated by the Provider caused by operation of the Contracted Anchor Plant in an Electricity System Restoration therefore rests with the Provider and neither NGESO nor the DNO shall have any liability whatsoever in connection therewith.

9.1.3. The Provider shall indemnify and keep indemnified NGESO and the DNO in respect of liability for death or personal injury and/or damage to Plant and Apparatus owned and/or operated by NGESO or the DNO (as the context requires) and arising out of or in connection with such operation of the Contracted Anchor Plant outside of its safe operating parameters save to the extent that:

9.1.3.1. such death or personal injury and/or damage to Plant and Apparatus is caused by the negligent act or omission or default of NGESO or the DNO; and

9.1.3.2. the Provider has operated the Contracted Anchor Plant in accordance with Good Industry Practice.

9.1.4. The Provider shall insure for Public Liability risks arising from its operation of the Contracted Anchor Plant with a reputable insurer with a minimum value of ten million pounds Sterling (£10,000,000) for each and every claim.

9.1.5. The Provider acknowledges and agrees that, for the purposes of Clause 9.1.3, references to NGESO shall include the Transmission Owner and that, in addition to NGESO, and the Transmission Owner shall be entitled to enforce Clause 9.1.3.

10. PAYMENT

10.1. In respect of each calendar month during the Term and by no later than expiry of the second calendar month which follows, NGESO shall send to the Provider a statement ("**Monthly Statement**") setting out its calculation of:-

10.1.1. the Monthly Availability Payment payable by NGESO to the Provider pursuant to clause 8.1;

10.1.2. any Availability Rebates payable by the Provider to NGESO pursuant to clause 8.2;

10.1.3. (where relevant) any Annual Availability Shortfall Payment due by the Provider;

10.1.4. any adjustments made to previous Monthly Statements; and

10.1.5. the resulting net amount due to (or from, as the case may be) the Provider.

10.2. [Payment mechanics to be added]²

11. TESTING

11.1. The Provider shall once in each period of three calendar years during the term, undertake an assessment ("**Capability Assessment**") of the Contracted Anchor Plant in

² Payment mechanics to be developed or incorporated by reference to the General Contract Terms, subject to modification as necessary.

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

accordance with the procedures set out in [OC5.7.4 and OC5.7.5 of the Grid Code or DOC 5.7 of the Distribution Code (as applicable)].

Commented [MK16]: I would think that DC05.7 cannot ever not be applicable- so I'm not sure there's a need to reference the Grid Code. Think we need to add OC5.7.1 and OC5.7.2 in here.

11.2. The Provider shall, if so requested by NGESO after notifying restoration of Anchor Plant Capability under clause 6.3, undertake a Reprising Assessment. The scope of a Reprising Assessment shall in each case have regard to the nature and extent of the circumstances which gave rise to the Contracted Anchor Plant no longer having the Anchor Plant Capability and shall be discussed and agreed with the Provider (such agreement not to be unreasonably withheld or delayed). Without limiting the foregoing, a Reprising Assessment may include the monitoring of the normal operation of the Contracted Anchor Plant.

11.3. The Provider, NGESO and the DNO shall each bear its own costs incurred in conducting any Capability Assessment or Reprising Assessment under this clause 11 save where the Provider fails such test, in which event the Provider shall, in addition to bearing its own costs, reimburse to NGESO and the DNO their respective reasonable resource costs (other than costs incurred in connection with reconfiguring the National Electricity Transmission System or the Local Distribution Network) and expenses reasonably incurred as a direct result thereof. Additionally, the Provider shall reimburse to NGESO and the DNO all of their respective reasonable costs reasonably incurred as a direct result of a Reprising Assessment conducted either following an Event of Default or following failure by the Provider of a previous Reprising Assessment.

11.4. If a bona fide dispute relates to the performance of the Contracted Anchor Plant or the results of a Capability Assessment or a Reprising Assessment, NGESO and the Provider shall attempt to resolve the dispute by discussion, and if they fail to reach agreement the Provider may require a further Assessment. If the Provider passes such further Assessment, it shall be deemed to have passed the first Assessment. If the Provider fails such further Assessment and a dispute arises in respect of that further Assessment, then the Parties shall attempt to resolve the dispute by discussion but if they fail to reach agreement within three (3) Business Days of the commencement of such discussion either NGESO or the Provider may refer the matter to the Expert for determination.

Commented [MK17]: This needs to be harmonized with the Grid Code – and also respect the Third Package dispute requirements (if relevant). Not sure about this – this is a contractual issue and would be in the CUSC not Grid Code.

11.5. Each Party shall bear the risk of, and the other Parties shall have no liability to that Party in respect of, loss and damage to that Party's Plant and/or Apparatus caused during or as a result of any Assessment (whether due wholly or partly to the other Party's default or to the malfunction of its Plant or Apparatus or otherwise).

Commented [MK18R17]: OK – this might be appropriate then, if there's nothing in the Grid Code apart from CUSC references.

12. MONITORING

12.1. [To enable NGESO to monitor the Availability of the Contracted Anchor Plant, the [DNO] shall record minute by minute measurements of output from the Contracted Anchor Plant and shall make that data available to NGESO in such format as NGESO may reasonably require.]

Commented [MK19]: If this is required it must be in the Grid Code – and probably not here. AJ Response – If you bind them to ECC.6.6 this will be achieved. If they are a Type C or D Plant they should also have to do this under G99.

12.2. [NGESO/DNO] shall be entitled to visit the Provider's site on reasonable notice to conduct investigations of the Contracted Anchor Plant in order to verify compliance by the Provider with its obligations under these Service Terms & Conditions.

Commented [MK20R19]: No – G99 does not require this – there is no RfG, and hence no G99, specification for the resolution of the operational metering.

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

13. INSPECTIONS AND ASSURANCE VISITS

13.1. To enable NGESO to verify that the Contracted Anchor Plant has Anchor Plant Capability, the Provider shall permit NGESO to inspect such parts of the Contracted Anchor Plant as NGESO may reasonably require (in each case upon giving to the Provider not less than 24 hours prior notice) provided that such inspection shall be carried out without undue interference with the normal operation of the Contracted Anchor Plant.

Commented [MK21]: Shouldn't it be the DNO with prime responsibility here, inviting NGESO if necessary/appropriate?

This is not really well aligned with the Grid Code.

Commented [P(R22R21)]: Agreed that the DNO role needs to be further defined in this section.

13.2. The Provider shall, subject to Clause 13.3, not more than once in any calendar year and on receipt of not less than one hundred sixty eight (168) hours prior notice, provide NGESO or the DNO (the "Requesting Party") access to the Contracted Anchor Plant for the purposes of ascertaining to its reasonable satisfaction that the Provider has, in accordance with Good Industry Practice, implemented at the Contracted Anchor Plant appropriate technical, training and documentation procedures (an "Assurance Visit"). Assurance Visits shall be carried out without undue interference with the normal operation of the Contracted Anchor Plant.

13.3. Following receipt of any notice under Clause 13.2, the Provider may propose to the Requesting Party an alternative time and date for the Assurance Visit, provided that any such alternative time and date shall not be later than twenty eight (28) days following the time and date specified by the Requesting Party in its notice, and (at its option) the Requesting Party may agree to such alternative time and date. In the event that the Provider unreasonably delays the Assurance Visit beyond the time and date being twenty eight (28) days after the time and date for the Assurance Visit specified by the Requesting Party in its notice, then no Monthly Availability Payments shall accrue to the Provider in respect of the period commencing at the time and date for the Assurance Visit specified in the notice from the Requesting Party and ending upon completion of an Assurance Visit.

13.4. In relation to any Assurance visit, the Provider shall permit the Requesting Party to be accompanied by either NGESO or the DNO (as the context requires).

13.5. If any dispute arises in relation to an inspection or Assurance Visit, then the Parties shall attempt to resolve the dispute by discussion but if they fail to reach agreement within three (3) Business Days of the commencement of discussions either Party may refer the matter to the Expert for determination.

14. COMMUNICATIONS

14.1. Any communications required by these Service Terms & Conditions to be given in writing shall unless otherwise provided in this clause 14 be made and deemed to have been received in accordance with Clause 25 (Notices), save as may be otherwise agreed by the Parties.

14.2. The Parties consent to the recording of all telephone conversations between them relating in whole or in part to these Service Terms & Conditions, and each Party agrees to notify its employees of that consent and obtain their consent to that recording if required by Law.

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

15. TERMINATION

- 15.1. A Party shall have the right to terminate this Agreement in the circumstances set out in paragraph 8.1 of the General Terms and Conditions as if paragraphs 8.1 and 8.2 were set out in this Agreement in full, save that the references to paragraphs 9.3 (*Service Failure*) and 10.4 (*Force Majeure*) of the General Terms and Conditions shall not be applicable.
- 15.2. Without prejudice to Clause 15.1, NGESO may in its absolute discretion terminate this Agreement with immediate effect by notice in writing to the Provider in the following circumstances:-
- 15.2.1. where the provisions of Schedule 2 so provide (*Events of Default and Consequences*);
- 15.2.2. in the circumstances set out in Clause 8.5.2; or
- 15.2.3. if, in respect of any Availability Assessment Period, the number of Settlement Periods in which the Contracted Anchor Plant was Unavailable due to Force Majeure exceeded 75% of the Settlement Periods in that Availability Assessment Period.
- 15.3. If this Agreement is terminated by NGESO in accordance with Clause 15.1 or Clause 15.2, NGESO shall be entitled to payment by the Provider of a Works Contribution Refund Payment calculated in accordance with Schedule 3, Part III.
- 15.4. Either Party shall have a right to terminate this Agreement by notice in writing to the other if that other Party has been prevented from performing its obligations due to an event or circumstance of Force Majeure for a continuous period of six (6) calendar months or more or for an aggregate period of nine (9) calendar months or more.
- 15.5. NGESO shall, in addition to its other rights under this Clause 15, have the right to terminate this Agreement if any other agreement for the provision of Distribution Restoration Services as part of the same DZRP is terminated.

16. FORCE MAJEURE

- 16.1. In so far as any Party is prevented from performing any of its obligations under this Agreement due to an event or circumstance of Force Majeure, then the rights and obligations of the Parties shall be suspended for as long as and to the extent that the circumstance of Force Majeure prevents such performance. For the avoidance of doubt:
- 16.1.1. the Provider shall not be entitled to any Monthly Availability Payment and NGESO shall not be entitled to any Availability Rebate to the extent that the Contracted Anchor Plant is Unavailable by reason of Force Majeure;
- 16.1.2. the Parties agree that they shall not be relieved from their obligations under this Agreement by reason of events or circumstances commencing prior to the last date specified in the Tender for Tender Submissions and continuing as at that date including restrictions introduced by any Competent Authority in relation to Coronavirus and the Coronavirus Disease; and
- 16.1.3. the Parties further agree that they shall be relieved from their obligations under this Agreement to the extent that they are unable to perform them by reason of

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

any further restrictions or guidance introduced by any Competent Authority in relation to Coronavirus and the Coronavirus Disease on or after the date on which the Provider submitted its Tender Submission.

16.2. A Party affected by Force Majeure shall give to the other Parties immediately upon becoming aware of an event or circumstance of Force Majeure, a written notice describing the Force Majeure (including, without limitation, the nature of the occurrence and its expected duration) and the obligations which it is prevented from performing and shall continue to furnish regular reports with respect thereto to the other Parties during the period of Force Majeure.

16.3. As soon as is reasonably practicable, following an event or circumstance of Force Majeure, the Parties shall discuss how best to continue their respective obligations as set out in this Agreement.

16.4. For the avoidance of doubt the non-performance of any Party's obligations pursuant to this Agreement arising prior to the event or circumstance of Force Majeure, shall not be excused as a result of the event or circumstance of Force Majeure.

17. NO ANNOUNCEMENT

17.1. The Provider agrees that, except as provided in clause [13.2] of the General Terms and Conditions, it shall not make any public announcement or statement regarding the subject matter of this Agreement and/or the status of the Contracted Anchor Plant and this clause shall continue to bind the Provider after termination or expiry of this Agreement for whatever reason.

18. LIABILITY, INDEMNITY AND INSURANCE³

18.1. Paragraph 11 of the General Terms and Conditions shall apply as if set out in full herein.

19. RECORDS AND AUDITS

19.1. Paragraph 5 of the General Terms and Conditions shall apply as if set out in full herein.

20. ASSIGNMENT⁴

20.1. Paragraph 12 of the General Terms and Conditions shall apply as if set out in full herein.

21. CONFIDENTIALITY⁵

21.1. The provisions of paragraph 13 of the General Terms and Conditions shall apply as if set out in full herein.

³ Liability caps need to be considered.

⁴ This may require amending to reflect tripartite assignment.

⁵ This may require amending to reflect tripartite confidential obligations.

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

22. INTELLECTUAL PROPERTY RIGHTS

- 22.1. The provisions of paragraph 14 of the General Terms and Conditions shall apply to all Intellectual Property Rights owned by or licensed to either Party as if set out in full herein.

23. DATA PROTECTION

- 23.1. The provisions of paragraph 15 of the General Terms and Conditions shall apply as if set out in full herein.

24. MODERN SLAVERY, ANTI-BRIBERY AND LIVING WAGE

- 24.1. The provisions of paragraph 16 of the General Terms and Conditions shall apply as if set out in full herein.

25. NOTICES

- 25.1. Paragraph 17 of the General Terms and Conditions shall apply to any notice required to be submitted as if set out in full herein.
- 25.2. For the purposes of Clause 25.1, the contact details and addresses of each Party shall be those set out in the Contract Form or as otherwise notified from time to time by that Party to the other Parties.

26. DISPUTE RESOLUTION⁶

- 26.1. Paragraph 18 of the General Terms and Conditions shall apply in relation to any dispute or difference of whatever nature however arising under this Agreement as if set out in full herein, save that:-
- i. no party shall have any right to refer any dispute to an Expert for determination except where it is agreed in writing by the parties to be so referable; and
 - ii. where any dispute is referred to arbitration, the rules of the Electricity Arbitration Association shall apply unless otherwise agreed in writing by the parties (and paragraph 18 of the General Terms and Conditions shall be read and construed accordingly).

27. GOVERNING LAW AND JURISDICTION

- 27.1. Any claim, dispute or matter (whether contractual or non-contractual) arising under or in connection with this Agreement or its enforceability shall be governed by and construed in accordance with the laws of England and Wales.

28. SEVERANCE

- 28.1. The provisions of paragraph 19 of the General Terms and Conditions shall apply as if set out in full herein.

29. THIRD PARTY RIGHTS

- 29.1. Save where expressly stated otherwise, this Agreement does not give rise to any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

⁶ Further modification may be necessary to reflect tripartite disputes.

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

29.2. The rights of the Parties to rescind or vary this Agreement are not subject to the consent of any other person.

30. NO AGENCY OR PARTNERSHIP

30.1. The provisions of paragraph 21 of the General Terms and Conditions shall apply as if set out in full herein.

31. WAIVER

31.1. The provisions of paragraph 22 of the General Terms and Conditions shall apply as if set out in full herein.

32. ENTIRE AGREEMENT

32.1. The provisions of paragraph 23 of the General Terms and Conditions shall apply as if set out in full herein.

33. ELECTRICITY MARKET REFORM (EMR)

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

33.2. For the purposes of this Clause 33 only:-

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

33.2.2. **"Capacity Market Rules"** means the rules created pursuant to section 34 of the Energy Act 2013 as modified from time to time in accordance with The Electricity Capacity Regulations 2014;

33.2.3. **"EMR Functions"** has the meaning given to "EMR functions" in Chapter 5 of Part 2 of the Energy Act 2013; and

33.2.4. **"EMR Document"** means The Energy Act 2013, The Electricity Capacity Regulations 2014, the Capacity Market Rules, The Contracts for Difference (Allocation) Regulations 2014, The Contracts for Difference (Electricity Supplier Obligation) Regulations 2014, The Contracts for Difference (Definition of Eligible Generator) Regulations 2014, The Electricity Market Reform (General) Regulations 2014, the AF Rules and any other regulations or instruments made under Chapter 2 (contracts for difference), Chapter 3 (capacity market) or Chapter 4 (investment contracts) of Part 2 of the Energy Act 2013 which are in force from time to time.⁷

⁷ The boilerplate requires further development. Where appropriate the ENA General Contract Terms will be used, subject to necessary modification.

SCHEDULE 1

Service Term Definitions

Commented [J(A23)]: Where there is commonality here should we not refer to the grid code definitions.

Commented [MK24R23]: Agree.

"Acceptable Security"	<p>means security in the form of:</p> <ul style="list-style-type: none">i. a first demand, without proof or conditions, irrevocable performance bond in a form reasonably satisfactory to NGESO issued by a Rated Bank payable in Sterling in London; orii. an irrevocable standby letter of credit in a form reasonably satisfactory to NGESO issued by a Rated Bank payable in Sterling in London;iii. a cash deposit in Sterling in an Escrow Account;iv. a parent company guarantee in terms and from an issuer satisfactory to NGESO; or <p>such other form of security acceptable to NGESO which shall be in such form as is included in NGESO's then current policy and procedure;</p>
"Actual Availability"	<p>in relation to an Assessment period, means the actual availability of the Contracted Anchor Plant calculated as the percentage of Settlement Periods over the Assessment Period in which the Contracted Anchor Plant has had Anchor Plant Capability;</p>
"Agreement"	<p>has the meaning given to it in Clause Error! Reference source not found.;</p>
"Anchor Generator"	<p>the owner or operator of Anchor Plant;</p>
"Anchor Plant"	<p>has the meaning given to that term in the Grid Code;</p>
"Anchor Plant Capability"	<p>in relation to Contracted Anchor Plant, means the ability to Start-Up from Shutdown and to energise part of the Local Distribution Network forming part of a Distribution Restoration Zone within 8 hours, without an external electrical</p>

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

	power supply in accordance with a DR Instruction and the ability otherwise to operate fully in accordance with the Anchor Plant Technical Parameters;
“Anchor Service Technical Parameters”	the technical parameters for Anchor Plant Capability set out in Part 5 of the Contract Form;
“Annual Availability Shortfall Payment”	a sum calculated in accordance with Schedule 3, Part II;
“Assessment”	a Capability Assessment or a Reproving Assessment, as the context requires;
“Assurance Visit”	has the meaning give to it in Clause 13.2;13.1
“Availability Assessment Period”	a period of twelve consecutive calendar months commencing on the Service Commencement Date or an anniversary of the Service Commencement Date;
“Availability Price”	the price specified in Part 6 of the Contract Form;
“Availability Rebate”	an amount calculated in accordance with Schedule 3, Part 1 to be paid by the Provider to NGESO in the circumstances set out in Schedule 2 (<i>Events of Default</i>);
“Available”	in relation to the Contracted Anchor Plant, means, subject to Clause 6.5, that it has Anchor Plant Capability and the term “Unavailable” shall be construed accordingly ⁸ ;
“Balancing Service”	has the meaning given to that term in the Transmission Licence;
“Black Start”	means the procedure necessary for a recovery from a Total Shutdown or Partial Shutdown;
“Business Day”	a week-day other than a Saturday on which banks are open for domestic business in the City of London;
“Capability Assessment”	has the meaning given to it in Clause 11.1;
“Commercial Operations Date”	means the day after the date on which NGESO notifies the Provider that the Contracted

Commented [J(A25)]: Should we simply not refer to the Grid Code for this

Commented [MK26]: What is this? Is there a draft available?

Commented [P(R27R26)]: This will be added in BAU. Not indicated at this moment as the Power Engineering Trials are still ongoing in Distributed ReStart project.

⁸ Mechanism for adjusting Monthly Availability Payments for partial Availability to be developed

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

	Anchor Plant has passed the Commissioning Assessment;
"Commissioning Assessment"	the commissioning testing of the Anchor Plant to be undertaken in accordance with [] ⁹ ;
"Competent Authority"	means the Authority or any local, national or supra-national agency, authority, department, inspectorate, minister, official, court, tribunal or public or statutory person (whether autonomous or not) of the United Kingdom (or the government thereof) which have jurisdiction over NGESO or the Provider or the subject matter of this Agreement;
"Condition Precedent"	means the conditions set out in Part 1 of the Contract Form;
"Consents"	means all and any consent, licence, approval, permission, wayleave or other right of whatever nature whether governmental or regulatory in character or otherwise necessary for the provision of by the Provider of Anchor Plant Capability, including where relevant the implementation of the Works;
"Contract Form"	means the document signed by the Parties to which these Service Terms & Conditions are attached;
"Contracted Anchor Plant"	the Anchor Plant identified in the Contract Form;
"Connection and Use of System Code (CUSC)"	the Connection and Use of System Code designed by the secretary of state as from time to time modified;
"Coronavirus"	has the meaning given to it in the Coronavirus Act 2020, as at the date hereof;
"Coronavirus Disease"	has the meaning given to it in the Coronavirus Act 2020, as at the date hereof;
"CP Date"	the date falling thirty (30) Business Days after the date of this Agreement;
"CUSC Framework Agreement"	has the meaning attributed to it in the Transmission Licence;

⁹ Testing provisions to be developed

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

"Delay Event"	means: (i) any event of Force Majeure that delays the implementation of the Works; or (ii) any failure to schedule a Commissioning Assessment within 10 days of the Provider's notice under Clause 3.3 that is due to any act or omission of NGESO;
"Distribution Restoration Service"	a service contributing to one or several measures of a Distribution Restoration Zone;
"Distribution Restoration Zone Plan" or "DRZP"	a plan for the delivery of Restoration Services in a Distribution Restoration Zone;
"DNO"	the party identified in the Contract Form as the operator of the Local Distribution Network to which the Contracted Anchor Plant is connected;
"Distribution Code"	has the meaning given to that term in a licence granted under section 6(1)(c) of the Electricity Act 1989;
"Distribution Restoration Service Provider"	a party with a contractual obligation to provide a Distribution Restoration Service;
"Distribution Restoration Zone" or "DRZ"	part of the Local Distribution Network which has been energised by Anchor Plant following a Total Shutdown or Partial Shutdown. The Distribution Restoration Zone shall include an Anchor Plant and may also include Top-Up Plant owned and operated by one or more Restoration Service Providers;
"Distribution Restoration Zone Control System" or "DRZ Control System"	a combined automatic control and supervisory system which assesses the equipment status and operational conditions of a DNO's System for the purposes of instructing Anchor Plant and Top-Up Plant and operating items of the DNO's equipment for the purposes of establishing and running a Distribution Restoration Zone;
"DR Instruction"	an instruction issued [by the DNO] in accordance with clause 7.1;
"DRZ Operational Working Group"	a working group comprising the parties involved in a DRZP and constituted for the purposes of [implementing and maintaining the DRZP] under [];
"DRZ Top-Up Services"	in relation to a Distribution Restoration Zone, means all of the Top-Up Services to be provided

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

	by the Distribution Restoration Service Providers in that zone
“Electricity System Restoration”	has the meaning given to that term in the Transmission Licence;
“Electricity System Restoration Standard”	has the meaning given to that term in the Transmission Licence;
“Escrow Account”	a separately designated bank account in the name of NGESO established by a mandate signed by both NGESO and the Provider at a branch of Barclays Bank PLC or another bank in the City of London as notified by NGESO to the Provider, bearing from (and including) the date of deposit of principal sums to (but excluding) the date of withdrawal of principal sums from such account a reasonable commercial rate of interest which shall be payable to the Provider but mandated for withdrawal of principal only by way of a call by NGESO or by way of payment to the Provider to the extent of any reduction in the amount so secured and mandated for the transfer of any interest accrued to the Escrow Account quarterly to such bank account as the Provider may specify;
“Event of Default”	an event of default specified in Schedule 2;
“Expert”	a person appointed for the purposes of an expert determination under Clause 26.1;
“Expiry Date”	the date falling on the [fifth] anniversary of the Service Commencement Date;
“External Costs”	the costs incurred by the Provider to third parties in the implementation of the Works more specifically detailed in Part 2 of the Contract Form;
“External Costs Cap”	the maximum amount reimbursable in respect of External Costs as specified Part 2 of in the Contract Form;
“External Interconnection”	the meaning attributed to it in the Grid Code;
“Force Majeure”	in relation to a Party, any event, circumstance or condition which is beyond the reasonable control of such Party (not being, without limitation an event or circumstance caused by the negligence or lack of care and attention of that Party or its officers or employees, agents,

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

	contractors and sub-contractors) which, despite the reasonable endeavours of the Party claiming Force Majeure to prevent it or mitigate its effects, causes delay or disruption in the performance of any obligation imposed hereunder, but subject thereto including act of God, epidemic or pandemic, strike, lockout or other industrial disturbance, act of the public enemy, war declared or undeclared, threat of war, terrorist act, blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, lightening, fire, storm, flood, earthquake, accumulation of snow or ice, lack of water arising from weather or environmental problems, explosion, governmental restraint, Act of Parliament, other legislation, bye law and Directive (not being any order, regulation or direction under Section 32, 33, 34 and 35 of the Act) or Network Constraint provided always that neither: (i) lack of funds, [nor (ii) the act or omission of any contractor (unless due solely to an event that would have been treated as a cause beyond its reasonable control if the contractor had been a party to this Agreement)], shall be interpreted as a cause beyond the reasonable control of that Party;
"Frequency"	the number of alternating current cycles per second (expressed in Hertz) at which a System is running;
"Funded Capability"	[in relation to an Anchor Plant, any part of the Anchor Plant Capability that has been materially enhanced through a Works Contribution Payment;]
"General Terms and Conditions"	[the [prevailing] Flexibility Services General Terms and Conditions published by the ENA]
"Good Industry Practice"	in relation to any undertaking and any circumstances the exercise of that degree of skill, care and diligence which would reasonably and ordinarily be expected from an experienced operator engaged in the same or similar type of undertaking under the same or similar circumstances;
"Grid Code"	the Grid Code drawn up pursuant to the Transmission Licence as from time to time

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

	revised in accordance with the Transmission Licence (and references in these Service Terms to any specific provision or part of the Grid Code shall be construed as references to such provision or part as from time to time amended);
“Grid Supply Point”	has the meaning given to it in the Grid Code;
“Guarantor”	the provider of a parent company guarantees for the purposes of Acceptable Security;
“Guarantor Minimum Credit Rating”	in relation to the Guarantor and where applicable, the credit rating specified in Part 4 of the Contract Form;
“Guarantor Minimum NAV”	in relation to the Guarantor and where applicable, the net asset value specified in Part 4 of the Contract Form;
“Internal Costs”	the costs incurred by the Provider other than External Costs in the implementation of the Works more specifically detailed in Part 2 of the Contract Form;
“Internal Costs Cap”	the maximum amount reimbursable in respect of Internal Costs as specified in Part 2 of the Contract Form;
“LAD Cap”	means a sum equal to the LAD Rate multiplied by [];
“LAD Rate”	means a daily rate equal to [] ¹⁰ multiplied by the number of Settlement Periods in the day;
“Local Distribution Network”	the distribution network to which an Anchor Plant is connected;
“Long Stop Date”	[sixty (60) days after the date of signature (by the last party in time to sign) of the Contract Form];
“Market Suspension Period”	has the meaning given to that term in the BSC;
“Minimum Availability”	in relation to an Availability Assessment Period, means Actual Availability of the Contracted Anchor Plant of not less than [] per cent ([]%);
“Month”	means a calendar month;

¹⁰ To reflect the cost of alternative action

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

"Monthly Availability Payment"	an amount calculated in accordance with Schedule 3, Part I;
"Monthly Statement"	has the meaning given to that term in clause 10.1;
"National Electricity Transmission System" or "NETS"	has the meaning given to that term in the CUSC;
"Network Constraint"	means a Planned Outage, unavailability of the NETS or the Local Distribution System for any other reason, or restrictions otherwise imposed on the operation of the Contracted Anchor Plant by the DNO or the Transmission Owner, which, in each case, prevents the Contracted Anchor Plant from providing the Anchor Plant Capability;
"NGESO"	National Grid Electricity System Operator Limited, a company registered in England and Wales under company number 11014226;
"Notification of Unavailability"	has the meaning given to it in Clause 6.3;
"Partial Shutdown"	means the same as a Total Shutdown except that all generation has ceased in a separate part of the Total System and there is no electricity supply from External Interconnections or other parts of the Total System to that part of the Total System and, therefore, that part of the Total System is shutdown, with the result that it is not possible for that part of the Total System to begin to function again without NGESO's direction relating to a Electricity System Restoration;
"Parties"	taken together, NGESO, the Provider and the DNO;
"Planned Outage"	an outage of part of the NETS coordinated by NGESO under OC2 of the Grid Code or an outage of part of the Local Distribution System coordinated by NGESO under OC2 of the Grid Code and/or the DNO under DOC2 of the Distribution Code;
"Project Plan"	the plan setting out the Scheduled Commercial Operations Date and the associated milestones submitted by the Provider in its Tender Submission as the same may be varied from time to time in accordance with Clause 3.2 ;

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

"Provider"	the party identified in the Contract Form as the owner of the Contracted Anchor Plant;
"Rated Bank"	a City of London branch of a bank with a rating of at least A- (Standard and Poor's long term rating) or A3 (Moody's long term rating);
"Reproving Assessment"	has the meaning given to that term in Clause 6.4;
"Restoration Service"	has the meaning given to that term in the Transmission Licence;
"Restoration Service Provider"	a person with a legal or contractual obligation to provide Restoration Services necessary for the operation of a Distribution Restoration Zone Plan;
"Scheduled Commercial Operations Date"	the date specified in the Provider's Tender Submission on which the Contracted Anchor Plant is scheduled to complete the Commissioning Assessment and enter into commercial operation;
"Security Amount"	means: (i) prior to the Service Commencement Date, an amount equal to the maximum amount payable in respect of LADs; or (ii) following the Service Commencement Date, an amount equal to the maximum amount payable in respect of the Works Contribution Refund Payment at the relevant date, including any value added tax payable on such amounts;
"Service Commencement Date"	the day following the date on which the Contracted Anchor Plant successfully completes the Commissioning Assessment;
"Service Term"	has the meaning given to that term in clause 5.1;
"Service Terms & Conditions"	has the meaning given to that term in Clause 1.1
"Settlement Period"	a period of 30 minutes ending on the hour or half hour in each hour during a day;
"System Buy Price"	has the meaning given to that term in the BSC;
"Target Availability"	means, in relation to an Availability Assessment Period, the target availability for Anchor Plant Capability as specified in the table set out in Part 7 of the Contract Form;

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

“Tender”	means the competitive procurement process for Black Start Services and Distribution Restoration Services undertaken pursuant to the ITT;
“Tender Submission”	means a submission made in response to the ITT;
“Top-Up Services”	services procured by NGESO from the owners of generating plant other than Anchor Plant Capability as part of Distribution Restoration Services;
“Total Shutdown”	means the situation existing when all generation has ceased and there is no electricity supply from External Interconnections and, therefore, the Total System has shutdown with the result that it is not possible for the Total System to begin to function again without NGESO’s directions relating to a Black Start;
“Total System”	the National Electricity Transmission System and all User Systems in Great Britain;
“Transmission Licence”	the licence granted to NGESO under section 6(1)(b) of the Electricity Act 1989;
“Transmission Owner”	means the owner of that part of the NETS in which the Grid Supply Point associated with the Contracted Anchor Plant is located;
“User System”	has the meaning given to that term in the Grid Code;
“Transmission Licence”	the licence issued to NGESO under section 6(1)(b) of the Electricity Act 1989;
“Works”	the works described in Part 3 of the Contract Form;
“Works Contribution Payment”	an amount calculated in accordance with clause 4;
“Works Contribution Period”	has the meaning given to that term in the Part 3 of the Contract Form; and
“Works Contribution Refund Payment”	an amount payable in accordance with Schedule 3, Part III.

SCHEDULE 2

Events of Default and Consequences

Event of Default (Anchor Plant Capability) - Notification of Unavailability	Consequences
<p>Save in respect of a planned maintenance period agreed pursuant to Clause 6.7, failure by the Provider to notify NGESO that the Contracted Anchor Plant does not or will not be Available in the manner referred to in Clause 6.3 (whether evidenced by a Reproving Test or otherwise).</p>	<p>(1) The Contracted Anchor Plant shall be deemed to be Unavailable; and</p> <p>(2) Upon the first and each successive Event of Default an Availability Rebate shall become payable by the Provider to NGESO, being an amount calculated in accordance with Schedule 3, Part I; and</p> <p>(3) Upon the third and each successive Event of Default within each Availability Assessment Period (reduced pro rata for any Availability Assessment Period shorter than twelve (12) months), in addition to (2) above, NGESO shall have the right to terminate this Agreement by notice in writing to the Provider and the DNO to be served not later than twenty eight (28) days following such third or successive Event of Default.</p>
Event of Default - Planned Maintenance and Inspection Periods	Consequences
<p>In respect of a planned maintenance or inspection period agreed pursuant to Clause 6.7, failure by the Provider to notify NGESO that the Contracted Anchor Plant does not or will not have the Anchor Plant Capability.</p>	<p>The Contracted Anchor Plant shall be deemed to be Unavailable during, and there shall be taken into account in the calculation of Monthly Availability Payments those Settlement Periods comprised in, the period commencing at 00.00 on the first day of the planned maintenance or inspection period agreed pursuant to 6.7 and ending at 24.00 hours on the last day of such planned maintenance or inspection period.</p>

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

Events of Default (Electricity System Restoration) - DR Instruction	Consequences
<p>Save during a period the subject of a prior notification from the Provider to NGESO in which the Contracted Anchor Plant is Unavailable, the failure by the Provider to comply with NGESO's instruction for the initiation and implementation of the DRZP save to the extent:-</p> <p>(a) the instruction requires the Provider to sustain a power output required under Clause 6.2.5 in any Electricity System Restoration for more than the number of hours and the number of sequential starts specified in the Anchor Service Technical Parameters; or</p> <p>(b) compliance with the instruction would mean the Contracted Anchor Plant could not keep within its safe operating parameters;</p> <p>(c) [the failure was wholly and directly caused by the unavailability of or constraint on the National Gas Transmission System such that the Provider was unable to offtake gas in sufficient quantities at that part of the National Gas Transmission System to which the Contracted Anchor Plant is connected]¹¹; or</p> <p>(d) the failure was wholly and directly caused by an event or circumstance of Force Majeure.</p>	<p>(1) The Contracted Anchor Plant shall be deemed to be Unavailable; and</p> <p>(2) An Availability Rebate shall become payable by the Provider to NGESO, being an amount calculated in accordance with Schedule 3, Part I; and</p> <p>(3) In addition to (2) above, NGESO shall have the right to terminate this Agreement forthwith by notice in writing to the Provider and the DNO.</p>
Events of Default - Failure of Black Start Tests	Consequences
<p>The failure by the Contracted Anchor Plant to pass a Repeating Assessment.</p>	<p>(1) The Contracted Anchor Plant shall be Unavailable; and</p> <p>(2) an Availability Rebate shall become payable by the Provider to NGESO, being an amount calculated in accordance with Schedule 3, Part I.</p>

¹¹ Delete where not applicable

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

<p>The failure by the Contracted Anchor Plant of any Repeating Assessment [carried out following failure of both a Capability Assessment and a subsequent Repeating Assessment].</p>	<p>(1) The Contracted Anchor Plant shall be Unavailable; and</p> <p>(2) An Availability Rebate shall become payable by the Provider to NGESO, being an amount calculated in accordance with Schedule 3, Part I.</p> <p>(3) Upon the first and each successive Event of Default, NGESO shall have the right to terminate this Agreement by notice in writing to the Provider.</p> <p>(4) Without prejudice to (3) above, NGESO may (at its option) meet with the Provider to discuss the reasons for failure of the Capability Assessment and the subsequent [Repeating Assessment] and, subject to the Provider identifying the cause(s) for such failure and demonstrating to NGESO's reasonable satisfaction that it is able to remove or address such cause(s) before the Expiry Date, NGESO may (in its sole discretion) agree with the Provider a period during which the Provider shall (at its own cost) undertake additional works to ensure that the Anchor Plant Capability is restored ("Additional Works Period"). Where NGESO agrees to an Additional Works Period, NGESO shall only be permitted to terminate this Agreement in accordance with (3) above, where either:-</p> <ol style="list-style-type: none"> 1. the Provider advises that the additional works will not be completed within the Additional Works Period; 2. following completion of the additional works, the Provider fails a subsequent Repeating Test.
--	--

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

Events of Default – Public Announcement	Consequences
Any breach by the Provider of its obligation contained in Clause 16 (<i>No Announcement</i>).	NGESO shall have the right to terminate this Agreement forthwith by notice in writing to the Provider.

DRAFT

SCHEDULE 3

Availability Payments and Availability Rebates

PART I - AVAILABILITY PAYMENTS

1. TOTAL MONTHLY PAYMENT

$$TMP_m = BSAP_m - RA_m$$

Where:

TMP_m is the total monthly payment by NGESO to the Provider pursuant to clause 8 (*Service Fees*);

$BSAP_m$ is defined in paragraph 0 below;

$RA_m = RAC_m + RABS_m$ as each is defined in paragraph 0 below,

and if TMP_m is negative, then the Provider shall pay to NGESO such amount in accordance with clause 8 (*Service Fees and Rebates*).

2. MONTHLY AVAILABILITY PAYMENT

$$BSAP_m = \sum_{j=1}^{month} BSAP_j * BSAM_j$$

$BSAP_m$ is the aggregate Monthly Availability Payments payable in respect of calendar month m;

$\sum_{j=1}^{month}$ is the summation over all Settlement Periods j in calendar month m;

$BSAP_j$ is the Availability Price for all Settlement Periods j subject to indexation in accordance with [Schedule 4]; and

$BSAM_j$ is 0 in respect of each Settlement Period j in which the Contracted Anchor Plant is Unavailable (including by reason of an Event of Default), or is deemed to be Unavailable in accordance with the provisions of this Agreement, otherwise 1.

3. AVAILABILITY REBATES

- 3.1 If the Event of Default specified in the Capability (Notification of Unavailability) section of the table in Schedule 2 occurs in month m, an Availability Rebate (RAC_m) shall be calculated as follows:

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

$$RAC_m = \sum_{EventofDefault} \min((BSAP_j * 480), \sum_{j=1}^{j=x} BSAP_j * BSAM_j)$$

Where:

$\sum_{EventofDefault}$ Is the summation over each Event of Default referred to in the Anchor Plant Capability (Notification of Unavailability) section of the table in Schedule 2; and

$\sum_{j=1}^{j=x}$ is the summation over each Settlement Period j prior to the Event of Default beginning with the Settlement Period in which the Contracted Anchor Plant was last demonstrated to NGESO's reasonable satisfaction to have the Anchor Plant Capability.

- 3.2 If the Event of Default specified in the Anchor Plant Capability (Notification of Unavailability) section of the table in Schedule 2 occurs in month m, an Availability Rebate (RAC_m) shall be calculated as follows:

$$RABS_m = \sum_{EventofDefault} \min((BSAP_j * 1440), \sum_{j=1}^{j=y} BSAP_j * BSAM_j)$$

Where:

$\sum_{EventofDefault}$ is the summation over each Event of Default referred to in the test section of the table in Schedule 2; and

$\sum_{j=1}^{j=y}$ is the summation over each Settlement Period j prior to the Event of Default beginning with the Service Commencement Date or, if later, the last successful initiation and implementation of the DZRP in a Electricity System Restoration.

PART II

ANNUAL AVAILABILITY SHORTFALL PAYMENT

- 1 The Annual Availability Shortfall Payment in respect of Availability Assessment Period y ($AASP_y$) shall be calculated as follows:

$$AASP_y = (MR_y * RFA_y)$$

$AASP_y$ is the Annual Availability Shortfall Payment due to NGESO from the Provider in respect of Availability Assessment Period y ;

MR_y is calculated in accordance with paragraph 2 below; and

RFA_y is calculated in accordance with paragraph 3 below.

- 2 The maximum amount repayable in respect of Availability Assessment Period y (MR_y) is calculated as follows:

$$MR_y = (A * WCP + Id)$$

Where:

A is a fraction, being the Availability Assessment Period y divided by the number of years in the Term);

WCP is the amount of total Works Contribution Payments (if any);

Id is interest at the Base Rate calculated on WCP accruing on a daily basis over the number of days in Availability Assessment Period y ; and

Σ_y is the summation over Availability Assessment Period y .

- 3 The relevant proportion of MR_y repayable in respect of Availability Assessment Period y (RFA_y) shall be calculated as follows:

$$RFA_y = 0 \text{ if } AA_y \geq TA_y$$

Otherwise

$$RFA_y = (TA_y - AA_y) / TA_y$$

Where:

TA_y is the Target Availability as specified in the table set out in the **Contract Form**;

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

AA_y is the actual availability and is the percentage of Settlement Periods over Availability Assessment Period y in which the Contracted Anchor Plant was Available (expressed as a fraction) as calculated below:

$$AA_y = \frac{\sum_{j=0}^{12months} (BSAMA_j)}{SP}$$

Where:

$\sum_{j=0}^{12months}$ is the summation overall Settlement Periods j in Availability Assessment Period y;

$BSAMA_j$ is 0 in respect of each Settlement Period j in which the Contracted Anchor Plant was Unavailable (excluding where due to events or circumstances of Force Majeure or where NGESO has approved a period of withdrawal of Anchor Plant Capability pursuant to Clause 6.7), otherwise 1; and

SP is the number of Settlement Periods j in Availability Assessment Period y.

Part III
Works Contribution Refund Payment

1. The Works Contribution Refund Payment ($WCRP_t$) shall be calculated as follows:

$$WCRP_t = [(WCP_1 + I_1) * f_1] - \sum AASP_y$$

Where: -

$WCRP_t$ is the Works Contribution Refund Payment payable by the Provider to NGESO;

WCP_1 is the aggregate amount of Works Contribution Payments (including VAT thereon) paid by NGESO to the Provider;

I_1 is Interest at the Base Rate calculated on WCP_1 accruing on a daily basis from the date of payment of WCP_1 by NGESO until the date of repayment by the Provider;

f_1 is a factor equal to either:

prior to the date of successful completion of the Works, 1; or

from and including the date of successful completion of the Works:

$$\frac{M_R}{M_T}$$

M_R is the number of whole calendar months remaining until the Expiry Date as at the date of termination or (as the case may be) the date on which the event that triggers the Works Contribution Refund Payment occurs;

M_T in respect of $WCRP_t$, is the total number of whole calendar months in the period from the date of successful completion of the Works until the Expiry Date; and

$AASP_y$ is all Annual Availability Shortfall Payments paid or payable by the Provider to NGESO under this Agreement.

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED: DISTRIBUTION RESTORATION SERVICE

SCHEDULE 4

Indexation

DRAFT