

National Grid Electricity System Operator Limited
Faraday House
Gallows Hill
Warwick
CV34 6DA

Dear Sirs,
Irrevocable Standby Letter of Credit No. []
Beneficiary: National Grid Electricity System Operator Limited

1. We [Bank] _____, of [address] _____ understand that [] (the "User") will enter into a Service Agreement for The Provision of a Reactive Power Service ("Reactive Power Agreement") with you brought into effect on or around the date hereof.
2. The Reactive Power Agreement requires that the User provides Security Cover to you by way of, inter alia, a Letter of Credit in respect of the User's liability to pay Liquidated Damages. Accordingly, we issue this irrevocable Standby Letter of Credit in your favour for a maximum aggregate amount of [£].
3. Following presentation to us on or before [] ("Expiry Date") at our offices, the address of which is specified above, of a Notice of Drawing (in the form set out in Annex 1 to this Standby Letter of Credit) we shall on demand pay to you the amount specified in the Notice of Drawing up to maximum aggregate liability under paragraph two hereof.
4. Partial drawings are permitted.
5. The presentation of a Notice of Drawing shall be conclusive evidence that the User is in default of its obligations under the Reactive Power Agreement and that the amount claimed is due to you.
6. This Standby Letter of Credit shall become effective on the date hereof (the "Effective Date"). Any Notice of Drawing must be received in writing at this office in conformity with the terms of the Standby Letter of Credit before close of business on the Expiry Date, and after Expiry Date the Standby Letter of Credit shall become null and void whether returned to us for cancellation or not. Any Notice of Drawing received after the close of business of the Expiry Date shall be ineffective provided that we shall not be released from our obligations on the Expiry Date if the Notice of Drawing has been presented on or before that date.
7. This irrevocable Standby Letter of Credit shall be governed by and construed in accordance with the laws of England and is subject to the Uniform Customs and Practice of Documentary Credits (2007 Revision, International Chamber of Commerce, Paris, France, Publication Number 600) insofar as the same are applicable and not inconsistent with the terms of this irrevocable Standby Letter of Credit. The courts of England shall have jurisdiction to settle any dispute which may arise in relation to this irrevocable Standby Letter of Credit.
8. Any definitions used in this irrevocable Standby Letter of Credit shall bear the meanings attributed to them in the Reactive Power Agreement unless the context requires otherwise.

Yours faithfully
For and on behalf of [Bank]

Authorised Signature(s)

**Annex 1
Notice of Drawing**

To: [Bank]

[date]

Dear Sirs,

Re: Service Agreement for The Provision of a Reactive Power Service

Dated []

Letter of Credit No. [] ("THE SECURITY")

We refer to the above Security in our favour. We hereby demand immediate payment thereunder in the amount of [].

We require payment to be made by telegraphic transfer to:

Institution Name:

Address:

Sort Code:

Account Name: National Grid Electricity System Operator Limited

Account No.:

Yours faithfully

For and behalf of
National Grid Electricity System Operator Limited

Duly authorised officer