CUSC - SECTION 2

CONNECTION

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CUSC - SECTION 2

CONNECTION

2.1 INTRODUCTION

2.1.1 This Section deals with connection to the **National Electricity Transmission System** of **User's Equipment** at **Connection Sites** and certain related issues.

2.1.2 Part I of this Section 2 sets out general provisions relating to connection to the **National Electricity Transmission System**, Part II sets out provisions related to charging for connection and Part III sets out the credit requirements related to **Termination Amounts**. Section 3 which deals with **Use of System** will also be applicable in relation to a **Power Station** directly connected to the **National Electricity Transmission System**.

2.1.3 In the case of **OTSDUW Build**, if the **Transmission Interface Site** is **Operational** prior to the **OTSUA Transfer Time**, until the **OTSUA Transfer Time** the **User's Equipment** will be connected to the **National Electricity Transmission System** through the connection of the **OTSUA** to the **National Electricity Transmission System** at the **Transmission Interface Point**. In such case up to the **OTSUA Transfer Time** certain provisions of this Section 2 will be applied as provided for in the relevant **Bilateral Connection Agreement**. Further provisions relating to **OTSDUW Build** are dealt with in section 11.2.7.

PART I - GENERAL

2.2 BEING OPERATIONAL, CONNECTION AND ENERGISATION

2.2.1 Right to Remain Connected

Subject to the other provisions of the **CUSC**, the relevant **Bilateral Connection Agreement** and the **Grid Code**, each **User** as between **The Company** and that **User**, shall have the right for the **User's Equipment** at each of its **Connection Sites** to be and/or remain connected to the **National Electricity Transmission System** at the **Connection Site** once **Commissioned** and then for the duration of the relevant **Bilateral Connection Agreement** in relation to that **Connection Site**.

2.2.2 Rights to remain Energised and Operational

(a) Subject to the other provisions of the **CUSC** and in particular Paragraphs 2.2.2(b) and 2.2.3, the relevant **Bilateral Connection Agreement** and the **Grid Code**, each **User** as between **The Company** and that **User**,

shall have the right for the **User's Equipment** at each of its **Connection Sites** to remain **Energised** and **Operational** once **Commissioned** for the duration of the relevant **Bilateral Connection Agreement** in relation to that **Connection Site**.

(b) If the **User** becomes aware that the bank or insurance company 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 notify **The Company** in writing as soon as it becomes so aware. If **The Company** becomes aware that the bank or insurance company 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, insurance company 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, insurance company 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.

2.2.3 <u>Obligation to Remain Connected</u>

Without prejudice to its rights to make **Modifications** to the **User's Plant** (and/or **User's Equipment** as the case may be) pursuant to the **CUSC** and subject to the provisions of Paragraph 5.2.2 and the other provisions of the **CUSC**, and the **Grid Code**, each **User** as between **The Company** and that **User**, shall keep the **User's Equipment** at each of its **Connection Sites** connected to the **National Electricity Transmission System** until **Disconnection** is permitted pursuant to the **CUSC** and the relevant **Bilateral Connection Agreement** or as otherwise agreed between the Parties.

2.2.4 Connection Entry Capacity

With respect to a particular connection to the **National Electricity Transmission System**, each **User** acting in the category of a **Power Station** directly connected to the **National Electricity Transmission System**, as between **The Company** and that **User**, shall not operate its **User's Equipment** such that any of it exceeds the **Connection Entry Capacity** specified for each **Generating Unit** or the **Connection Entry Capacity** to the **Connection Site** such figures being set out in Appendix C to the relevant **Bilateral Connection Agreement** save as expressly permitted or instructed pursuant to an **Emergency Instruction** under the **Grid Code** or save as expressly permitted or instructed pursuant to the **Fuel Security Code** or as may be necessary or expedient in accordance with **Good Industry Practice**.

2.3 EXPORT OF POWER FROM CONNECTION SITE

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

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

2.4 IMPORT OF POWER TO CONNECTION SITE

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

2.5 MAINTENANCE OF ASSETS

Subject to the other provisions of the **CUSC**, the relevant **Bilateral Connection Agreement**, and the **Grid Code, The Company** shall as between **The Company** and that **User** use all reasonable endeavours to maintain the **Transmission Connection Assets** at each **Connection Site** in the condition necessary to render the same fit for the purpose of passing power up to the value of **Connection Entry Capacity** and **Connection Site Demand Capability** as appropriate between the **User's Equipment** and the **National Electricity Transmission System**.

2.6 OUTAGES

Subject to the provisions of the **Grid Code** and the relevant **Bilateral Connection Agreement**, **The Company** and each **User** shall, as between **The Company** and that **User**, be entitled to plan and execute outages of parts of in the case of **The Company** the **National Electricity Transmission System** or **Transmission Plant** or **Transmission Apparatus** and in the case of the **User** its **System** or **Plant** or **Apparatus** at any time and from time to time.

2.7 SPECIAL AUTOMATIC FACILITIES

The Company and each **User** shall, as between **The Company** and that **User**, operate respectively the **National Electricity Transmission System** and the **User System** in accordance with the schemes set out in Appendix F3 to the relevant **Bilateral Connection Agreement.**

2.8 PROTECTION AND CONTROL RELAY SETTINGS/FAULT CLEARANCE TIMES

The Company and each **User** shall, as between **The Company** and that **User**, record the respective protection and control relay settings and fault clearance times to be operated by each of them in documents in the format set out in Appendix F4 to the relevant **Bilateral Connection Agreement** and shall operate them accordingly.

2.9 OTHER SITE SPECIFIC TECHNICAL CONDITIONS

2.9.1 Each **User** shall, as between **The Company** and that **User**, ensure that in the case of a **Connection Site Commissioned** prior to the **Transfer Date**, on the **Transfer Date**, and in the case of a **Connection Site Commissioned** after the **Transfer Date** on the **Completion Date(s)**, the **User's Equipment** complies with the site specific technical conditions set out in Appendix F5 to the relevant **Bilateral Connection Agreement**.

2.9.2 Each **User** shall, as between **The Company** and that **User**, use all reasonable endeavours to ensure during the period in which it is a party to a particular **Bilateral Connection Agreement** that the **User's Equipment** which is subject to that **Bilateral Connection Agreement** shall continue to comply with the site-specific technical conditions set out in Appendix F5 to that **Bilateral Connection Agreement**.

2.9.3 If a **User** or **The Company** wishes to modify, alter or otherwise change the site specific technical conditions relating to a **Connection Site** or the manner of their operation:

(a) under Appendix F4 to the relevant **Bilateral Connection Agreement** it may do so upon obtaining the agreement of the other party such agreement not to be unreasonably withheld;

(b) under Appendices F1, F3 or F5 to the relevant **Bilateral Connection Agreement** it shall be deemed to be a **Modification** for the purposes of the **CUSC**.

2.9.4 Where, in the case of a **Connection Site Commissioned** in England and Wales prior to the **Transfer Date**, on or immediately prior to the **Transfer Date** a **User's Equipment** subject to a particular **Bilateral Connection Agreement** has any of the following technical attributes or facilities:

(a) circuit breaker fail protection

(b) pole slipping protection

(c) fault disconnection facilities

(d) automatic switching equipment

(e) control arrangements

(f) voltage and current signals for system monitoring

(g) control telephony

(h) operational metering,

the **User** shall, as between **The Company** and that **User**, use all reasonable endeavours to ensure that during the period of such **Bilateral Connection Agreement** the **User's Equipment** which is subject to that **Bilateral Connection Agreement** retains such technical attributes or facilities provided always that if the **User** wishes to modify alter or otherwise change the same or their operation it may do so by following the procedures relating to a **Modification** in accordance with the **CUSC**.

2.10 SAFETY RULES

Safety Rules

2.10.1 In relation to a **Connection Site The Company** shall procure that the **Relevant Transmission Licensee** supplies to the **User** a copy of their **Safety Rules** current from time to time, including any site-specific **Safety Rules**, and also a copy of the **Local Safety Instructions** applicable at each **Connection Site** from time to time.

2.10.2 In relation to a **Connection Site** each **User** will supply to the **Relevant Transmission Licensee** a copy of their **Safety Rules** current from time to time, including any site-specific **Safety Rules**, and also a copy of the **Local Safety Instructions** applicable at each **Connection Site** from time to time.

2.11 INTERFACE AGREEMENT

2.11.1 In relation to **Connection Sites** and **New Connection Site(s**) **The Company** shall procure that the **Relevant Transmission Licensee** shall enter into an **Interface Agreement** with a **User** in either case in a form to be agreed between them but based substantially on the forms set out in Exhibit O to the **CUSC** as appropriate where such **Interface Agreement(s)** is/are required pursuant to the applicable **Bilateral Connection Agreement** or otherwise.

2.11.2 In relation to **Connection Sites** and **New Connection Site(s)** the **User** undertakes to enter into an **Interface Agreement** with the **Relevant Transmission Licensee** in a form to be agreed between them but based substantially on the forms set out in Exhibit O to the **CUSC** as appropriate where such **Interface Agreement(s**) is/are required pursuant to the applicable **Bilateral Connection Agreement** or otherwise.

2.12 PRINCIPLES OF OWNERSHIP

2.12.1 Subject to the **Transfer Scheme** or any contrary agreement in any **Bilateral Agreement** or any other agreement the division of ownership of **Plant** and **Apparatus** shall be at the electrical boundary, such boundary to be determined in accordance with the following principles:

In the case of air insulated switchgear:

(a) in relation to **Plant** and **Apparatus** located between the **National Electricity Transmission System** and a **Power Station**, the electrical boundary is at the busbar clamp on the busbar side of the busbar isolators on **Generators** and **Power Station** transformer circuits;

(b) save as specified in Paragraph 2.12.1(c) below, in relation to **Plant** and **Apparatus** located between the **National Electricity Transmission System** and a **Distribution System**, the electrical boundary is at the busbar clamp on the busbar side of the **Distribution System** voltage busbar selector isolator(s) of the **National Electricity Transmission System** circuit or if a conventional busbar does not exist, an equivalent isolator. If no isolator exists an agreed bolted connection at or adjacent to the tee point shall be deemed to be an isolator for these purposes;

(c) in relation to **Transmission Plant** and **Transmission Apparatus** located between the **National Electricity Transmission System** and a **Distribution System** but designed for a voltage of 132KV or below in England and Wales and below 132kV in Scotland, the electrical boundary is at the busbar clamp on the busbar side of the busbar selector isolator on the **Distribution System** circuit or, if a conventional busbar does not exist, an equivalent isolator. If no isolator exists, an agreed bolted connection at or adjacent to the tee point shall be deemed to be an isolator for these purposes;

(d) in relation to **Plant** and **Apparatus** located between the **National Electricity Transmission System** and the system of a **Non-Embedded Customer**, the electrical boundary is at the clamp on the circuit breaker side of the cable disconnections at the **Non-Embedded Customer's** sub-station; and

In the case of metal enclosed switchgear, that is not **Gas Insulated Switchgear:**

(e) the electrical boundary will be the equivalent of those specified in this Paragraph 2.12.1 save that for rack out switchgear, the electrical boundary will be at the busbar shutters.

In the case of **Gas Insulated Switchgear**:

(f) the electrical boundary will be the equivalent of those specified in this Paragraph 2.12.1 save that the electrical boundary will be at:

(i) the first component on the outside of the **Gas Insulated Switchgear Circuit Breaker** gas zone on the **User's** side of that gas zone or, where a circuit disconnector is fitted, the first component on the outside of the **Gas Insulated Switchgear** circuit disconnector gas zone, on the **User's** side of that gas zone; or

(ii) the first gas zone separator on the busbar side of the busbar selection devices, and in such case the busbar selection devices' gas zone may contain a single section of the busbar

as agreed between **The Company** and the **User** and a diagram showing these electrical boundaries is attached at Schedule 1 to this Section 2.

2.12.2 If a **User** wants to use transformers of specialised design for unusual load characteristics at the electrical boundary, these shall not be owned by the **User** and shall form part of the **National Electricity Transmission System** but the **User** shall pay **The Company** for the proper and reasonable additional cost thereof as identified by **The Company** in the **Offer** covering such transformers. In this Paragraph 2.12.2 "unusual load characteristics" means loads which have characteristics which are significantly different from those of the normal range of domestic, commercial and industrial loads (including loads which vary considerably in duration or magnitude).

2.12.3 For the avoidance of doubt nothing in this Paragraph 2.12 shall effect any transfer of ownership in any **Plant** or **Apparatus**.

2.13 NEW CONNECTION SITES

2.13.1 If a **User** wishes to connect a **New Connection Site** it shall complete and submit to **The Company** a **Connection Application** and comply with the terms thereof. An application for a **New Connection Site** shall include (except in the case of an application for a **New Connection Site** located in **Offshore Waters**) the provision of at least one **Letter of Authority** in the form of one of the templates provided in Section 2, Schedule 2**.**

~~2.13.1~~2.13.2 The **Applicant** shall ensure that a **Letter of Authority** in the form of one of the templates provided in Section 2 Schedule 2 (or multiple such letters taken in combination) shall be for a minimum area of land pertaining to the **New Connection Site** set out in the **Connection Application**, by reference to the minimum values specified in the energy density table(s) set out in the guidance published by **The Company** on its website**. The table(s)** may be updated **by The Company** from time to time; any changes will not be made without prior engagement with industry.

~~2.13.2~~2.13.3 Without prejudice to Standard Condition C8 of the Transmission Licence The Company shall make a Connection Offer to that User as soon as practicable after receipt of the Connection Application and (save where the Authority consents to a longer period) in any event not more than 3 months after receipt by The Company of the Connection Application.

~~2.13.3~~2.13.4 The **Connection Offer** and any offer to vary referred to in paragraph 2.13.10~~9~~ shall remain open for acceptance (subject to **CUSC** Paragraph 6.10.4.4) for 3 months from its receipt by that **User** unless either that **User** or **The Company** makes an application to the **Authority** under Standard Condition C9 of the **Transmission Licence**, in which event the **Connection Offer** shall remain open for acceptance until the date 14 days after any determination by the **Authority** pursuant to such application.

~~2.13.4~~2.13.5 If the **Connection Offer** is accepted by that **User** the connection shall proceed according to the terms of the **CUSC** and the relevant **Bilateral Connection Agreement** and **Construction Agreement** entered into consequent upon acceptance of the **Offer**.

~~2.13.5~~2.13.6 Prior to so proceeding a person who is not already a party to the **CUSC Framework Agreement** must become a party to the **CUSC Framework Agreement**.

~~2.13.6~~2.13.7 Certain provisions relating to **New Connection Sites** and **Transmission Interface Sites** are dealt with in Section

6. This is due to their inter-relationship with the provisions on **Modifications**.

~~2.13.7~~2.13.8 In the event that the **User** requests a **Connection Offer** in respect of a **Connection Site** located **Onshore** on the basis of a **Design Variation** then:

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

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

~~2.13.8~~2.13.9 In the case of **New Connection Sites** located in **Offshore Waters** the **Connection Offer** will identify the **Onshore Construction Works**. These will be based on assumptions about the **Offshore Construction Works** and these assumptions will be set out in the **Construction Agreement.** Where the **Connection Offer** is not made on the basis of the **OTSDUW Arrangements**, the **Offshore Construction Works** will not themselves be identified at that time. Where the **Connection Offer** is made on the basis of the **OTSDUW Arrangements**, the Connection Offer will identify initial **Offshore Transmission System Development User Works** as being the **OTSDUW Build** required to provide a connection between the **User's Equipment** and the **Onshore Transmission System** at the **Transmission Interface Point** as set out in the assumptions.

~~2.13.9~~2.13.10 In the case of **New Connection Sites** located in **Offshore Waters**, where a **Connection Offer** is not made on the basis of the **OTSDUW Arrangements** the **Bilateral Connection Agreement** and **Construction Agreement** for such **New Connection Site** will contain provisions specifically allowing them to be varied to reflect both the **Offshore Construction Works** and any changes necessary to the **Onshore Construction Works** once they have been identified and changes to the **Construction Programme** consequent on any delay in the appointment of the **Offshore Transmission Owner** from the date assumed in the relevant **Construction Agreement**.

~~2.13.10~~2.13.11 In the case of **New Connection Sites** located in **Offshore Waters**, where a **Construction Agreement** is entered into on the basis of the **OTSDUW Arrangements**, the **Construction Agreement** for such **New Connection Site** will

reflect the extent and scope of the **Onshore Construction Works**, the **Offshore Construction Works** and the **Offshore Transmission System Development User Works** as agreed between **The Company** and the **User** reflecting any changes in the assumptions referred to in paragraph 2.13.9~~8~~ as agreed between **The Company** and the **User** prior to acceptance of the **Connection Offer**. The **Construction Agreement** may contain continuing assumptions and provisions allowing for its variation upon changes in such continuing assumptions.

~~2.13.11~~2.13.12 In the case of a **New Connection Site** located in **Offshore Waters**:

(a) **The Company** will include **Offshore Restrictions on Availability** in any **Offer** made for **New Connection Sites** located in **Offshore Waters** which meet the **Offshore Standard Design or Design Variation** but not where the design is of a standard equivalent to or higher than the deterministic criteria detailed in Paragraphs 2.5 to 2.13 of the **NETS SQSS**. The **Bilateral Connection Agreement** will specify the circumstances of **Offshore Restrictions on Availability** during which access to the **National Electricity Transmission System** will be restricted; and

(b) In the event that the **User** requests a **Connection Offer** on the basis of a **Design Variation** then:

(i) **The Company** shall only be obliged to provide such an offer in so far as such an offer satisfies the conditions detailed in Chapter 7 of the **NETS SQSS**; and

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

~~2.13.12~~2.13.13 .In the case of a **New Connection Site** located in **Offshore Waters** and which is connected or to be connected to an **ET Offshore Transmission System**, **The Company** will include **ET Restrictions on Availability** in any **Offer** made and the **Bilateral Connection Agreement** will provide for access to the **National Electricity Transmission System** to be restricted during the **ET Restrictions on Availability**.

~~2.13.13~~2.13.14 In the case where a **User** undertakes **OTSDUW Build** in respect of an **ET Offshore Transmission System**, the principles and intent of the **OTSUA Commissioning Period** will be applied to **OTSUA** connected to an **ET Offshore Transmission System** in a manner consistent with **OTSUA** connected at a **Transmission Interface Site**.

PART II - CONNECTION CHARGES

2.14 CONNECTION CHARGES

2.14.1 Introduction

Subject to the provisions of the **CUSC**, and the relevant **Bilateral Connection Agreement,** each **User** shall, as between **The Company** and that **User**, with effect from the relevant date set out in the relevant **Bilateral Connection Agreement**, be liable to pay to **The Company** the **Connection Charges** calculated and applied in accordance with the **Statement of the Connection Charging Methodology** and as set out in the relevant **Bilateral Connection Agreement**. The **User** shall make those payments in accordance with the provisions of the **CUSC**. **The Company** shall apply and calculate the **Connection Charges** in accordance with the **Statement of the Connection Charging Methodology**.

2.14.2 Security

The **User** shall provide **The Company** with **Security Cover** in respect of **Termination Amounts** in respect of the **Transmission Connection Assets** commissioned after the **Transfer Date** in accordance with the provisions of Part III of this Section 2.

2.14.3 Connection Charges - Outturn Reconciliation

(a) The following provisions relate to the ability for invoices to be issued for **Connection Charges** based on an estimate of the cost of **Transmission Connection Asset Works**, and for a reconciliation once those costs are known.

(b) **The Company** shall be entitled to invoice each **User** for **Connection Charges** payable in accordance with the **CUSC** in respect of any **Plant** and **Apparatus** installed as part of the **Transmission Connection Asset Works** on the basis set out in the **Statement of the Connection Charging Methodology**, until the final cost of carrying out the said **Transmission Connection Asset Works** shall have been determined.

(c) As soon as practicable after the **Completion Date** and in any event within one year (or such later period as **The Company** and the relevant **User** shall agree) thereof. **The Company** shall, as between **The Company** and that **User**, provide to the **User** a written statement specifying the **Connection Charges** calculated in accordance with the **Charging Statements** based on the cost of carrying out the **Transmission**

Connection Asset Works (the "**Cost Statement**"). **The Company** shall be entitled to revise Appendix B to the relevant **Bilateral Connection Agreement** accordingly.

(d) In the event that the **Connection Charges** specified in the **Cost Statement** are greater than the amount paid by the **User** based on **The Company's** estimate under Paragraph 2.14.3(b), the **User** shall pay to **The Company** the difference between the two amounts plus interest on a daily basis from the date of payment by the **User** of the amounts calculated on **The Company's** estimate to the date of payment by the **User** of the difference at the **Base Rate**. In the event that the **Connection Charges** specified in the **Cost Statement** are less than the amount paid by the **User** based on **The Company's** estimate, **The Company** shall pay to the **User** the difference between the two amounts plus interest on a daily basis from the date of payment by the **User** of the amounts calculated on **The Company's** estimate to the date of repayment by **The Company** at the **Base Rate**. Such payment of reconciliation shall be made by one party to the other within 28 (twenty eight) days of the **Cost Statement**.

2.14.4 Connection Charges - One-off Charges

(a) The following provisions relate to the payment for certain **One-off Works**, which arise in relation to the construction of a **Connection Site**.

(b) Each **User** shall forthwith on the relevant date set out in the relevant **Bilateral Connection Agreement** be liable to pay to **The Company** the **One-off Charge** (if any) as set out in the relevant **Bilateral Connection Agreement**.

(c) **The Company** shall invoice the **User** for an amount equal to **The Company's** estimate of the **One-off Charge** before, on or after the relevant date set out in the relevant **Bilateral Connection Agreement** and the **User** shall pay to **The Company** the amount stated in **The Company** invoice at the later of such relevant date or 28 (twenty eight) days after the date of the said invoice.

(d) As soon as practicable thereafter **The Company** shall provide the **User** with a statement of the **One-off Charge**. In the event of the amount specified in the statement being more than the amount paid by the **User** to **The Company** in terms of Paragraph 2.14.4(c), the **User** shall pay to **The Company** the difference plus

interest on a daily basis from the date of the invoice under Paragraph 2.14.4(c) to the date of invoice for the difference at the **Base Rate** from time to time within 28 days (twenty eight) days of the date of **The Company's** invoice. In the event of the amount specified in the statement being less than the amount paid by the **User** under the terms of Paragraph 2.14.4(c), **The Company** shall forthwith pay to the **User** an amount equal to the difference plus interest calculated on a daily basis at the **Base Rate** from the date of payment by the **User** under Paragraph 2.14.4(c) to the date on which the difference is repaid by **The Company**.

2.14.5 Connection Charges – Site Specific Maintenance Charge

(a) **The Company** shall be entitled to invoice each **User** for the indicative **Site Specific Maintenance Charge** in each **Financial Year** as set out in the **Statement of the Connection Charging Methodology**.

(b) As soon as reasonably practicable and in any event by 31 July in each **Financial Year The Company** shall:

(i) in accordance with the **Statement of the Connection Charging Methodology** calculate the actual **Site Specific Maintenance Charge** that would have been payable by the **User** during the preceding **Financial Year** (the "**Actual Charge**") and compare this with the indicative **Site specific Maintenance Charge** received from the **User** during the preceding **Financial Year** (the "**Notional Charge**") and

(ii) prepare and send to the **User** a **Maintenance Reconciliation Statement** specifying the **Actual Charge** and the **Notional Charge** for the preceding **Financial Year**.

(c) Two months after the date of issue of the **Maintenance Reconciliation Statement** and in any event by 30 September **The Company** shall issue a credit note in relation to any sums shown by the **Maintenance Reconciliation Statement** to be due to the **User** or an invoice in respect of sums due to **The Company** (such invoice to be payable within 30 days of the date of the invoice) and in each case interest thereon calculated pursuant to Paragraph 2.14.5(d) below.

(d) Interest on all amounts due under this Paragraph 2.14.5 shall be payable by the paying **CUSC Party** to the other

on such amounts from the date of payment applicable to the month concerned until the date of invoice for such amounts and such interest shall be calculated on a daily basis at a rate equal to the **Base Rate** during such period.

2.14.6 The **Connection Charges** shall be paid as specified in paragraph 6.6.1(a) and shall be treated as a recurrent monthly payment.

2.14.7 The **User** shall be liable to pay **The Company Termination Amounts** in the event of the termination of the **User's Bilateral Connection Agreement** (or in the case of Paragraph 5.3.4 **Disconnection** of the **User's Equipment**) in accordance with Section 5 of the **CUSC**.

2.14.8 The **Connection Charges** in the **Financial Year** in which the relevant date for charging set out in the relevant **Bilateral Connection Agreement** occurs shall be apportioned as follows:-

For each complete calendar month from that date to the end of the **Financial Year** in which the date occurs the **User** shall be liable to pay one twelfth of the **Connection Charges** and for each part of a calendar month the **User** shall be liable to pay to **The Company** one twelfth of the **Connection Charges** prorated by a factor determined by the number of days for which the **User** is liable divided by the total number of days in such calendar month.

2.15 REVISION OF CHARGES

2.15.1 Pursuant to the **Transmission Licence** and/or the **CUSC** and/or the **Charging Statements** and/or the **Bilateral Agreements**, **The Company** may revise its **Connection Charges** or the basis of their calculation including issuing revisions to Appendices A and B of the **Bilateral Connection Agreements**.

2.15.2 Subject to Paragraph 2.15.3 below, **The Company** shall give the **User** not less than 2 months prior written notice of any revised charges, including revisions to Appendices A and B of the **Bilateral Connection Agreements**, which notice shall specify the date upon which such revisions become effective (which may be at any time). The **User** shall pay any such revised charges and Appendix A and B shall be amended automatically (and a copy sent to the **User**) to reflect any changes to such Appendices with effect from the date specified in such notice.

2.15.3 Where in accordance with the **Transmission Licence**, the **Authority** requires a shorter period than 2 months for the implementation of revised charges, the notice period will be determined by the **Authority**. Where **The Company** and the

User agree a shorter period than 2 months for the implementation of revised charges, the notice period will be as agreed between the parties. The notice of revisions issued by **The Company** will specify when the new charges are effective and the **User** shall pay any such revised charges and Appendix A and B shall be amended automatically with effect from the date specified in such notice;

2.15.4 Subject to the provisions of Paragraph 2.17 (Replacement of Transmission Connection Assets) below, if in the reasonable opinion of **The Company** any development, replacement, renovation, alteration, construction or other work to the **National Electricity Transmission System** or termination of a **Bilateral Agreement** or use of the **National Electricity Transmission System** by another **User** or an alteration to the requirements of the **User** or any other **User** means that to ensure that **The Company** is charging in accordance with the provisions of the **Charging Statements** pursuant to Standard Conditions C4 and C6 of the **Transmission Licence The Company** needs to vary the **Connection Charges** payable by a **User** in relation to any of its **Connection Sites** then **The Company** shall have the right to vary such charges accordingly upon giving to the **User** not less than 2 months prior written notice. Following any such variation the provisions of Appendices A and B shall be amended automatically (and a copy sent to the **User**) to reflect such variation with effect from the date such variation comes into effect.

2.16 DATA REQUIREMENTS

2.16.1 On or before the end of the second week of December in each **Financial Year**, each **User** shall supply **The Company** with such data as **The Company** may from time to time reasonably request pursuant to the **Charging Statements** to enable **The Company** to calculate the **Connection Charges** due from the **User** to **The Company** in respect of the **Connection Site** including the data specified in the **Charging Statements**.

2.16.2 Where the relevant date for charging set out in the relevant **Bilateral Connection Agreement** in relation to **Connection** falls during a **Financial Year** the **User** shall on the date specified in writing by **The Company** to the **User** supply to **The Company** such data in respect of the **Financial Year** in which the charging date falls and the following **Financial Year** which it would otherwise have supplied and **The Company** would otherwise have requested in accordance with Paragraph 2.16.1, in accordance with the terms of the **Charging Statements**.

2.17 REPLACEMENT OF TRANSMISSION CONNECTION ASSETS

2.17.1 **The Company** will provide information to each **User** on an ongoing basis with regards to its long term intentions and any programme for the replacement of any **Transmission Connection Assets** at a **Connection Site**.

2.17.2 Where in **The Company's** reasonable opinion to enable **The Company** to comply with its statutory and licence duties and\or to enable any **Relevant Transmission Licensee** to comply with its statutory and licence duties it is necessary to replace a**Transmission Connection Asset The Company** shall give written notice of this (a "**Replacement Notice**") such notice to be given (subject to Paragraph 2.17.7) as soon as practicable.

2.17.3 Following the issue of the **Replacement Notice The Company** shall provide an explanation of the economic and engineering reasons to asset replace and the parties shall meet as soon as practicable to consider options, programme and costs associated with the replacement.

2.17.4 **The Company** shall make an offer to the **User(s**) (subject to Paragraph 2.17.7) no earlier than 6 months after the date of the **Replacement Notice** detailing the variations it proposes to make to Appendices A and B of and any other changes required to the **Bilateral Connection Agreement** and if appropriate enclosing a **Construction Agreement** in respect of the replacement of the **Transmission Connection Assets**.

2.17.5 If after a period of 3 months from receipt of the offer or such longer period as the parties might agree the **User(s)** and **The Company** have failed to reach agreement on the offer then either party may make an application to the **Authority** under Standard Condition C9 of the **Transmission Licence** to settle any dispute about the replacement of the **Transmission Connection Assets**.

2.17.6 Subject to Paragraph 2.17.7, **The Company** shall not replace the **Transmission Connection Assets** until the offer has been accepted by the **User(s)** or until the determination of the **Authority** if an application to the **Authority** has been made.

2.17.7 **The Company** shall take all reasonable steps to avoid exercising its rights pursuant to this Paragraph but in the event that **The Company** has reasonable grounds to believe, given its licence and statutory duties or the statutory and licence duties of a **Relevant Transmission Licensee** that a **Transmission Connection Asset** should be replaced prior to or during the process outlined above then **The Company** shall consult with the **User(s)** as far as reasonably practicable and shall be entitled to replace such **Transmission Connection Asset** and shall advise the **User(s)** of this and as soon as practicable make an offer for such replacement which can be accepted or referred in accordance with Paragraph 2.17.5 above.

2.17.8 Subject to Paragraph 2.17.9 **Connection Charges** shall be payable in respect of such replaced **Transmission Connection Assets** in accordance with the **Statement of the Connection Charging Methodology** and **The Company** shall give the **User(s)** not less than 2 months prior written notice of such varied charges and specify the date upon which such charges become effective. **The Company** shall be entitled to invoice the **Connection Charges** based on an estimate of the cost and the provisions of Paragraphs 2.14.3 and 2.14.4 shall apply.

2.17.9 Where **Transmission Connection Assets** have been replaced pursuant to Paragraph 2.17.7 **The Company** shall not be entitled to vary the **Connection Charges** until the offer has been accepted or the matter has been determined by the **Authority** and until such time the **User(s)** shall continue to pay **Connection Charges** as if the **Transmission Connection Assets** had not been replaced. If the matter is determined in **The Company's** favour then **The Company** shall be entitled to issue a revised Appendices A and B and the **User(s)** shall pay to **The Company** the difference between the two amounts plus interest at **Base Rate** on a daily basis from completion of the replacement to the date of payment by the **User(s)**. if the matter is not determined in **The Company's** favour **Connection Charges** shall be payable as directed by the **Authority**.

2.18 TERMINATION AMOUNTS - RE-USE

2.18.1 The obligation on the **User** to pay **Termination Amounts** is contained in Paragraph 2.14.7 and Section 5. Further provisions relating to **Termination Amounts**, including calculation of **Termination Amounts**, are dealt with in the **Statement of the Connection Charging Methodology**. The following parts of this Paragraph 2.18 deal with issues relating to re-use of **Transmission Connection Assets** in respect of which **Termination Amounts** have been paid.

2.18.2 **The Company** shall use its reasonable endeavours to re-use **Transmission Connection Assets** where **Termination Amounts** have been paid on the basis set in **the Statement of the Connection Charging Methodology**. Subject to Paragraph 2.18.4, in the event that a **Termination Amount** is paid in respect of **Transmission Connection Assets** and subsequently such **Transmission Connection Assets** in respect of which a payment has been made are re-used in the **National Electricity Transmission System** then **The Company** shall pay to the **User** a sum calculated in accordance with the **Statement of the Connection Charging Methodology**.

2.18.3 Re-use shall not occur where any **Transmission Connection Asset** remains connected for the purpose of providing a continuing connection for other **User**s connected to the **National**

Electricity Transmission System at the **Connection Site** at the date of termination. However in the event of any **User** requiring a continued connection modifying its requirements or another **User** connecting at the **Connection Site** and the **Transmission Connection Assets** in respect of which a payment has been made are required for this modification this shall constitute re-use.

2.18.4 **The Company** shall be under no obligation to rebate any of the **Termination Amounts** relating to the re-use of assets as set out in the **Statement of the Connection Charging Methodology** except to the extent that **Connection** and/or **Transmission Network Use of System Charges** are subsequently received in respect of **Transmission Connection Assets** in relation to which such **Termination Amounts** have been paid to **The Company** during the **Financial Year** in which termination has occurred.

2.18.5 Upon request in writing, and at the cost of the **User**, **The Company** shall issue a certificate no more frequently than once each calendar year indicating whether or not such assets have or have not been re-used. If **The Company** at any time decides that it is not economic to retain any **Plant** and **Apparatus** constituting any **Transmission Connection Asset** in respect of which **Termination Amounts** have been paid it may at its reasonable discretion dispose of the said **Plant** and **Apparatus** and pay the **User** any sums due in accordance with the **Statement of the Connection Charging Methodology**.

PART III - CREDIT REQUIREMENTS

2.19 SECURITY FOR TERMINATION AMOUNTS

2.19.1 Where a **User** has a connection to the **National Electricity Transmission System** it shall provide security for **Termination Amounts** for **Transmission Connection Assets Commissioned** after the **Transfer Date** in accordance with this Paragraph 2.19. For the avoidance of doubt references to **Termination Amounts** in this Part III only relate to **Termination Amounts** payable in respect of such **Transmission Connection Assets**.

2.19.2 Each **User** which has a connection to the **National Electricity Transmission System** shall provide security in respect of each of its **Bilateral Connection Agreement(s)**:-

(a) in the case of a **User** which meets **The Company Credit Rating** at the date of the **Bilateral Connection Agreement**, in accordance with Paragraph 2.20; and

(b) in the case of a **User** which does not meet **The Company Credit Rating** at the date of the **Bilateral Connection Agreement** or thereafter ceases to meet it, in accordance with Paragraph 2.21.

2.20 PROVISION OF SECURITY FOR TERMINATION AMOUNTS WHERE USER MEETS CREDIT RATING

2.20.1 Each **User** shall, as soon as possible after entering into a **Bilateral Connection Agreement** and in any event no later than one (1) month after such date, confirm to **The Company** the position on whether it meets **The Company Credit Rating** of which it advised **The Company** at the time that the offer was made by **The Company**. Thereafter not less than 75 days before 1 April and 1 October in each year the **User** shall confirm its **The Company Credit Rating** position to **The Company** (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 losing its **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 its **The Company Credit Rating** for at least 6 months.

2.20.2 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 2.20.1 then **The Company** may require the **User** forthwith:-

(a) to apply to Standards and Poor's and/or Moody's for a further indicative long term private credit rating; or

(b) to confirm to **The Company** that it shall provide the security referred to in Paragraph 2.20.4 hereof.

2.20.3 In the event of the **User**:-

(a) not having an **The Company Credit Rating**; or

(b) having a credit rating below **The Company Credit Rating**; or

(c) not having obtained from Standard and Poor's or Moody's within 30 days of the written notification under Paragraph 2.20.2 above an indicative long term private credit rating,

or if **The Company** becomes aware that

(i) the **User** ceases to have an **The Company Credit Rating**; or

(ii) 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 an **The Company Credit Rating** for at least 6 months; or

(iii) the **User** has not obtained from Standard and Poor's or Moody's within 30 days of the written notification by **The Company** under Paragraph 2.20.2 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 2.20.4.

2.20.4 The **User** shall within 21 days of the giving of a notice under Paragraph 2.20.3 or within 30 days of the **User** confirming to **The Company** under Paragraph 2.20.2 that it will provide the security specified in Paragraph 2.22.1 (whichever is the earlier), provide **The Company** with the security specified below to cover the **User's** payment obligations to **The Company** arising in the event of termination of the relevant **Bilateral Connection Agreement**. The security to be provided shall be in an amount not greater than such sums payable on termination and specified in writing by **The Company** to the **User** from time to time in accordance with the timescales specified in Paragraph 2.21.2. Such security shall be of a type set out in 2.22.1.

2.20.5 Until the facts or circumstances giving rise to the obligations of the **User** to provide the security have ceased then the provisions of Paragraphs 2.21.2 to 2.22.2 shall apply.

2.20.6 In the event of **The Company's** credit requirements being reviewed at any time **The Company** shall advise the **User** in writing of the new credit requirements and if acceptable to the **User** the security arrangements will be amended accordingly.

2.20.7 In the event that the facts or circumstances giving rise to the obligations of the **User** to provide the security have ceased, then **The Company** shall release the security.

2.21 PROVISION OF SECURITY FOR TERMINATION AMOUNTS WHERE USER DOES NOT MEET CREDIT RATING

2.21.1 Each **User** hereby agrees that it shall at the date of the relevant **Bilateral Connection Agreement** provide to **The Company** or procure the provision to **The Company** of, and the **User** shall at all times thereafter (unless and until the **Bilateral Connection Agreement** shall be terminated and all sums due or

which will or might fall due in respect of which security is to be provided shall have been paid) maintain or procure that there is maintained in full force and effect (including by renewal or replacement), a security arrangement of a type specified in Paragraph 2.22.1 from time to time and for the time being to provide security for the **User's** obligation to pay **The Company Termination Amounts** on termination of a **Bilateral Agreement**, in accordance with Paragraph 2.21.2.

2.21.2 **Provision of Bi-annual Estimate and Secured Amount Statement**

(a) **The Company** shall provide to each relevant **User** a **Bi-annual Estimate** showing the amounts of all payments required or which may be required to be made by the **User** to **The Company** in respect of **Termination Amounts** (inclusive of any applicable **Value Added Tax** that would be due) at the following times and in respect of the following periods:-

(i) forthwith on and with effect from the date required in accordance with Paragraph 2.20.4 in respect of the period from and including such date until the next following 31st March or 30th September (whichever shall first occur); and

(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 31st March and 30th September thereafter in respect of the period of six calendar months commencing on the immediately following 1st April or 1st October (as the case may be), until the relevant **Bilateral Connection Agreement** shall be terminated and all sums due or which will or might fall due in respect of which security is to be provided shall have been paid.

(b) Such **Bi-annual Estimate** shall be accompanied by the **Secured Amount Statement** specifying the aggregate amount to be secured at the beginning of and throughout each such period.

(c) If **The Company** shall not provide any subsequent **Bi-annual Estimate** and **Secured Amount Statement** by the requisite date, then the **User** shall at the date it is next required to have in full force and effect security and whether by renewal or replacement or otherwise in respect of the following six calendar month period nonetheless provide security in accordance with the provisions of this Paragraph 2.21 in the same amount as the amount then in force in respect of the then current six

calendar month period. Notwithstanding the foregoing, if **The Company** shall provide the **User** with any **Bi-annual Estimate** and **Secured Amount Statement** later than the date specified in Paragraph 2.21.2(a) then the following shall apply. The **User** shall within 30 (thirty) days of receipt of the said **Secured Amount Statement** procure that to the extent that the amount in respect of which security has been or is to be provided pursuant to this Paragraph 2.21.2(c) in respect of the relevant period ("the **Secured Amount**") falls short of the amount stated in the **Secured Amount Statement** (the "**Required Amount**") the **Secured Amount** shall be adjusted to the **Required Amount**.

(d) **Entitlement to Estimate**

If **The Company** is (for whatever reason) unable on any relevant date to calculate precisely any sum due or which has accrued due or in respect of which the **User** has a liability to **The Company** for payment under any of the provisions of this **CUSC**, **The Company** shall be entitled to invoice the **User** for a sum equal to **The Company's** fair and reasonable estimate of the sums due or which may become due or in respect of which the **User** has a liability to **The Company** for payment. **The Company** shall also be entitled to send the **User** further invoices for such sums not covered in previous invoices. The **User** shall pay **The Company** all sums so invoiced by **The Company**.

(e) **Demands not Affected by Disputes**

It is hereby agreed between **The Company** and the **User** that if there shall be any dispute between the **User** and **The Company** as to:-

(i) any amount certified by **The Company** in any **Secured Amount Statement** as requiring at any time and from time to time to be secured; or

(ii) the fairness and reasonableness of **The Company's** estimate; or

(iii) whether there has been an **Event of Default** as provided in Section 5; or

(iv) the lawfulness or otherwise of any termination or purported termination of the relevant agreement,

such dispute shall not affect the ability of **The Company** to make demands pursuant to the security arrangement

to be provided pursuant to Paragraph 2.21 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.

(f) If there shall be any dispute as mentioned in Paragraph 2.21.2(e) the same shall, whether **The Company** shall have terminated the relevant **Bilateral Connection Agreement** and recovered or sought to recover payment under the security arrangement or not, and without prejudice to **The Company's** right to recover or seek to recover such payment, be dealt with in the case of Paragraphs 2.21.2(e)(i) and 2.21.2(e)(ii) under Section 7 as a **Charging Dispute** and, in the case of Paragraphs 2.21.2(e)(iii) and 2.21.2(e)(iv) be dealt with under Section 7 as an **Other Dispute**.

2.22 TYPES OF SECURITY

2.22.1 Security can be provided by:

(a) A **Performance Bond** or **Letter of Credit** from a **Qualified Bank** for the amount stated in the **Secured Amount Statement** as the estimated amount to be secured, such **Performance Bond** or **Letter of Credit** to be **Valid** for at least the period stated in such **Secured Amount Statement** and to be renewed periodically where applicable in the manner stated in Paragraph 2.22.2(c); or

(b) A cash deposit in a **Bank Account** at least for the amount stated in the **Secured Amount Statement** as the estimated amount to be secured, such cash deposit to be increased or reduced periodically where applicable in the manner stated in Paragraph 2.22.2(d); or

(c) A **Performance Bond** from a **Qualified Company** for the amount stated in the **Secured Amount Statement** as the estimated amount to be secured, such **Performance Bond** to be **Valid** for at least the period stated in such **Secured Amount Statement** and to be

renewed periodically where applicable in the manner stated in Paragraph 2.22.2(c)

2.22.2 General Provisions

(a) 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.

(b) 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 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.

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

(i) The **Performance Bond** or **Letter of Credit** shall be **Valid** initially from the date required in accordance with Paragraph 2.20.4 or 2.21.1 respectively at least to and including the following 31st March or 30th September whichever is the earlier date. Such

Performance Bond or **Letter of Credit** shall be for an amount not less than that stated in the **Secured Amount Statement** to be secured during the period specified in the **Secured Amount Statement**.

(ii) 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 next following 31st March or 30th September whichever is the earlier date such **Performance Bond** or **Letter of Credit** shall be renewed so as to be **Valid** for not less than 6 months commencing from the immediately following 1st April or 1st October (as the case may be). Such renewed **Performance Bond** or **Letter of Credit** shall be for an amount not less than the amount stated in the **Secured Amount Statement** as the amount to be secured during the period that such renewed **Performance Bond** or **Letter of Credit** shall be **Valid**.

(iii) Thereafter, the renewed **Performance Bond** or **Letter of Credit** shall be further renewed in like manner every 6 months.

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

(i) The amount of the User's cash deposit to be maintained in the **Bank Account** shall be maintained by the User from the date required in accordance with Paragraph 2.20.4 or 2.21.1 respectively at least to and including the following 31st March or 30th September, whichever is the earlier date. Such cash deposit shall be in an amount as stated in the **Secured Amount Statement** to be secured during the period stated in the **Secured Amount Statement**.

(ii) If the amount stated in the **Secured Amount Statement** as the amount to be secured from the following 1st April to 30th September or from the following 1st October to 31st March (as the case may be) is an amount greater than the amount then secured, the User's cash deposit in the **Bank Account** shall be increased by the User to such greater amount on a date which is 45 days before the following 31st March or 30th September (as the case may

be) which immediately precedes the commencement of the relevant above mentioned period.

(iii) If such amount stated in the **Secured Amount Statement** is smaller than the amount then secured, the User's cash deposit in the **Bank Account** shall not be reduced to the amount so stated until the expiry of 7 days after the next following 31st March or 30th September (as the case may be) (the "**Release Date**").

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

(v) Any interest accruing in respect of the User's cash deposit into 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** or such associated bank account in the name of **The Company** in which such interest is held 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 from the User requesting such payment.

(vi) For the avoidance of doubt, the **User**'s cash deposit in the **Bank Account** shall remain the sole property and entitlement of the **User** until such time when (and to such extent as) the **Company** exercises its right of set off against the **User**'s cash deposit in accordance with the terms of the **CUSC**, and the **User** shall have no right to have the cash deposit returned to it for so long as it is under any prospective or contingent liability to the **Company**.

(e) Notwithstanding any provision aforesaid:-

(i) 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 aggregate amount required to be secured pursuant to the

Secured Amount Statement for any period specified therein.

(ii) 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 1st April or 1st October (as the case may be) and committed at least 45 days before the immediately preceding 31st March or 30th September (as the case may be) in the following manner:-

(aa) 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 such immediately preceding 31st March or 30th September (as the case may be).

(bb) 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 such immediately preceding 31st March or 30th September (as the case may be).

(iii) 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 following 1st April or 1st October (as the case may be). However, where the amount required by the **Secured Amount Statement** to be secured for any period is less than the amount required to be secured in the preceding period, the substituted security shall not be released until 7 days after the then following 31st March or 30th September (as the case may be).

SCHEDULE 1

DIAGRAM SHOWING ELECTRICAL BOUNDARIES FOR GAS INSULATED SWITCHGEAR

2.12.1 (f) (i)
2.12.1 (f) (ii)

SCHEDULE 2

Please read through 'TEMPLATE A' 'TEMPLATE B'. Customers should submit only 1 completed template below in line with the circumstances of their project.

[TEMPLATE A: to be used by landowner where Connecting Customer is not the landowner of the site or is yet to obtain relevant rights to the site]

NB – Please note that the LOA must be signed and dated by the Landowner/Landowner representative no more than 12 months prior to the date of application.

I am the :

Landowner ☐

Landowner Representative ☐

If completing as Landowner Representative, please confirm if you are happy for the ESO to contact the landowner directly for verification purposes.

Yes ☐

No ☐

By submitting this letter you confirm that you have been appointed by the Landowner to represent them in regards to this application.

Contact details for Landowner / Landowner's Representative (delete as appropriate)

ADDRESS LINE 1:

ADDRESS LINE2:

POSTCODE:

[LANDOWNER CONTACT DETAILS (Phone and email]

Project details

[NAME OF LANDOWNER]

[NAME OF CONNECTING CUSTOMER]

[PROJECT NAME] (The "Project")

[SITE ADDRESS] (The "Property")Acreage:

Please confirm if land is registered with Land Registry: Yes/No

Land Registry Title number (s) (if applicable):

Contact details for User

ADDRESS LINE 1:

ADDRESS LINE2:

POSTCODE:

[User CONTACT DETAILS (Phone and email]

Project Technology Type:

FAO National Grid Electricity System Operator Limited (ESO),

Contact details for User

ADDRESS LINE 1:

ADDRESS LINE2:

POSTCODE:

We/I, [NAME] of landowner] / [[Name of agent] of [company name] ([company number]), authorised by the landowner as their agent,] at [address]]], hereby confirm we are the legal owner of the land situated at [Address of Property] as outlined in [Colour of line] on Plan 1 annexed to this letter ("The Property").

Please take this letter as confirmation that we authorise [] (or their authorised agents or representatives whomsoever) to apply for a grid connection to the ESO on and in relation to the Property.

I confirm that I am happy for the ESO to contact me for the following purposes:

- To verify that this letter is genuine.
- To verify the contact details and address of the landowner and/or the landowner's agent.
- To verify that the landowner owns the land shown on the attached site plan and authorises the developer to include it in the application for connection of the Project mentioned above in this letter

Disclaimer: This letter is provided solely for the purpose of confirming support for this project's application to the ESO at this time and is not commercially or legally binding upon the landowner

Yours faithfully,

[SIGNATURE]

[NAME]

[DATE]

[Image of the sample plan showing the boundaries of the Site referred]

[TEMPLATE B: to be used by the connecting customer where connecting customer is the landowner of the site OR has already obtained the required rights to the site]

NB – Please note that the LOA must be signed and dated by the Landowner/Landowner representative no more than 12 months prior to the date of application.

[CONNECTING CUSTOMER ADDRESS LINE 1]

[CONNECTING CUSTOMER ADDRESS LINE2]

[CONNECTING CUSTOMER ADDRESS POSTCODE]

[DATE]

FAO National Grid Electricity System Operator Limited (ESO),

[PROJECT NAME] (The "Project")

[SITE ADDRESS] (The "Property")

[SITE ADDRESS] (The "Property")Acreage:

Please confirm if land is registered with Land Registry: Yes/No

Land Registry Title number (if applicable):

Project Technology type:

I, [AUTHORISED SIGNATORY/DIRECTOR OF [THE COMPANY], a company registered in [Scotland / England and Wales], with Company Number [xxxxx]], as the applicant for the connection of the Project confirm that [THE COMPANY] [[is the landowner of the Property] / [has obtained the required rights for use of the Property for the purpose of constructing the Project]] and that this Property is to be noted as part of our application to the Electricity System Operator for an electricity connection for the Project. I consent to the ESO contacting me where necessary.

The documents evidencing [THE COMPANY's] [ownership of / rights to] the Property are attached.

Yours faithfully,

[SIGNATURE]

[NAME]

[Image of the sample plan showing the boundaries of the Site referred]

END OF SECTION 2