

Schedule 2 - EXHIBIT 7

DATED [_____]

NATIONAL GRID ELECTRICITY TRANSMISSION PLC (1)

and

[_____] (2)

THE CONNECTION AND USE OF SYSTEM CODE

VGA

[VIRTUAL LEAD PARTY GENERATION AGREEMENT]

At [_____]

Reference:[_____]

(Note for reader – this draft Agreement is comprised of the sections of a standard BELLA and a standard BEGA, including their respective Appedices/Schedules, which are considered relevant to an Virtual Lead Party who – principally – will not own the Metering Systems or the points of Connection but will operate them for the purposes of the Balancing Mechanism and who will have rights and obligations under the BSC, Grid Code and CUSC in relation to the relevant SVA Embedded Generation sites which comprise their ‘Secondary’ BMU)

From the BELLA, recitals plus relevant excerpts of Clauses 1, 2, 4, 7, 8, 9 & 11

From the BEGA, relevant excerpts of: TRA definition, Appendices A, F5 (as skeleton for new Appendix XX – Site Specific Technical Conditions)

CONTENTS

To be re-drafted once finalised

This VGA is made on the [] day of [] 200[].

BETWEEN

- (1) **NATIONAL GRID ELECTRICITY TRANSMISSION plc** a company registered in England with number 2366977 whose registered office is at 1-3 Strand, London WC2N 5EH(**The Company**”, which expression shall include its successors and/or permitted assigns); and
- (2) [] a company registered in [] with number [] whose registered office is at [] (**User**”, which expression shall include its successors and/or permitted assigns).

WHEREAS

- (A) Pursuant to the **Transmission Licence**, **The Company** is required to prepare a Connection and Use of System Code (**CUSC**).
- (B) The **User** has applied in the capacity of a **Virtual Lead Party** who operates **Boundary Point Metering Systems** registered in **SMRS** by a **Supplier User** who is responsible for the **Use of System Charges** associated with the **BM Unit** to which the **Boundary Point Metering Systems** are registered. .

3. Outages

Subject to the provisions of the **Grid Code**, **The Company** and the **User** shall 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.

4. GRID CODE MATTERS

4.1 Paragraph 6.3 of the **CUSC** applies in respect of the relevant **Boundary Point Metering Systems** as amended in accordance with the following provisions of this Clause 4.

4.2 The provisions in BC1 and BC2 of the **Grid Code** provide that compliance is only required with such provisions in respect of those **Generating Units** where **The Company** reasonably requires such compliance and has specified such a requirement in respect of such **Generating Units** in the **VGA**.

4.3 **The Company** and the **User** hereby agree that compliance by the **User** with the provisions of BC1 and BC2 of the **Grid Code** are reasonably required and therefore the provisions of BC1 and BC2 shall apply and be complied with by the **User** so far as applicable to it. Therefore, the provisions in BC1 and BC2 in respect of **Generating Units** and **Generating Unit Data** shall apply to and be complied with by the **User**. For the purposes of the **Grid Code** the **User** shall be treated as a **BM Participant**.

or

4.4 **The Company** does not require compliance by the **User** with the provisions of BC1 and BC2

5. THE SITE OF CONNECTION TO THE DISTRIBUTION SYSTEM

The sites of **Connection** of the to the **Distribution System** to which this **VGA** relates are more particularly described in Appendix A.

6. COMPLIANCE WITH SITE SPECIFIC TECHNICAL CONDITIONS

- 6.1 The site specific technical conditions which apply to the **Control Point** or **Boundary Point Metering Systems** as relevant are set out in Appendix XX to this **VGA** as modified from time to time in accordance with Paragraph 6.9 of the **CUSC**.
- 6.2 **The Company** and the **User** shall operate respectively the **National Electricity Transmission System** and the **User System** with the special automatic facilities and schemes set out in Appendix XX to this **VGA**.
- 6.3 The **User** shall ensure that the **User's Equipment** and the Equipment at any SVA-registered sites which it operates for the purposes of this **VGA** (which the User and The Company agree shall be referred to herein as the 'User's Equipment' collectively) complies with the site specific technical conditions set out in Appendix XX to this **VGA**.
- 6.4 The **User** shall use all reasonable endeavours to ensure that the **User's Equipment** shall continue to comply with the site specific technical conditions set out in Appendix XX of this **VGA**.
- 6.5 If the **User** or **The Company** wishes to modify alter or otherwise change the site specific technical conditions or the manner of their operation under Appendix XX to this **VGA** this shall be deemed to be a **Modification** for the purposes of the **CUSC**.

7. **TERM**

- 7.1 Subject to the provisions for earlier termination set out in **CUSC** this **VGA** shall continue until all of the **User's** equipment is **Disconnected** from the relevant **Distribution System**

8. **VARIATIONS**

- 8.1 Subject to 8.2, no variation to this **AGA** shall be effective unless made in writing and signed by or on behalf of both **The Company** and the **User**.

8.2 The Company and the **User** shall effect any amendment required to be made to this **VGA** by the **Authority** as a result of a change in the **CUSC** or the **Transmission Licence**, an order or direction made pursuant to the **Act** or a **Licence**, or as a result of settling any of the terms hereof. The **User** hereby

authorises and instructs **The Company** to make any such amendment on its behalf and undertakes not to withdraw, qualify or revoke such authority or instruction at any time.

9. GENERAL PROVISIONS

Paragraph 6.10 and Paragraphs 6.12 to 6.26 of the **CUSC** are incorporated into this **VGA** *mutatis mutandis*.

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

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

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