

Power Potential Participation Payments Letter

To:

From: UK Power Networks (Operations) Ltd

CC: National Grid Electricity System Operator

Dated: DD/MM/YYYY

Confirmation of Power Potential Participation Payments

Dear [],

We refer to:

1. The **Power Potential DER Framework Agreement** dated [DD Month Year] signed by our respective companies ("**Framework Agreement**"); and
2. The completed signed **DER Commissioning Test Procedure** from UK Power Networks ("**UKPN**") confirming that the Distributed Energy Resources ("**DER Unit**") operated by [Company name] ("**Provider**") has demonstrated compliance with the **Power Potential DER Technical Requirements**.

Note: Words and expressions which are defined in the **Framework Agreement** shall have the same meanings where used in this letter.

Following successful completion of the **DER Commissioning Test** which incorporates performance testing for your site against the Power Potential **DER Technical Requirements** document (results supplied separately), we hereby confirm that you will be eligible for **Participation Payments** based on the level of **Availability** achieved by the **DER Unit** during the **Wave 1 Optional Technical Trials**.

As detailed in the **Framework Agreement**, the maximum total **Participation Payments** a **Provider** can receive for its **DER Unit** will be £45,000, subject to the following conditions:

- Before a **DER Unit** can participate in the **Optional Technical Trial** and collect associated **Participation Payments**, it must complete a period of **Mandatory Technical Trials**. **Mandatory Technical Trials** will be carried out before the **Optional Technical Trial**, as indicated in the **Market Procedures** document, with **Mandatory Technical Trial Windows** (specific settlement periods) agreed typically across two days; the timing of which is agreed bilaterally with the **Provider**¹.
- **Participation Payments** will be paid linked to **Availability** during the **Optional Technical Trials** during **Wave 1**, in accordance with the provisions of the **Framework Agreement**. Every hour a **DER Unit** is **Available** will contribute towards its eligibility for **Participation Payments**. The total amount that each **Provider** will receive will be linked to available hours achieved, as described in the **Framework Agreement**.

¹ DER that cannot carry out Mandatory Technical Trials in the period specified in the Market Procedures document will not be able to offer availability for Optional Technical Trials until they have completed their Mandatory Technical Trials. We will work with DER to schedule these as soon as possible to maximise a DER's chances of maximising their Participation Payments for Optional Technical Trial.

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- **Participation Payments** will be made in line with a monthly settlement process where the cumulative number of hours a **DER Unit** was **Available** for will be calculated and settled for accordingly, in line with Schedule 2 of the **Framework Agreement**.
- Updated **Availability Payment** thresholds for the **Optional Technical Trials** have been published in the **Market Procedures**, but have not been amended in Part 2 of Schedule 2 of the **Framework Agreement**. This letter varies the **Framework Agreement** to reflect the below;
 - **Wave 1 Optional Technical Trials** will consist of **1,344 hours** of opportunity during the **Trial Period** for a **DER Unit** to be **Available**. This replaces the reference to 1,848 hours of opportunity, as 1,344 hours is consistent with the revised plan for a continuous 8 week trial.
 - Appendix 2 of this letter confirms the **Participation Payment** thresholds which shall apply, replacing those in Schedule 2 Table 1.

We will notify the DER Providers as soon as reasonably practicable if the **Trial** should not go ahead for any reason. Note if the Trial does not proceed, any DER participant who has signed a **Power Potential DER Framework Agreement** and successfully completed, or are in the process of completing, the **DER Commissioning Test**, will be eligible for compensation for direct costs incurred up to 100% of the total **Participation Payment**. Please see the **Framework Agreement** for further details.

The **Framework Agreement** contains conditions precedent set out in clause 2; this letter confirms that conditions 2.1.1 and 2.1.2 related to the **DER Commissioning Test** have now been fulfilled.

The **Mandatory Technical Trial** was completed by the **Provider** on [DD Month Year] (fulfilling clause 2.1.3).

Yours faithfully,

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[UKPN Representative]

For and on behalf of UK Power Networks (Operations) Limited

Acknowledged and agreed for and on behalf of Provider

Signature: _____

Name: _____

Position: _____

Appendix 1 – Contracted DER Unit details

DER details

DER Unit Name	
Meter Point Administration Number	
Import	
Export	
Power Potential Unit Reference	
Company	
Maximum lead/ lag Mvar range which can be offered by DER to the Power Potential project (consistent with both site connection agreement and performance testing)	

Appendix 2 – Replacement for Table 1 – Participation Payments in Part 2 of Schedule 2 of the Framework Agreement

Amount recoverable	Hours available
£36,000	$\geq 373, < 533$
£38,000	$\geq 533, < 693$
£41,000	$\geq 693, < 800$
£43,000	$\geq 800, < 987$
£45,000	≥ 987