

To: [...]

From: [...]

CC: National Grid Electricity Transmission Plc

Dated: [...]

Confirmation of Power Potential Participation Payments

Dear [...]

We refer to:

1. the **Power Potential DER Framework Agreement** dated [] 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 fully demonstrated compliance with the **Power Potential DER Technical Requirements**.

Note: Words and expressions which are defined in the **Power Potential DER 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**.

[If the results of the **DER Commissioning Test** indicated any change required in Schedule 3 (*Service Parameters*) of the **Power Potential DER Framework Agreement**, indicate this here and confirm date on which revised agreement signed]

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 during the first two weeks of **Wave 1**, with **Mandatory Technical Trial Windows** (specific settlement periods) agreed typically across two days; the timing of which will be agreed bilaterally with the **Provider**¹.

¹ DER that cannot carry out Mandatory Technical Trials in the first two weeks of the trial 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.

- **Participation Payments** will be paid linked to **Availability** during the **Optional Technical Trials** during **Wave 1**, in accordance with the provisions of the **Power Potential DER Framework Agreement**.
- **Wave 1 Optional Technical Trials** will consist of 2,520 hours of opportunity during the trial period for a **DER Unit** to be **Available**. 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 **Power Potential DER Framework Agreement**.
- **Participation Payments** will be made in line with a monthly settlement process where the cumulative number of hours a DER was available for will be calculated and settled for accordingly, in line with Schedule 2 of the **Power Potential DER Framework Agreement**.

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 the **Power Potential DER Framework Agreement** and successfully completed the **DER Commissioning Test**, will be eligible for compensation for direct costs incurred up to 100% of the total **Participation Payment**. Please see **Power Potential DER Framework Agreement** for further details.

The **Power Potential DER 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. We now need to agree with you the dates and times of the **Mandatory Technical Trial Windows** (clause 2.1.3) and to provide written confirmation of the date on which the **Trial** will commence [unless the **Actual Trial Commencement Date** has already occurred or this has already been communicated].

Yours faithfully,

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[UKPN Representative]

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

Appendix – 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) | |