**ON DEMAND PERFORMANCE BOND**

To: National Grid Electricity System Operator Limited

1-3 Strand

London

WC2N 5EH

**[ Date ]**

**Performance Bond No. [ ]**

**Beneficiary: National Grid Electricity System Operator Limited**

1. We, [ ] (the “Guarantor”) understand that [ ] (the “User”) has entered into a Construction Agreement with you pursuant to the terms of the Connection and Use of System Code (“CUSC”) and the CUSC Framework Agreement brought into effect on 18th September 2001.
2. The CUSC requires that the User provides Security Cover to you by way of, inter alia, an on demand Performance Bond in respect of the User’s liability to pay, inter alia, Cancellation Charges. Accordingly [and in consideration of the sum of £1 (receipt of which we acknowledge)], we issue this irrevocable and on demand Performance Bond (Bond No: ) in your favour for a maximum aggregate amount of GBP [ ] Pounds Sterling (the Guarantee Amount).
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 the Appendix 1 to this Performance Bond) we shall upon demand pay to you the lesser of the amount specified in the Notice of Drawing and our maximum aggregate liability under paragraph two hereof.
4. The Guarantee Amount will automatically reduce by the amount of any payments hereunder. Partial payments will be permitted under this Performance Bond.
5. The presentation of a Notice of Drawing shall be conclusive evidence that the User is in default of its obligations under the CUSC and that the amount claimed is due to you.
6. This on demand Performance Bond shall become effective from [ ] (the “Effective Date”). Any Notice of Drawing must be received in writing at the above address of our London office in conformity with the terms of this Performance Bond before 5:30pm London time on the Expiry Date and after the Expiry Date the Performance Bond shall become null and void whether returned to us or not. Any Notice of Drawing received after 5:30pm London time on 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 on demand Performance Bond shall be governed by and construed in accordance with the laws of England and is subject to the Uniform Rules for Demand Guarantees (2010 Revision, International Chamber of Commerce Publication No. 758) in so far as the same are applicable and are not inconsistent with the terms of this Performance Bond and provided that the requirement for a supporting statement under Article 15(a) of that ICC publication is excluded. The courts of England shall have jurisdiction to settle any dispute which may arise in relation to this Performance Bond.

1. Any definitions used in this Performance Bond shall bear the meanings attributed to them in the CUSC unless the context requires otherwise.
2. A person who is not a party to or a named addressee under this Performance Bond shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of this Guarantee.

Dated this day [ ]

**Authorised Signatory**

**APPENDIX 1**

**NOTICE OF DRAWING**

To: THE SURETY MANAGER

copy to:

[Date]

Dear Sirs,

RE: ON DEMAND PERFORMANCE BOND NO. [ ] DATED [ ] (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:-

Bank plc

Address:

Sort Code:

Account Name: National Grid Electricity System Operator Limited

Account No:

Yours faithfully,

for and on behalf of

National Grid Electricity System Operator Limited

Duly authorised officer